A detailed study of unemployment in London

A report by Volterra Partners LLP for London Councils

March 2021

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Executive Summary

The aim of the study: forecasting London's unemployment and its disaggregation among subgroups of residents

London residents as a whole have been disproportionately impacted by the COVID-19 pandemic. This works seeks to answer the question *"what will unemployment in London look like in the future and how will this differ among different sub-groups of London residents?"*

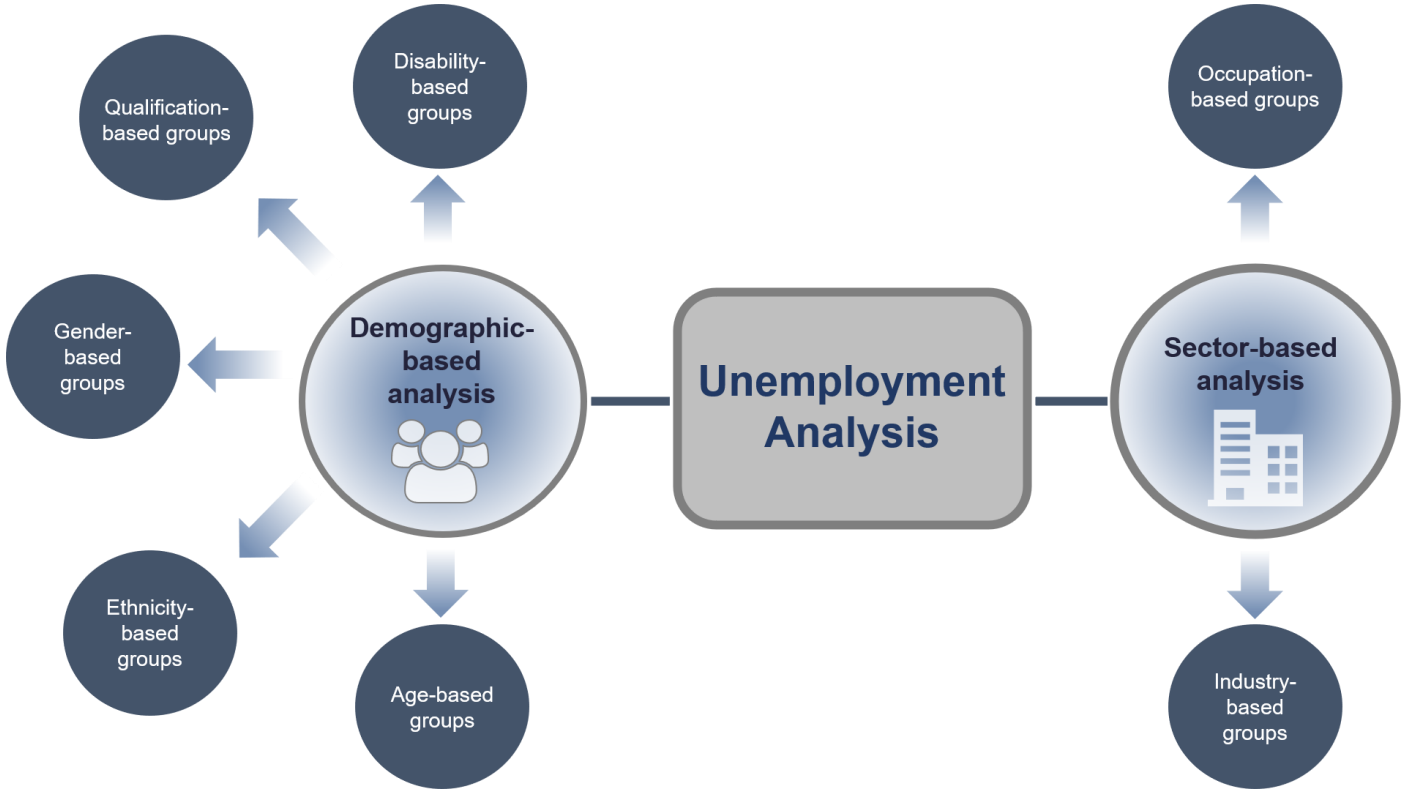
We produce forecasts for two time periods – to April 2021 and to September 2022.

We produce three scenarios – a worst-case, core and best-case. The underlying assumptions vary including: extent of recession (GDP/unemployment growth), speed to peak, what happens after furlough ends, and speed of recovery.

The forecasts are disaggregated by geography (SRP* and boroughs) and demographic characteristics (age, disability, gender, qualifications, ethnicity), as data allows.

This report produces unemployment forecasts for **London residents**.

Forecasts in each geography therefore relate to the area's residents, rather than the workforce.



*SRP = Sub regional partnership

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Key findings: The outlook for London's unemployment

7 years to recover (2008/09)

In previous recessions it has taken a long time for unemployment to peak, and then recover back to pre-recession levels. In the 2008/09 recession, whilst the economic recession had finished by mid 2009, unemployment continued to rise for 14 quarters, stabilised for around a year (a quarterly peak of approximately 10.5% in London at the end of 2011), and then took a further 14 quarters to return to pre-recession levels. **London's unemployment had not recovered fully until 2015 – seven years after** the recession.

London rate **1-2 pp higher**

This work considers **what unemployment will look like across London's residents** as a result of the COVID-19 pandemic. The UK entered an economic downturn in 2020 as a result of the enforced reductions in economic activity resulting from the constraints placed on the whole of society as a result of the pandemic.

Historically there has always been a differential in London's unemployment rates relative to national levels – London's rate is 1-2 percentage points higher. This had narrowed over the past 5 years, but the rise in unemployment as a result of the current situation has resulted in this gap re-emerging – as of **Nov 2020-Jan 2021 the UK LFS unemployment rate was 5.1% and London's was 7.4%**. London's rate continued to rise whilst the UK rate had fallen slightly.

The vast majority of economic forecasters predict that this recession will be short and sharp followed by a similarly short and sharp recovery. The **OBR forecast that England's unemployment will peak at 6.5% in Q4-2021**.

Unemployment peak in Dec-21 at **9.4%**

Our core scenario forecasts **London's unemployment** peaking at **9.4%** (464,000 people) in **December 2021.**

There are many factors which make this recession different from previous ones – the extent of uncertainty around the ability for economies to function is one clear cause of **considerable uncertainty**. The **CJRS (furlough) scheme represents a new challenge for unemployment forecasting** – 17% of eligible London residents were supported on furlough in Jan-21.

17% of Londoners furloughed (Jan-21)

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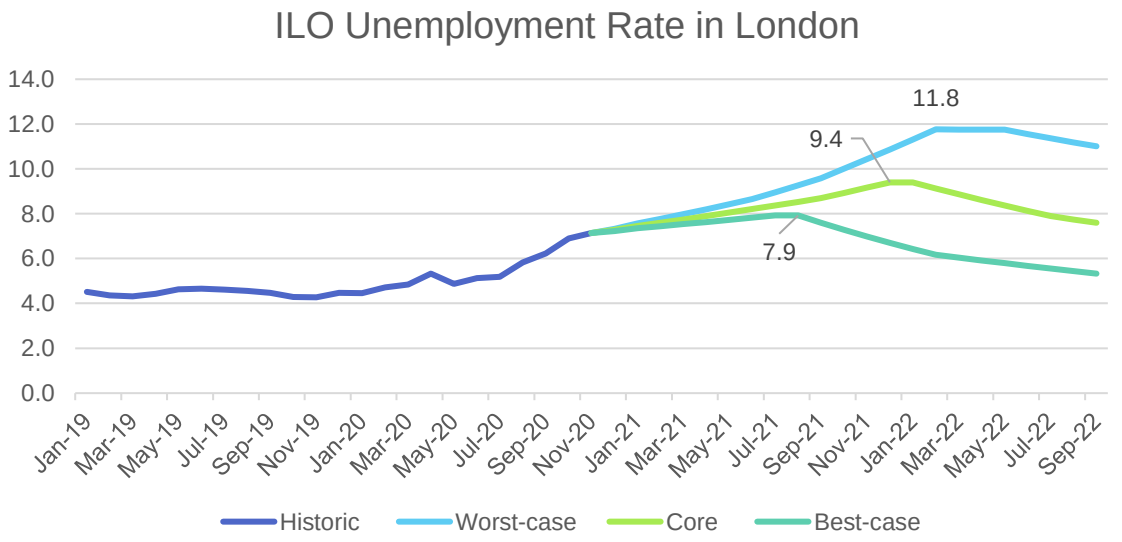
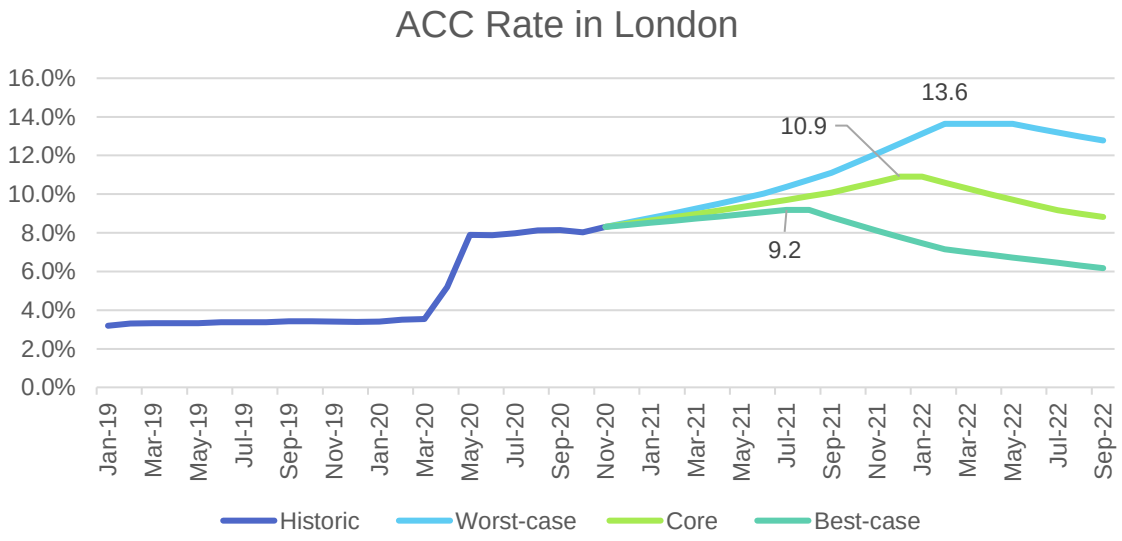
Key findings: Peak rates and counts in London





The LFS unemployment rate in London (based on the ILO definition of unemployment) is forecast to rise to **9.4% in December 2021 in the core scenario, 1.1 percentage points below the 2011 quarterly peak**. The period at which the unemployment rate reaches peak varies in each forecasting scenario:

- **Worst-case:** unemployment peaks in February 2022;
- **Core:** unemployment peaks in December 2021.
- **Best-case:** unemployment peaks in July 2021.

There are several indicators of unemployment. In the broadest sense, an 'unemployed person' refers to someone who is not in work but is actively seeking it. The emergence of COVID-19 has heightened the debate around which measure of unemployment provides the most accurate reflection of labour market conditions. Whilst the LFS unemployment rate is the most commonly reported measure, there is some debate as to whether this metric has been under-reporting the absolute number of unemployed residents since the pandemic began. The large rise in absolute numbers of claimants over the past year has not yet been fully reflected in the LFS unemployment rate. The Alternative Claimant Count (ACC) (which captures and accounts for the introduction of Universal Credit at different times across the UK in recent years) is therefore also presented.

The forecast number of peak claimants in the core scenario – 671,000 – is higher than the LFS reported number of unemployed people.

In terms of recovery, in the core scenario, the unemployment rate is forecast to return to the pre-crisis level in 2024, amounting to a total period of approximately 4 years. This is a much faster return to pre-crisis trend that was recorded in the previous recession (7 years).

Scenario	Peak (LFS)	Peak (ACC)
Worst-case	580,000	840,000
Core	464,000	671,000
Best-case	390,000	564,000

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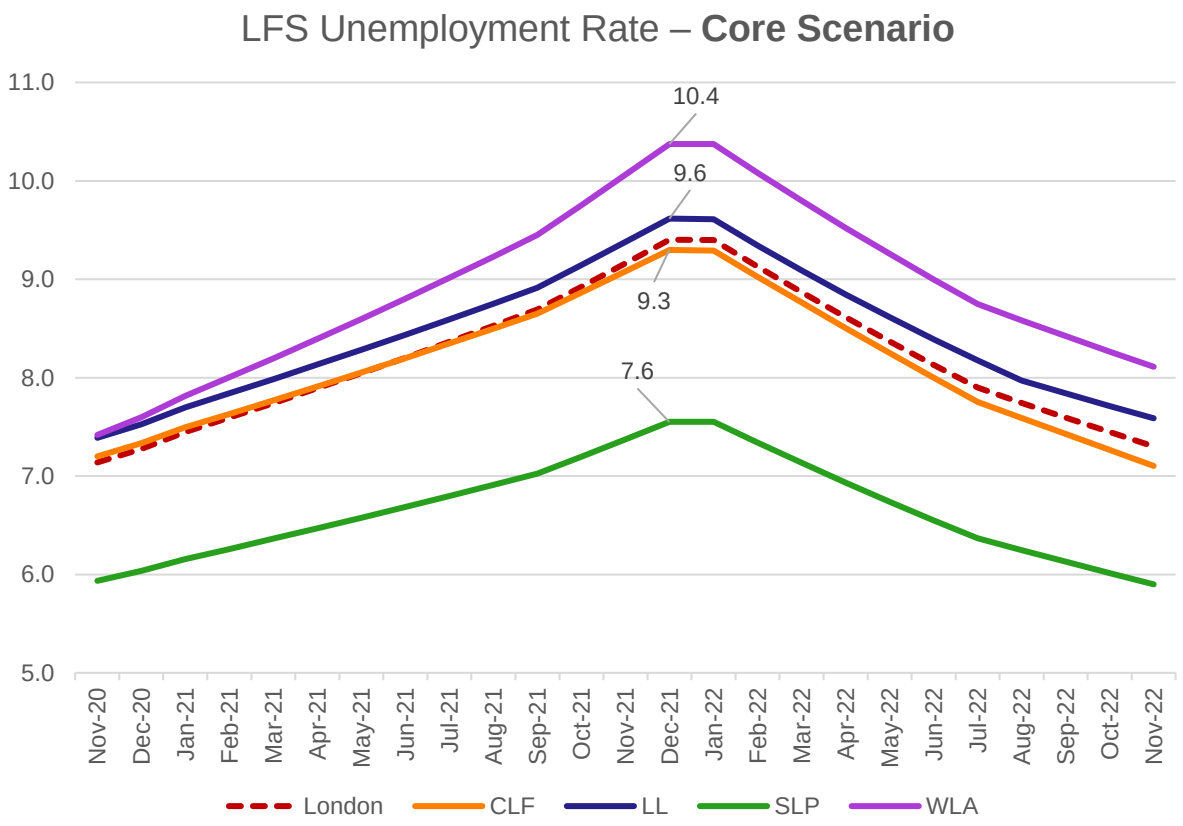
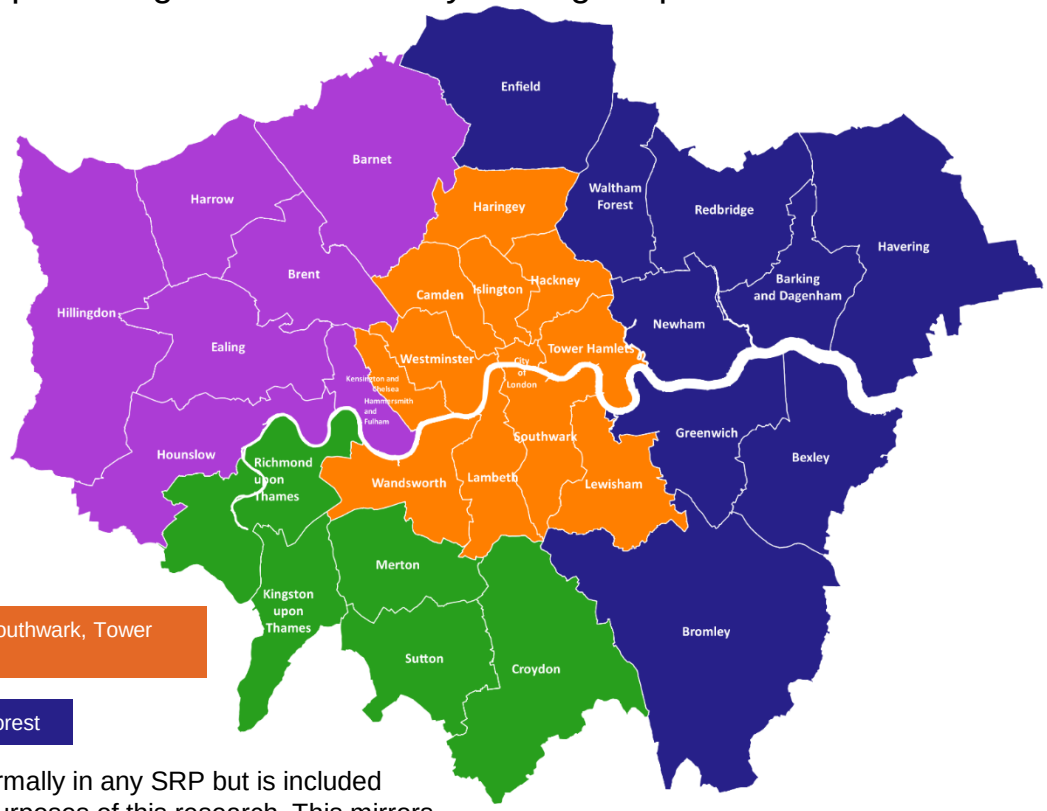
Key findings: A comparison of forecast unemployment rates by SRP



West London Alliance (WLA) is forecast to be the worst hit sub-regional partnership (SRP), although it is predicted to recover at a slightly faster rate following peak than Local London (LL), suggesting LL boroughs could suffer the most from long-term unemployment issues in the future.

A map defining the four SRPs by borough is provided below.



West London Alliance	Barnet, Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon, Hounslow
Central London Forward	Camden, City of London, Hackney, Haringey, Islington, Kensington & Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth, Westminster
Local London	Barking & Dagenham, Bexley, Bromley*, Enfield, Greenwich, Havering, Newham, Redbridge, Waltham Forest
South London Partnership	Croydon, Kingston upon Thames, Merton, Richmond upon Thames, Sutton

*Bromley is not formally in any SRP but is included within LL for the purposes of this research. This mirrors the Work and Health Programme (WHP) sub-regions.

Key findings: The geographic impact of unemployment across London

26,000 unemployed residents in Lambeth

15% peak rate in Waltham Forest

In our core scenario there will be **464,000 unemployed Londoners in Dec-2021 (9.4%)**. In the worst-case scenario, unemployment continues to rise beyond this, not peaking until February 2022 at 11.8%. This would represent an estimated 580,000 Londoners unemployed at peak in February 2022.

169,000 unemployed in CLF

In absolute terms Central London Forward **(CLF) will be home to the most unemployed people**, estimated at 169,000 in Dec-2021 (core scenario). With a forecast potential **peak of 26,000 unemployed residents, Lambeth is the hardest hit London borough** in absolute terms. Unemployment amongst CLF residents is predicted to both rise and recover the fastest, due to **expected gradual recovery in job postings likely to be taken by these residents in the economic recovery.**

It is Local London **(LL), however, where the unemployment rate (peaking at 9.6%) is predicted to remain persistently high for longest**. LL is forecast to be home to some of the worst hit boroughs both in absolute (Newham with 25,300 unemployed residents is the 2nd worst hit) and relative (Waltham Forest with a peak unemployment rate of 15.0% is the worst hit) terms.

Slowest recovery forecast in LL

10.4% peak rate in WLA

In relative terms, West London Alliance **(WLA) is expected to be the hardest hit**, with a peak unemployment rate of 10.4% (113,000 unemployed residents) in December 2021 in the core scenario. This is due to the high proportion of at-risk industries its residents work within, and the **disproportionately large number of furloughed residents**. **Brent (peak rate 13.7%) is the worst hit WLA borough**.

South London Partnership **(SLP) has the lowest levels of unemployment**, a trend which is forecast to continue (with peak rates of 7.6% in the core scenario). This does not make the peak forecast in SLP immaterial, however, as there are still forecast to be 48,000 unemployed residents at peak. **Merton is the worst affected borough** in SLP.

48,000 unemployed in SLP

Key findings: The impact of unemployment for London's subgroups (1)

The **16-24 age group is forecast to be the hardest hit**, making up around a third of unemployed Londoners.

At peak it is expected that there will be 147,000 unemployed residents aged 16-24 (32% of the total).

More than 45,000 will live in each of LL and CLF.

Aged 16-24 make up **1/3** of the unemployed

147,000 peak unemployed aged 16-24

This age group is however less likely to be furloughed, with older age groups being at highest risk of furlough. 31% of those furloughed are aged 35-49. The **35-49 age group is of particular concern in WLA** – with 35,000 unemployed in Dec-2021 this group is larger than the unemployed in the 16-24 age category for WLA (31,000).

The **older age group (50+) is at most risk of scarring**. Our model predicts that **14,000 Londoners may drop out of the labour market** and so are not captured by employment statistics but are nevertheless an impact of the recession.

31% of furloughed aged 35-49

14,000 could drop out of labour market

3.5x higher rate for less qualified

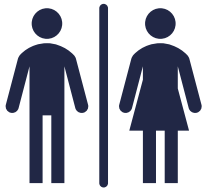
Londoners with **lower levels of qualifications are much more vulnerable** to becoming unemployed as a result of the economic downturn. It is residents with lower levels of qualifications – NVQ1 and NVQ2 – who have recorded the worst initial unemployment impact from the COVID-19 pandemic so far.

Unemployment rates for NVQ1 or NVQ2 (only) qualified residents are forecast to reach three to three and a half times the unemployment rate for residents with NVQ4+ qualifications at peak.

The industries with the highest numbers of furloughed workers, such as **retail and accommodation & food**, also **have the highest proportions of workers with no qualifications**. Residents with no qualifications, whilst peaking at a lower rate, are forecast to have **more persistent unemployment problems**. This is because the economic **recovery in London is expected to be led predominantly by high-skilled jobs**, with availability of lower-skilled jobs to increase later on in the recovery.

The economic recovery in London is expected to be led initially by high-skilled jobs, whether that be in the workplace or working from home. Before COVID-19, this would be expected to have a 'ripple' effect on the local economy, creating supporting low-skilled jobs in industries such as retail and accommodation & food. Changing patterns of work as a result of COVID-19 (i.e. shift to home-working) could alter the sectoral (e.g. to warehousing/distribution) and geographic (e.g. a greater proportion of jobs in outer London) distribution of low-skilled employment. Low-skilled employment across London as a whole would, however, still be expected to recover after high-skilled jobs if the shift occurred.

Key findings: The impact of unemployment for London's subgroups (2)



260% increase in male claimants

10.1% peak rate for females (WLA)

Male Londoners typically have higher unemployment rates than females, apart from in WLA where females have historically recorded higher unemployment rates. Across the whole of London, male claimants have increased at a higher rate (260% vs. 212%) since COVID-19 emerged in March 2020. **Male unemployment rates are forecast to peak at above 11% in LL and CLF. WLA is the only SRP where the peak rate for females (10.1%) exceeds 10%**.

Ethnic minorities **twice** as likely to be unemployed in CLF & SLP

14.9% of ethnic minorities unemployed in CLF

Ethnic minorities will experience higher unemployment rates. Ethnic minorities in CLF (14.9%) and SLP (13.3%) will experience **higher disparity compared to white residents** in the same geographies (6.9% and 5.3% respectively). These entrenched and persistent trends of reduced labour market accessibility for ethnic groups should remain a priority for addressing in the aftermath of COVID-19.

Data released through the LFS to date suggests that **Black/Black British and Pakistani/Bangladeshi** London residents have been hardest hit since COVID-19 emerged.

12.4% peak rate for disabled residents (LL)

LL is forecast to be the worst-affected SRP with respect to unemployment amongst **disabled residents**, with a peak rate of 12.4% in the core scenario. Research shows that disabled people are disproportionately affected as (1) they are more likely to be employed in jobs that are vulnerable to economic cycles and (2) they are **more at risk of unequal treatment in the workplace**.

Disabled residents are more likely to experience in-work inequality such as changes to terms and conditions and work practices, including wage freezes, reduced overtime pay and the reorganisation of work. These inequalities need to be addressed through **appropriate policy interventions**. This is particularly relevant for the current situation, where many disabled residents are likely having to continue to shield.

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Key findings: Case studies of some of the worst-hit boroughs

Central London Forward

The average number of unemployed residents in a London borough is around half the estimated number of unemployed **Lambeth** residents. Lambeth is forecast to be the hardest hit CLF borough in absolute terms (and across London as a whole) and have the second highest peak unemployment rate after Westminster. Naturally unemployment amongst all residents will therefore likely be prevalent, but particularly so for the younger (16-24) and older (50+) demographics. At peak in the core scenario (December 2021), it is forecast that 11,000 young and 4,100 older Lambeth residents will be unemployed. Ethnic minority males working in elementary occupations are also considered to be a particularly at risk group of residents in Lambeth.

local london

Waltham Forest is forecast to have the highest peak unemployment rate of all London boroughs, amounting to 15.0% in the core scenario (December 2021). Naturally, there are multiple sub-groups of the population who are all anticipated to experience disproportionate impacts on unemployment as a result of COVID-19. One of these groups is young residents in Waltham Forest. At peak it is expected there could be between 7,900 – 11,600 residents aged 16-24 who are unemployed in Waltham Forest. In the central case (core), this amounts to 9,400 unemployed young residents at peak (December 2021).

South London Partnership
'Representing and connecting'

In **Merton,** in contrast to the trend seen across London as a whole, females are more disadvantaged in the labour market. In October 2019 – September 2020, female residents in Merton recorded an unemployment rate of 6.4%, compared to 5.9% for males. At peak, there could be between 5,200-7,500 unemployed females in Merton, with a central peak estimate of 6,200 (December 2021) in the core scenario.

West London Alliance

As of 31st January 2021, 33,300 working residents in **Ealing** were still relying on the CJRS. This is the second highest absolute number of all London boroughs and the highest within WLA. In terms of persistence, 20% of working Ealing residents were still supported by the CJRS at the end of January 2021. This high proportion of furloughed workers is most likely linked to the types of industries that Ealing residents work in. For example, 18% of Ealing residents work in the transport and communications sector. A lot of these jobs are likely linked to Heathrow Airport, which has recorded a significant decline in economic activity since international travel restrictions were brought in. Ealing residents would therefore be particularly sensitive to an abrupt ending of the CJRS, particularly if the aviation sector is unable to open up again fully before the scheme ends. This high reliance on CJRS drives a relatively high forecast unemployment peak for Ealing (12.0% in the core scenario).

Key findings: Pre- vs. Post-COVID trends

The text below provides a comparison, by both geography and by demographic characteristic, of the differential impacts on unemployment pre- and post-COVID-19.

- **Geography:** Historically, the proportion of London's unemployed residents was rising in LL boroughs and remained constant in WLA boroughs. Yet, following the impacts of COVID-19, WLA is forecast to be the worst-hit SRP in terms of unemployment rate, particularly in the worst-case and core scenarios where the higher proportion of furloughed residents in West London boroughs leads to higher unemployment once the CJRS ends. WLA is predicted, however, to recover faster than unemployment in LL boroughs, suggesting that LL boroughs could suffer the most from long-term unemployment issues in the future. CLF will account for the highest absolute number of unemployed residents, in line with historic trends. Central London boroughs will experience fast increases to peak unemployment, followed by the fastest recovery of residents in London, as the number of jobs posted in central London eventually begins to increase again.
- **Age:** Young people are forecast to record unprecedented levels of unemployment as a result of this recession. Yet whilst young people account for highest absolute number of unemployed residents, this recession has also seen large rises for those older residents (50+), and they have been more at risk of being furloughed. The OBR has warned of a scarring effect on this demographic – a group which might drop out of the labour market altogether. This means that they are not necessarily captured by unemployment statistics but nevertheless have the potential for significant impacts which should be considered when planning upskilling programmes.
- **Gender:** Historically, London, and all the SRPs, has had higher unemployment rates for males than females, except for WLA where the female unemployment rate is higher. London's male residents are forecast to experience substantially higher rates of unemployment post-COVID, with the male unemployment rate in WLA also forecast to surpass the female rate. In work inequality, and the potential for in work poverty, remains a persistent issue for female Londoners, however.
- **Ethnicity:** Ethnic minorities will continue to experience worse unemployment rates than white residents across London, although the differential is not forecast to widen as a result of COVID-19. However, these broad categories hide varied outcomes among different ethnic groups. Pakistani/Bangladeshi and Black/Black British appear to be the worst hit ethnic groups by COVID-19 impacts so far.
- **Qualifications:** Residents with NVQ2 qualifications only or below will experience the largest increases in unemployment rates. Similar to historic trends, residents with no qualifications will see unemployment persist the longest, as these residents are the hardest to get into the labour market.
- **Disability:** Disabled residents have historically faced higher unemployment rates than non-disabled residents in London. Whilst the unemployment rate for disabled residents is not forecast to increase disproportionately due to COVID-19, this demographic are at greater risk of in-work inequality as a result of COVID-19.
- **Duration:** Prior to COVID-19 emerging, short-term unemployment had been decreasing rapidly in London. The numbers of short-term unemployed (up to 6 months) have naturally rapidly increased over the past year, given the short, sharp nature of the economic shock. During the recovery, however, it continues to be the long-term unemployed (3+ years) who will be the most difficult to get into employment in the future, as the unemployment rate for this demographic rarely shows signs of reducing.
- **In-work poverty:** The proportion of Universal Credit claimants who are also in employment has increased during 2020, signalling greater issues of in-work poverty since COVID-19 emerged and a need to focus on this demographic of residents in recovery strategies.
- **Self-employment:** Boroughs with high prevalence of small businesses and self employment are often linked to high take up of the Government's SEISS. Residents in these boroughs, typically in outer London, are at greater risk of unemployment if there is an abrupt end to SEISS.
- **Occupation:** Historically, many unemployed residents appear to be seeking sales and customer service occupation roles. However, the largest decline in job postings has been in middle-skill and labour-intensive occupations. Unemployment may therefore persist longer for residents seeking these occupations.

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KEY Change since COVID-19 Remains broadly the same as historic trends

Policy recommendations – skills

Lower-skilled residents

Higher skilled jobs are expected to lead the recovery in terms of the types of jobs likely to be posted, meaning that the unemployment rate of highly skilled residents will recover more quickly. This leaves the risk of lower-skilled areas of London being left behind and experiencing persistent unemployment impacts. **Upskilling and reskilling programmes should therefore focus on allowing lower-skilled residents with little to no qualifications to converge to the rest of London's population.** Policymakers should bring together employment and skills provision, as well as utilise and build on existing initiatives to carry out upskilling. For example, the **Green Jobs Taskforce's focus on providing residents with green skills** as the UK transitions to its aim of a high-skill, low carbon economy, would be a good initiative to get lower-skilled London residents involved in.

Reskilling (e.g. digital & green)

The enforced physical lockdown caused by COVID-19 has accelerated trends in the decline of high street retail and the rise of online sales and distribution. Residents, often in the older demographic, who have worked in the same sector for their whole career may find it difficult to adjust and transfer their skills. The OBR has warned that many in this group could drop out of the labour market altogether. **Specific reskilling programmes to focus on transferrable skills and skills directed at growing sectors (e.g. digital and green) should be targeted at this older demographic of unemployed residents**. These Londoners will also need advice and guidance to identify transferrable skills and seek new skills where needed.

Growth sectors

London's residents need to possess the skills that make them robust to economic shocks in the future. The large numbers of unemployed younger residents expected as a result of this economic downturn represents an opportunity to **reskill younger residents in the types of growth industries that are robust from automation in the future**. **Reskilling programmes – such as apprenticeship and internship initiatives –** for this demographic should be focused on the occupations least at risk of automation and most likely to experience significant growth in the future.

Skill shortages

The OBR forecasts a lower future labour supply resulting from a smaller population due to **lower net inward migration**. Our model predicts this could impact upon London and this has been further supported by stakeholder feedback. Some sectors have greater reliance upon migrant workforce. **Identifying skills gaps and designing programmes to directly meet these needs in a timely manner**, ideally aimed at unemployed people looking to change sector, would maximise the opportunity to address this gap.

There is a need for **better alignment between skills programmes provided for unemployed Londoners, and the future needs of employers**. There should be a focus on skills programmes in sectors where employment is forecast to grow and drive the economy in the future, as well as employer-led identified skills gaps, rather than a focus on employment in sectors at risk of lower employment in the future.

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Policy recommendations – employment pathways

Graduates

New graduates during COVID-19 have found it difficult to gain employment opportunities, and employment rates of graduates in some subjects are lower. **Post graduate apprenticeships or transferrable skills programmes** should be considered to adapt their skills to meet employer needs and provide alternative routes into employment for new graduates.

Vulnerable residents

Creating specific basic skills training programmes and safeguarded apprenticeship opportunities for long-term unemployed residents could help boost their opportunities in the labour market. The **Work and Health Programme (WHP) is key for helping these types of vulnerable residents** and should continue to receive funding in the future from the Government.

In-work poverty

Emphasis should **continue to be placed on ensuring that all residents in London are paid at least the London Living Wage**, so that the proportion of people who are in employment but also claiming UC can reduce. This pressure to pay at least the London Living Wage will be important over the next couple of years, as employers seek to reduce both workable hours and wages to pass on the adverse impacts of COVID-19. This should be closely aligned to the Good Work Mission, i.e. the goal to support Londoners into good jobs with a focus on areas which are key to London's recovery.

Policy recommendations – ongoing business support

Sector specific

Some industries, particularly those reliant upon inbound travel / tourism (such as those clustered around Heathrow as well as central London tourist focused industries) **may require ongoing support even after the CJRS scheme ends in September 2021**. Sector specific support dependent upon how the economy unlocks and the extent of delay in the return of international travel, **should be considered to ensure these industries are not forced to make large redundancies when the CJRS ends**.

SMEs

Support to further **enable SMEs to diversify** (e.g. sales going digital) as well as to further **improve access to contract opportunities** should continue to ensure that these businesses are able to retain staff and adapt quickly as the economy recovers.

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Policy recommendations – addressing structural issues

Ethnic minorities

Whilst COVID-19 is not forecast to materially widen the existing gap that exists in the labour market, the disadvantages that ethnic minorities face in employment opportunities remain significant and must not be forgotten. **Improving educational outcomes for ethnic minorities should continue to be a key focus**, whilst factors related to religion and culture (e.g. some cultures have different expectations of females in work) are complicated issues for policy makers where further work needs to be done. **Labour market discrimination** has long been a deep-rooted and persistent issue that **will need to continue to be addressed through anti-discrimination policies in the workplace**.

Women

Programmes which **support women into employment and help them to have more options should receive more funding in the near future**. This includes domestic abuse support programmes, as well as other initiatives such as flexible working and childcare support. As with disabled workers, there is evidence that women are **more likely to experience in-work discrimination** such as changes to terms and conditions and unfair working practices. These persistent structural issues must be addressed. Self employed **women have also been less likely to make SEISS claims** despite being eligible. **Equality of access to information on support** must be ensured to prevent unintended biases in allocation of support.

Small businesses

Support is needed for small businesses to survive, particularly in areas of the capital where there are high proportions of these types of businesses (e.g. Harrow). The **failure of these small local businesses may be linked to older and less-skilled claimants emerging as a result of the pandemic** and hence a **lack of sufficient support could create a greater burden for the taxpayer in the future** if not addressed now.

Disability

Targeted employment support should be provided to London's disabled (both physical and learning disabilities) residents who are having to shield, whilst they await their vaccines. This should be a relatively small group at the time of writing given the speed of the UK's vaccine roll out, but it is an important consideration nonetheless.

Evidence shows that **disabled workers are also more likely to experience in work inequality** such as changes to terms and conditions and unfair working practices. These persistent structural issues must be addressed through fairer more transparent working practices and the **continued breaking down of unintended bias**.

Data collection

Public sector bodies should **collect and release unemployment data at a much more granular level – both demographically and geographically –** to allow local authorities to better understand the issues and priorities that exist within their boundaries. This should be done in a timely manner to enable quick reactions and forward planning.

Geographic flexibility

There has so far been a centralised response to dealing with labour market issues in the UK. Whilst some policy responses have been effective in minimising unemployment impacts, this report shows that impacts vary greatly dependent on the geographical area in question. **Flexibility is needed in future policy responses, to account for stark differences in impacts across different areas.**

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Background and context

Introduction

Volterra has been commissioned by London Councils (LC) to undertake a detailed piece of research on unemployed London residents. This research seeks to establish the unemployment picture across London historically, before analysing the impact that the COVID-19 pandemic has had on unemployment in London.

The question this research seeks to answer is '*what will unemployment in London look like in the future and how will this differ among different sub-groups of London residents?*'. A lot of existing research has been carried out on the impacts of COVID-19 on unemployment rates across the capital as a whole, but little in detail about disaggregation across boroughs and subsets of the population.

Yet before the pandemic arose, it was clear that there were significant disparities in employment and unemployment rates across different areas of the capital and within different subsets of its population. This research seeks to address this gap, by producing a set of disaggregated unemployment forecasts.

We do not seek to replicate the numerous workplace-based employment forecasts that have been produced by public bodies, such as the Greater London Authority, over the past year. Instead, the unemployment forecasts presented in this report focus specifically on **residence-based unemployment forecasts**. Understanding what may happen to London's residents over the next year and a half will be particularly important for LC, the sub-regional partnerships (SRPs) and the boroughs that comprise them, as it will inform appropriate policy responses for different groups of residents within London.

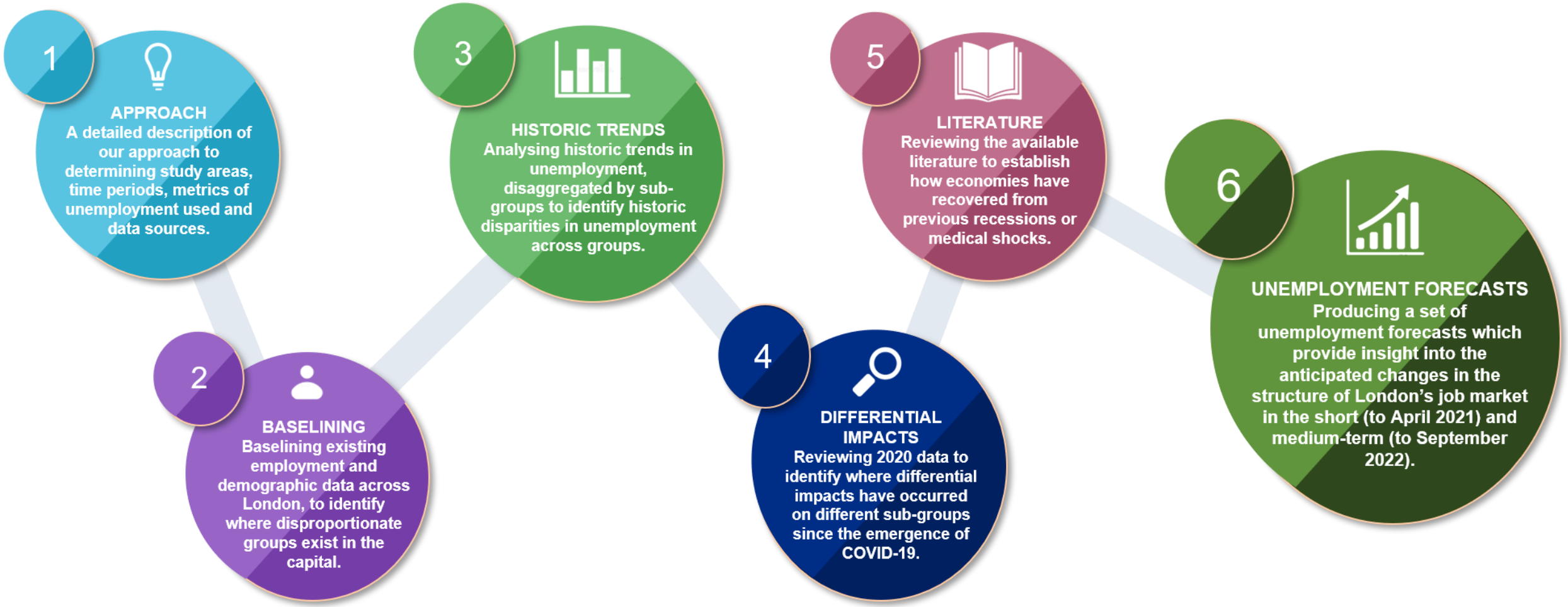
The findings of this research vary dependent on the group in question. What is clear, however, is that London residents as a whole have been disproportionately impacted by the COVID-19 pandemic, with the city experiencing a short, sharp recession that is greater than other parts of the UK and may in fact even result in peak unemployment rates for residents that are above what were recorded in the UK's previous recession.

Important Notice (Disclaimer)

The unemployment forecasts produced in this report have been prepared specifically under the instructions of London Councils. In modelling our unemployment forecasts, we have relied on information and data provided by others, for which we do not accept responsibility for its accuracy and completeness.

The forecasts of London's unemployment picture presented in this report are forward-looking projections that are scenario-based and based on the latest information that was available at the time of writing (January-March 2021). As a result, they reflect the macroeconomic and health situation of London at this time. Naturally, given the uncertainty that currently exists in the UK, there are multiple factors and assumptions within the forecasts that are beyond our control. We have attempted to capture the uncertainty around the macroeconomic and health (i.e. pandemic) situation in London through the use of scenarios. In reality, the pandemic picture may change rapidly and hence actual events that eventually occur may differ from the scenarios presented in this report. The findings of this report are time sensitive and whilst they rely on the most up to date data at the time of writing, we do not accept responsibility for the realisation of any forecast presented in this report.

Overview of methodology



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Spatial and Temporal scope

The following two time periods are used for forecasting unemployment:

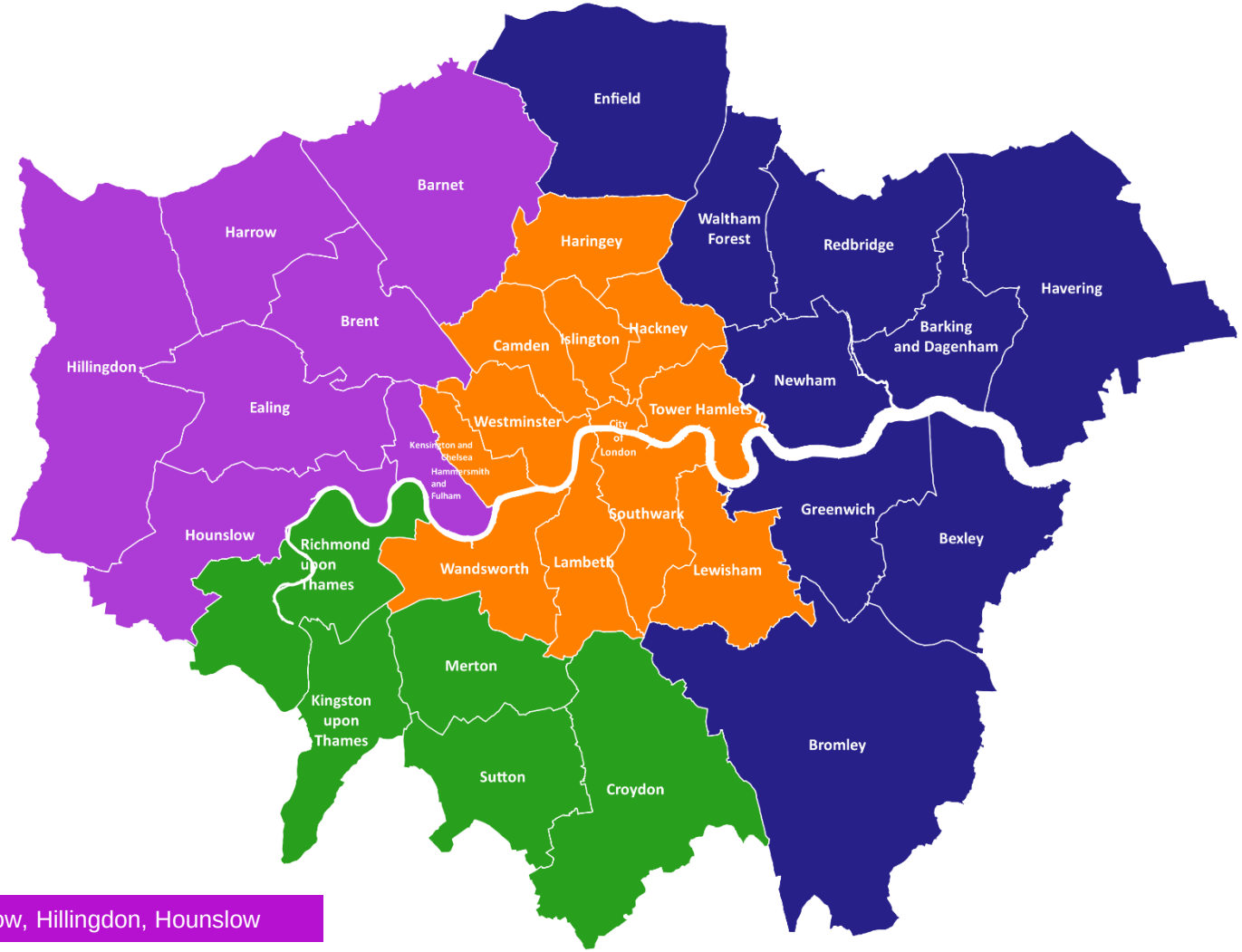
SHORT-TERM
November 2020 to April 2021

This time period was chosen as it aligns with the current end of the Coronavirus job retention scheme (CJRS), at the time of writing (February 2021). The scheme has since been extended to September 2021, but this short-term timeframe is retained in this document.

This time period allows for enough time to witness the shoots of recovery, yet does not completely overlap with the longer time periods that the Government and other public bodies (e.g. GLA) are focusing on.

MEDIUM-TERM
November 2020 to September 2022

The core geographies used in this report are provided below. Whilst we look at London as a whole, this report takes an in-depth look at each of the four SRPs that comprise LC.



West London Alliance	Barnet, Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon, Hounslow
Central London Forward	Camden, City of London, Hackney, Haringey, Islington, Kensington & Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth, Westminster
Local London	Barking & Dagenham, Bexley, Bromley*, Enfield, Greenwich, Havering, Newham, Redbridge, Waltham Forest
South London Partnership	Croydon, Kingston upon Thames, Merton, Richmond upon Thames, Sutton

*Bromley is not formally in any SRP but is included within LL for the purposes of this research. This mirrors the Work and Health Programme (WHP) sub-regions.

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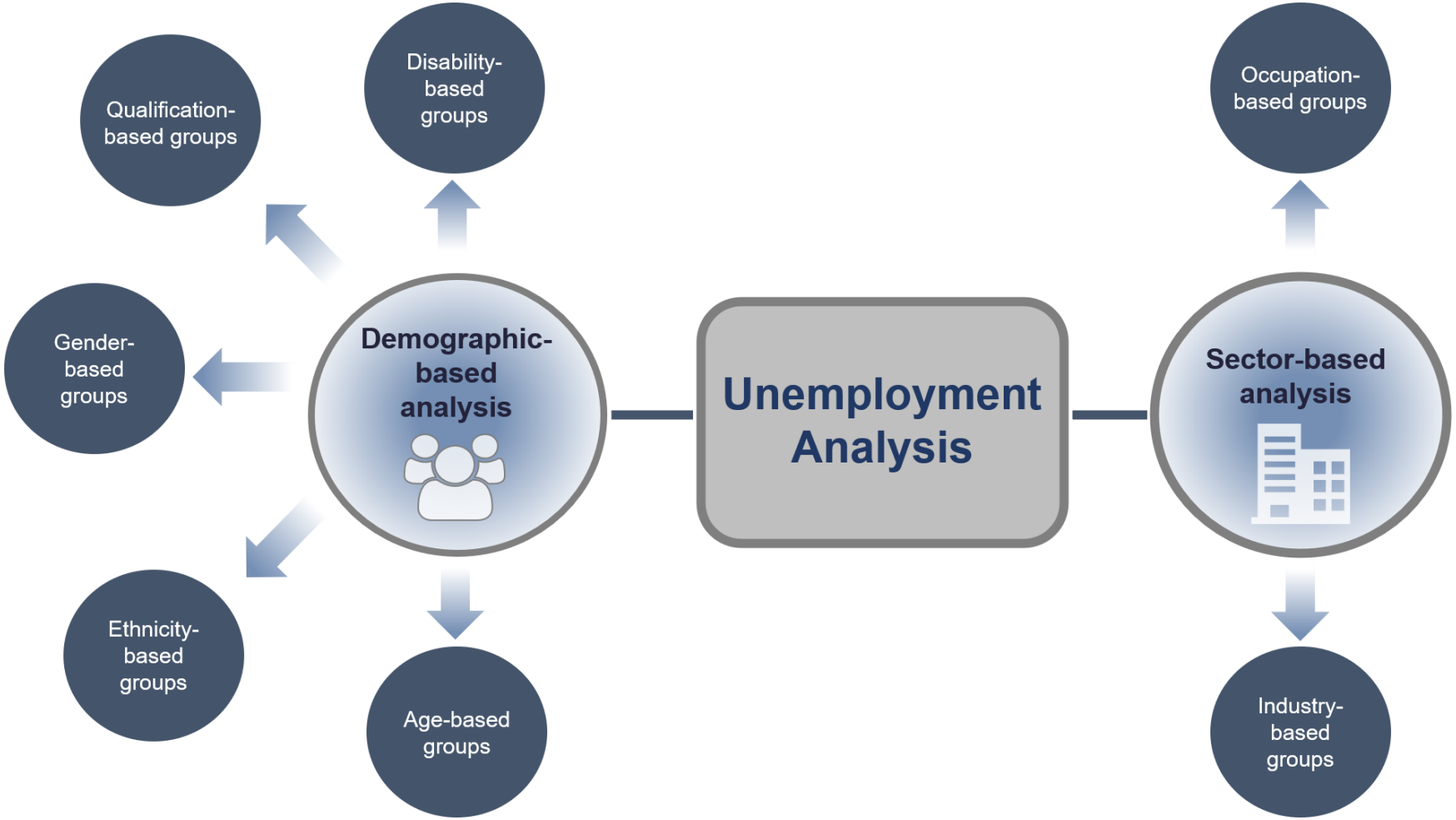
Volterra's study has considered a wide range of sub-groups within the London population, as well as historic and recent trends by both industry and occupation.



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Updates since the March 2021 Budget

Volterra was originally commissioned by London Councils to undertake unemployment forecasting in January and February 2021. In order to produce forecasts during this time period, we utilised data ranging from the beginning of 2020 up to December 2020 in some cases (for example – furlough statistics). This is considered standard practice given that there is always a lag related to data releases.

The original unemployment forecasts were produced in February 2021, ahead of the 2021 March Budget. The March Budget did, however, lead to some important announcements related to our forecasting work. For example, the Government announced that the Coronavirus Job Retention Scheme (CJRS) would be extended until September 2021. Our original forecasting scenarios were based on the assumption that the CJRS would end in either April 2021 or June 2021. As such, given the crucial role that CJRS is playing in keeping London residents out of unemployment, this extension had fundamental implications for our forecasting.

Since the March Budget, London Councils have commissioned Volterra to update our forecasts, to account for (i) the extension to CJRS; (ii) stakeholder feedback during the review and presentations of our initial findings; and (iii) the latest OBR macroeconomic forecasts released alongside the March Budget.

Therefore, this report presents unemployment forecasts that account for the announcements of the March Budget and the latest OBR macroeconomic forecasts. However, the report does not update all baseline demographic or employment statistics presented in the detailed sections of this report. Therefore, in some cases the baseline data may be out of date by one month at most at the time of writing. Given the relatively small change in baseline statistics expected to occur in a one month time period, this was not considered a material impact of the unemployment forecasts produced in this report nor the findings and policy recommendations presented.

Definitions of ‘unemployment’ are important to consider.

There are numerous indicators of unemployment for which data are available over differing time periods. In the broadest sense, an ‘unemployed person’ refers to someone who is not in work but is actively seeking it.

The emergence of COVID-19 has heightened the debate around which measure of unemployment provides the most accurate reflection of labour market conditions. Whilst the ONS’ Labour Force Survey (LFS) unemployment rate is the most commonly reported measure, there is some debate as to whether this metric has been under-reporting the absolute number of unemployed residents across the UK since the pandemic began.

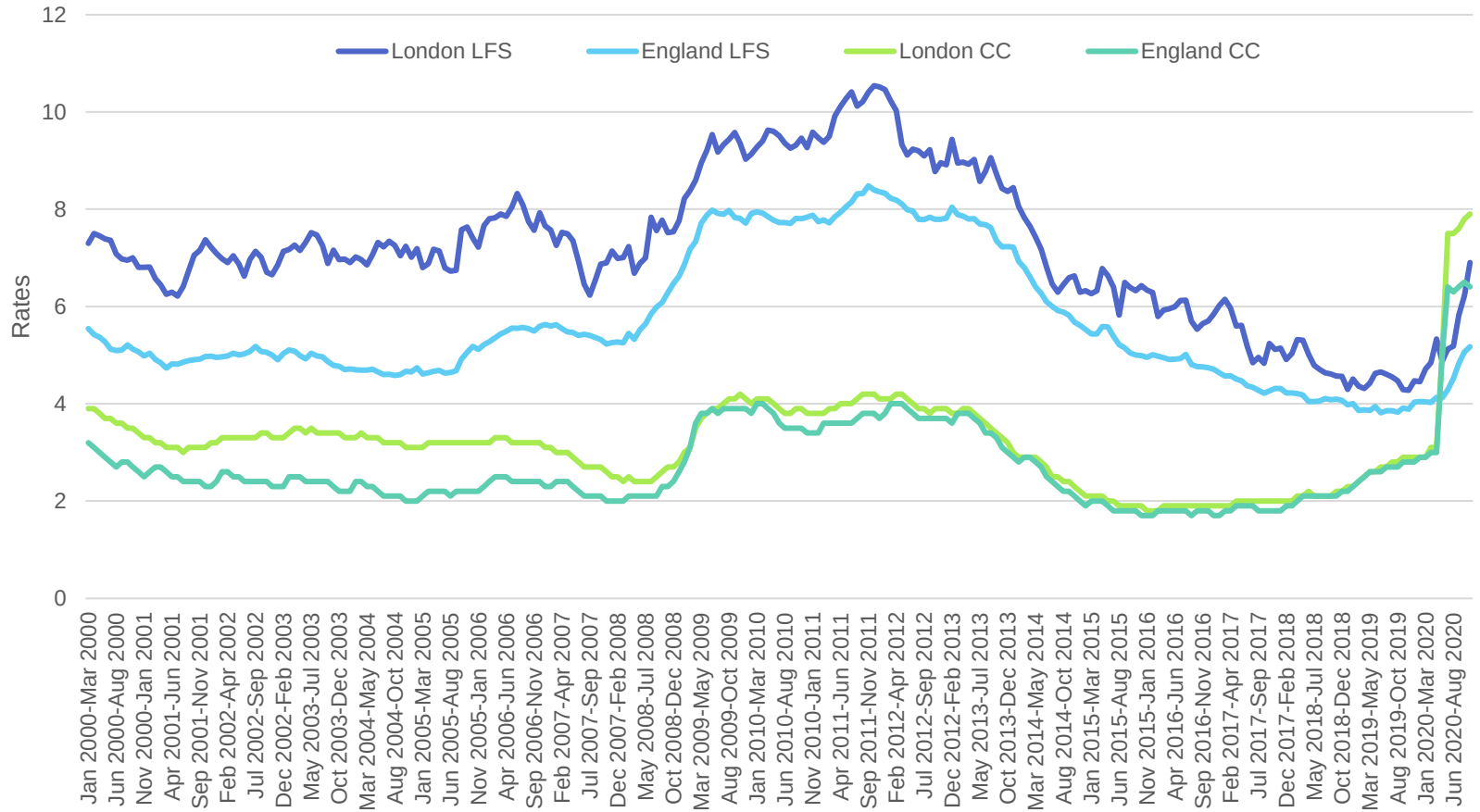
This debate centres around the fact that the large rise in absolute numbers of claimants over the past year, which is demonstrated later in this report, has not yet been fully reflected in the LFS unemployment rate. As such, we refer to the use of two unemployment metrics throughout this report, which are defined in the table below. Refer to **Appendix D** for more information on the differences between unemployment metrics.

Indicator	Definition	Source
Direct indicators		
16-64 Unemployment rate **(LFS Unemployment Rate)**	The percentage of economically active people who are unemployed on the ILO measure. **ILO:** Defines unemployed people as those ‘without a job, have been actively seeking work in the past four weeks and are available to start work in the next two weeks’, or, ‘out of work, have found a job and are waiting to start it in the next two weeks’. **Economically active:** within this report, unless stated otherwise, refers to those aged 16-64, and who are active in the labour force.	ONS, Labour Force Survey
Claimant count rate	The percentage of working age residents (16-64) who are claiming Jobseeker's Allowance plus those claiming Universal Credit as part of the searching for work conditionality. Where possible, we use the **Alternative Claimant Count (ACC)** in this report, as it captures and accounts for the introduction of Universal Credit at different times across the UK in recent years. The ACC is therefore thought to provide a more consistent measure of local labour market change over time than the ONS Claimant Count (CC).	DWP, Alternative Claimant Count Statistics or ONS, Claimant Count

Before the pandemic, the unemployment rate in London was steadily declining.

London's unemployment rate has historically been higher than the national average, reaching an annual **peak of 9.7% in 2011** following the 2008 recession. The quarterly peak, shown in the chart below, reached 10.5% in London.

Since then the unemployment rate had steadily declined in the city, as had the number of claimants. The graph below shows the clear beginnings of the pandemic's effect towards the end of the time series, with both the LFS unemployment rate and CC rate sharply increasing.



Source: ONS, 2020. Claimant count by sex and age, Jan 2000 - Dec 2020. ONS CC used here for longer time series.

Source: ONS, 2020. Labour Force Survey – national and regional, Jan 2000 – Dec 2020.

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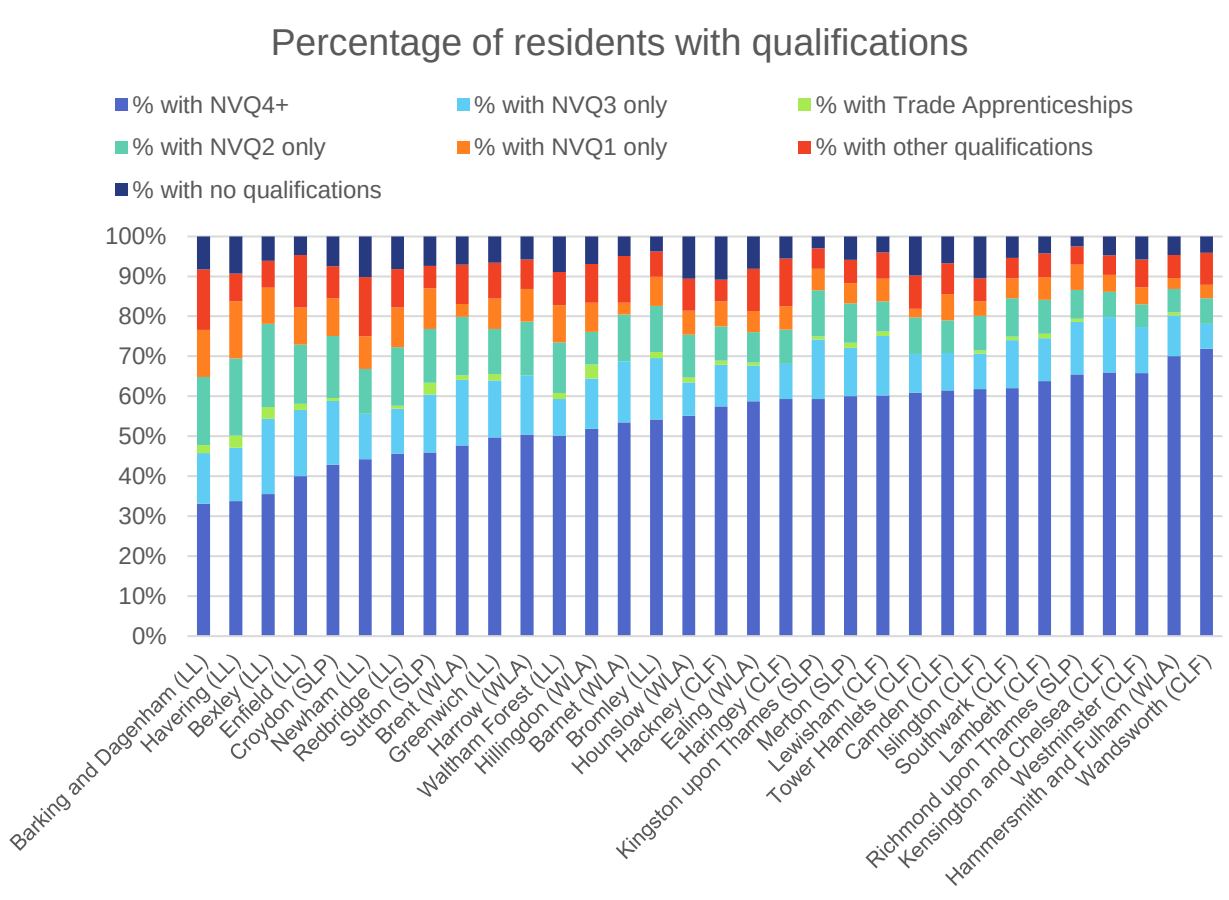
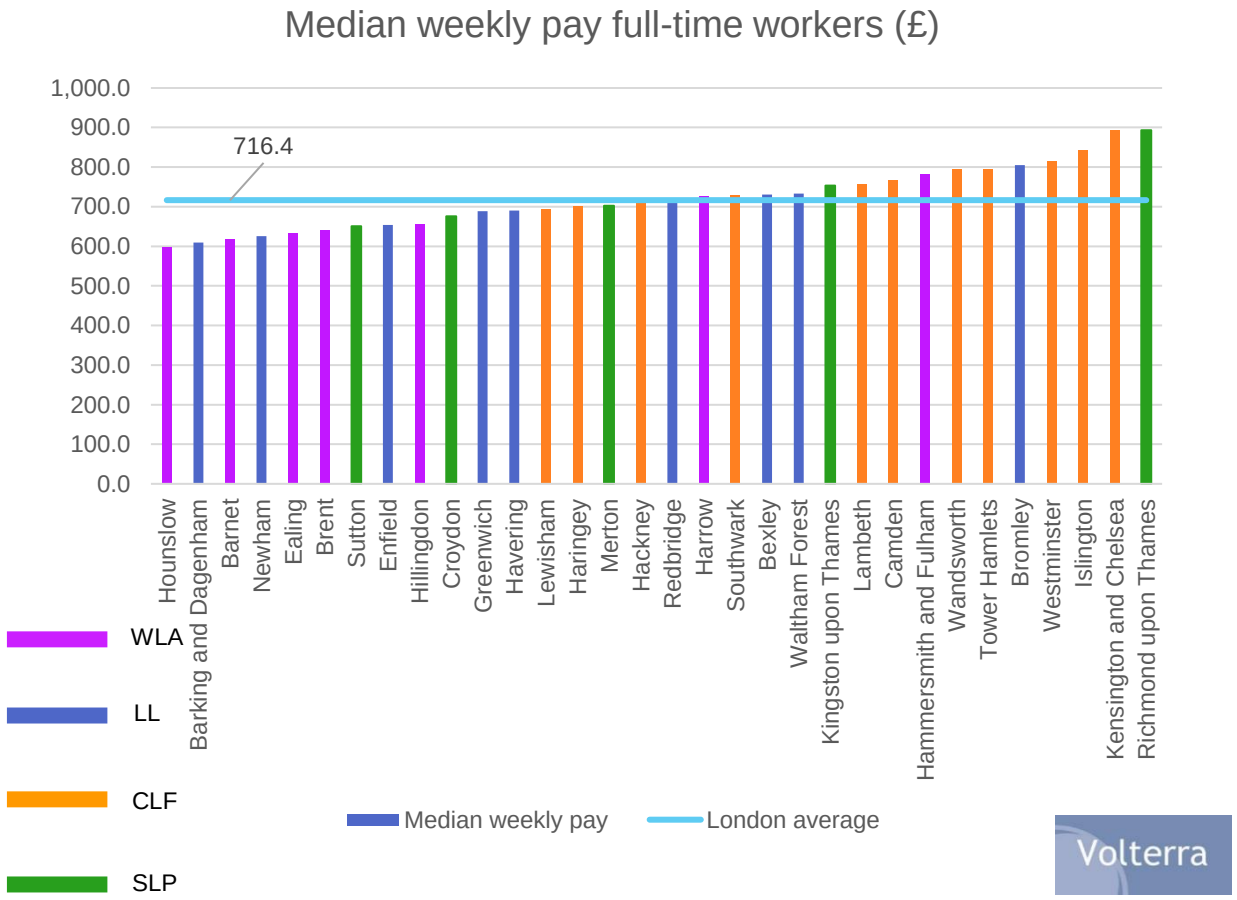
Whilst overall unemployment in London has steadily declined over time, significant disparities have continued to exist within sub-groups of the population.

Disparities that are present within the unemployment rates of different areas of London often stem from the fact that they have different underlying demographic characteristics, and some subgroups experience different barriers to entering the labour market.

For example, there are areas of London (mainly WLA and LL boroughs) that have a much higher proportion of lower skilled and lower paid residents, as shown in the graphs below. Historically, these groups of residents have been more susceptible to unemployment.





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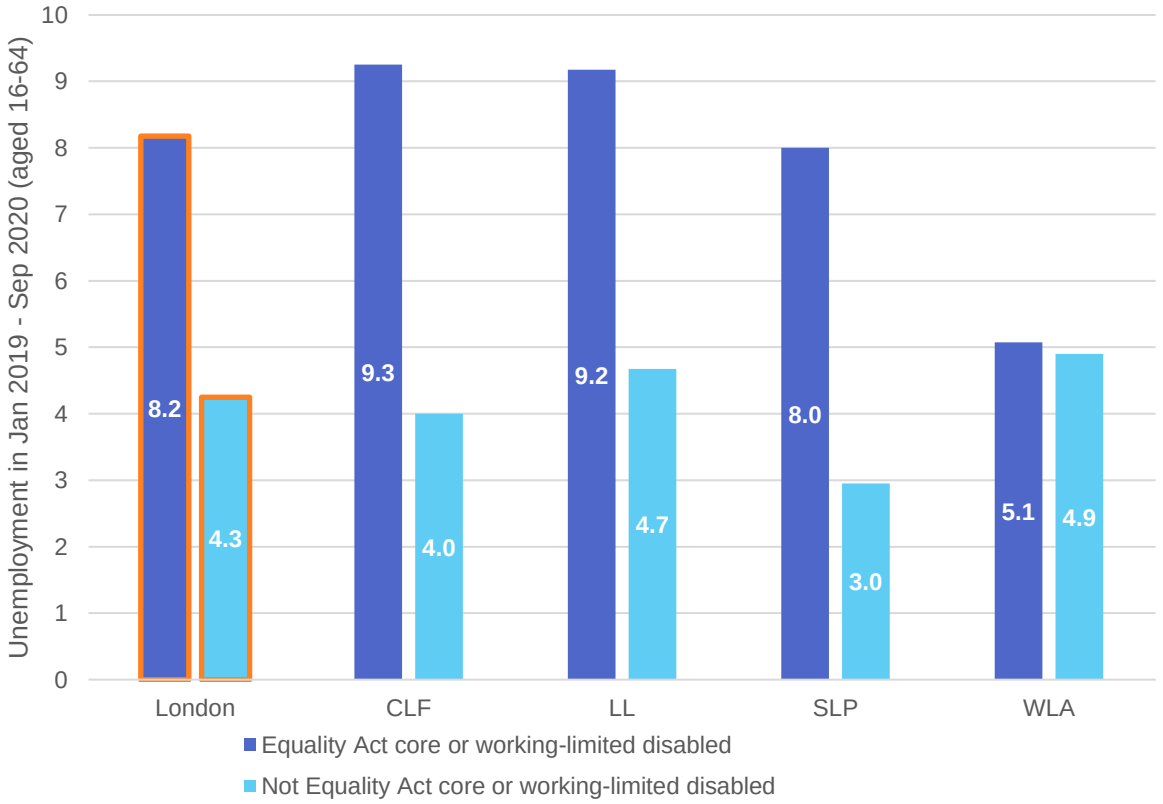
Source: ONS, 2020. Annual Population Survey, Jan 2019 – Dec 2019.

Source: ONS, 2020. Annual survey of hours and earnings, resident analysis - 2020.

These differences in demographic characteristics feed through into what we see in the disaggregated unemployment statistics.

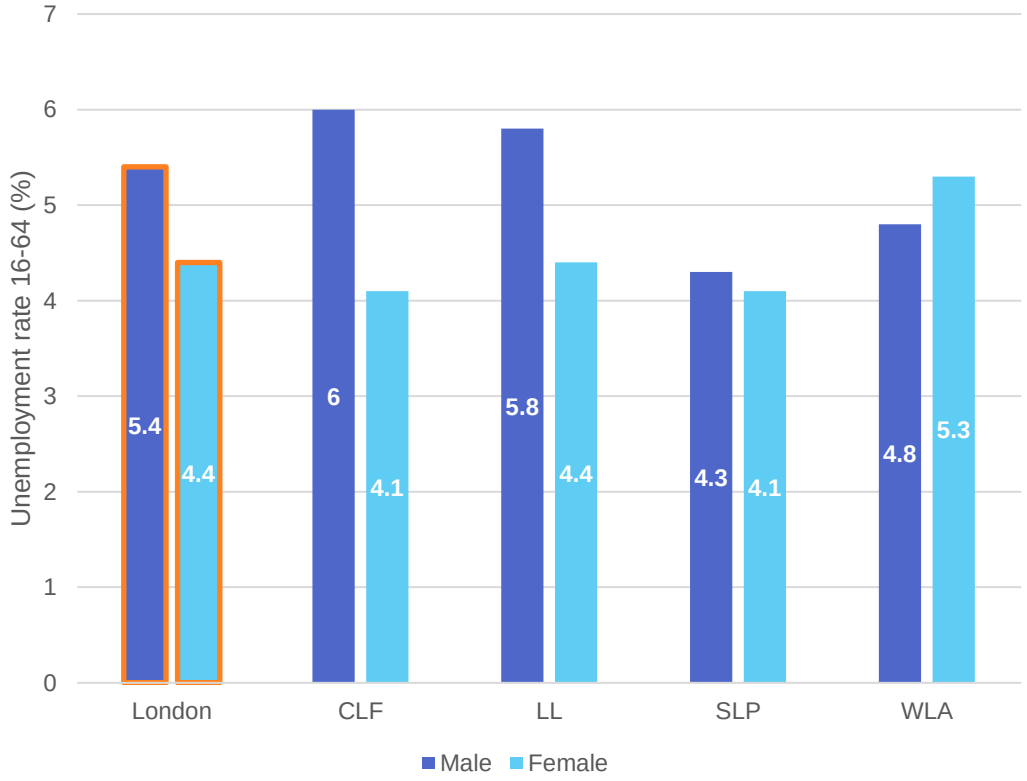
The areas of London that record the highest unemployment rates are often home to populations with characteristics that experience multiple disadvantages in the labour market, such as low levels of skills, higher prevalence of disabilities, high prevalence of ethnic minorities, high proportions of young people, and large numbers of long-term unemployed residents.

Equality Act (EA) core or work-limiting disabled residents experience substantial employment inequalities in all of London's SRPs except WLA.



*Source: ONS, 2020. Annual Population Survey, Jan 2019 – Sep 2020**
*(*average of last four periods)*

Whilst London's male residents typically experience higher unemployment rates, this trend does not hold within WLA boroughs, where females experience higher rates.



Source: ONS, 2020. Annual Population Survey, Oct 2019 – Sep 2020.

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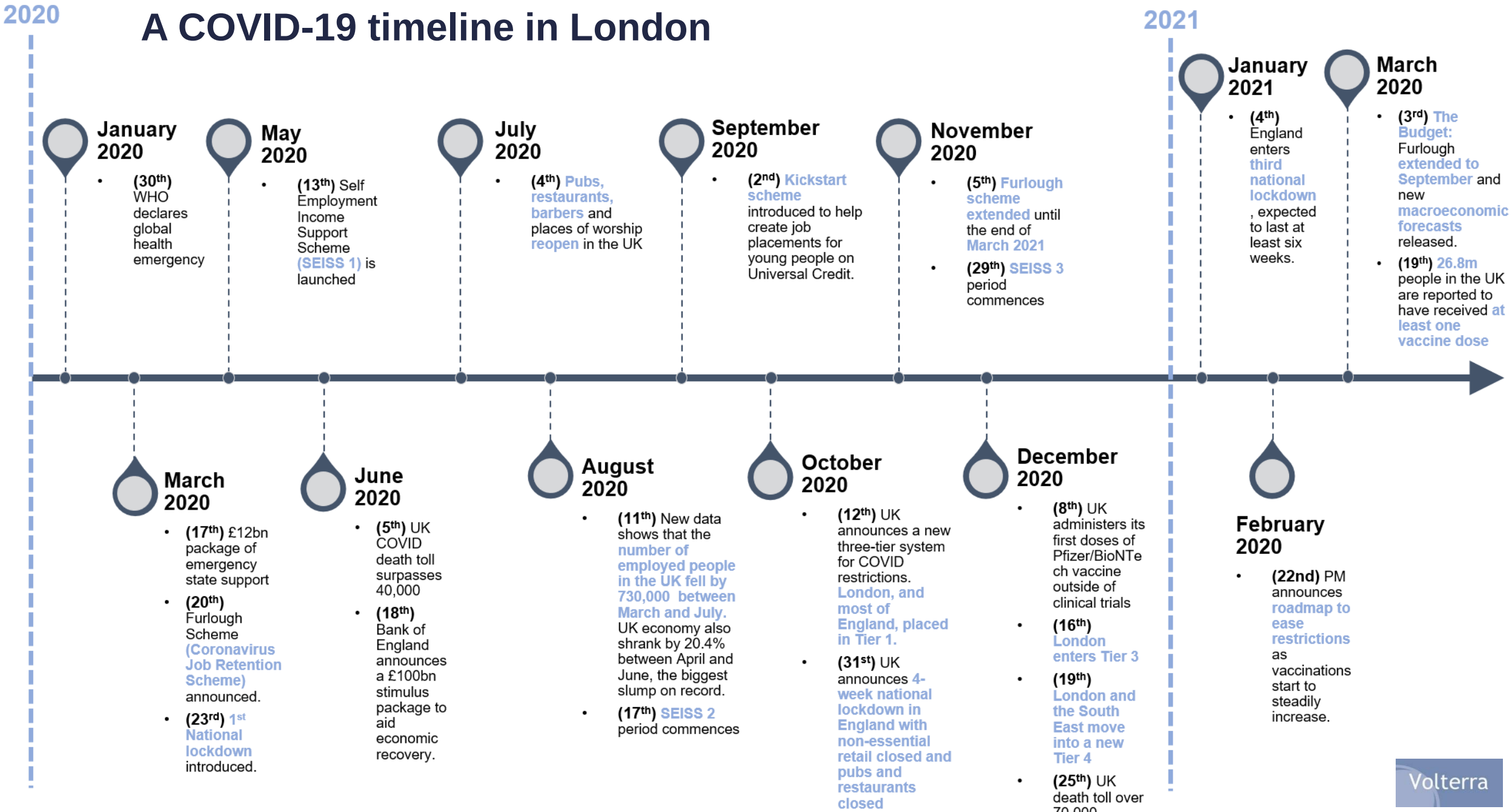
Priority groups and areas vary by SRP.

Analysis of both historic and more recent 2020 data has led to the conclusion of the following priority groups within the respective SRPs:

- **CLF:** Historically, CLF boroughs have the highest unemployment rates amongst males and ethnic minorities. Whilst CLF contains some of the wealthiest and least deprived areas in London, there also exist significant pockets of deprivation with the SRP. The boroughs of Hackney, Lambeth, Southwark and Westminster, to name a few, perform particularly poorly on some indicators such as long-term unemployment (Lambeth) and unemployment rates for ethnic minorities (Hackney).
- **LL:** LL boroughs have historically suffered from poorer socio-economic outcomes, such as lower levels of qualifications and earnings. Whilst this had been converging over time in some cases, stand out boroughs that perform poorly include Barking & Dagenham (low pay), Enfield (female unemployment rates), Newham (high numbers of claimants across all ages) and Waltham Forest (ethnic minorities). Issues that exist within LL vary between boroughs, as they have varying demographic compositions. For example, Havering has an older population that records a higher unemployment rate amongst white residents than ethnic minorities, in contrast with the London trend.
- **SLP:** Historically SLP residents have generally been better qualified, more likely to be employed and better paid than other areas of London. The focus has therefore generally been on improving the economy and workforce within south London itself, rather than the employment outcomes of residents. It is important, however, not to simply ignore this area due to historic trends. Within it there are areas and groups who are suffering disproportionate unemployment impacts as a result of COVID. Croydon, for example, with its high proportion of young residents has as a result recorded a very large increase in numbers of claimants. Other vulnerable groups include females in Merton, ethnic minorities in Kingston-upon-Thames, young people in Richmond-upon Thames and lower-skilled residents in Sutton.
- **WLA:** Many indicators suggest that WLA boroughs have suffered particularly badly as a result of the pandemic. Areas within these boroughs have recorded the highest rates of furlough across the whole country (Barnet, Brent, Ealing and Hounslow all had furlough rates of 20% or over at the end of January 2021). Females within WLA boroughs, appear to be particularly disadvantaged in the labour market. The combination of lower than average attainment on demographic characteristics (e.g. qualifications) and high proportions of residents working in at risk industries such as aviation and retail has led to some boroughs such as Brent, Ealing, Hillingdon and Harrow being very hard hit.

A COVID-19 timeline in London



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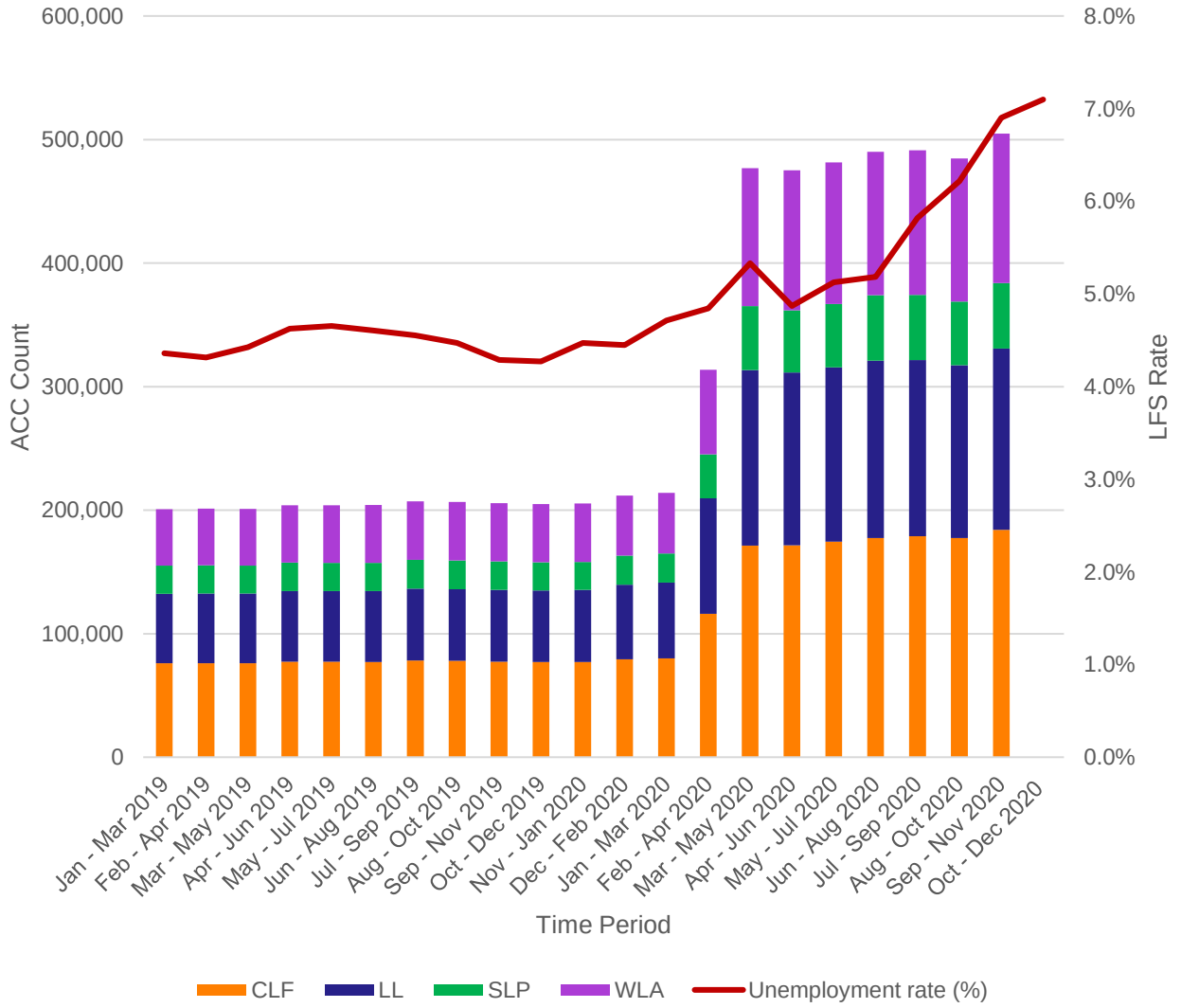
The emergence of COVID-19 has been followed by a substantial increase in the London unemployment rate, as well as the number of claimants.



- The pandemic's impact is clearly seen at the start of 2020. The London LFS unemployment rate began the year at 4.7% (compared to 4.0% nationally) and **within 9 months the unemployment rate had risen to 7.1% (compared to 5.2% nationally)** in (Oct-Dec 2020).
- The number of ACC claimants has risen from historic lows of under 200,000 in London (lowest 155,000) to a peak figure of 505,000 in November 2020.
- An average of 487,900 claimants over the past 6 months.
- The sudden increase in both unemployment rates and number of claimants in Feb-Apr 20, captures the initial effects of the pandemic. During this period, important events such as the first national lockdown and the furlough scheme began.
- Towards the end of the summer months, when the "Eat Out to Help Out" scheme along with the Kickstart scheme were implemented, the unemployment rates and the number of claimants stopped increasing and the outlook was beginning to improve.
- This did not last long, the unemployment rates began increasing and stronger measures were implemented, including a second (and subsequently third, post available data shown in this chart) lockdown for England.

Source: DWP, 2020. Alternative claimant count, November 2020. Mayor of London, 2020. Labour Market Update for London.
Note December 2020 ACC data was not available at the time of writing.

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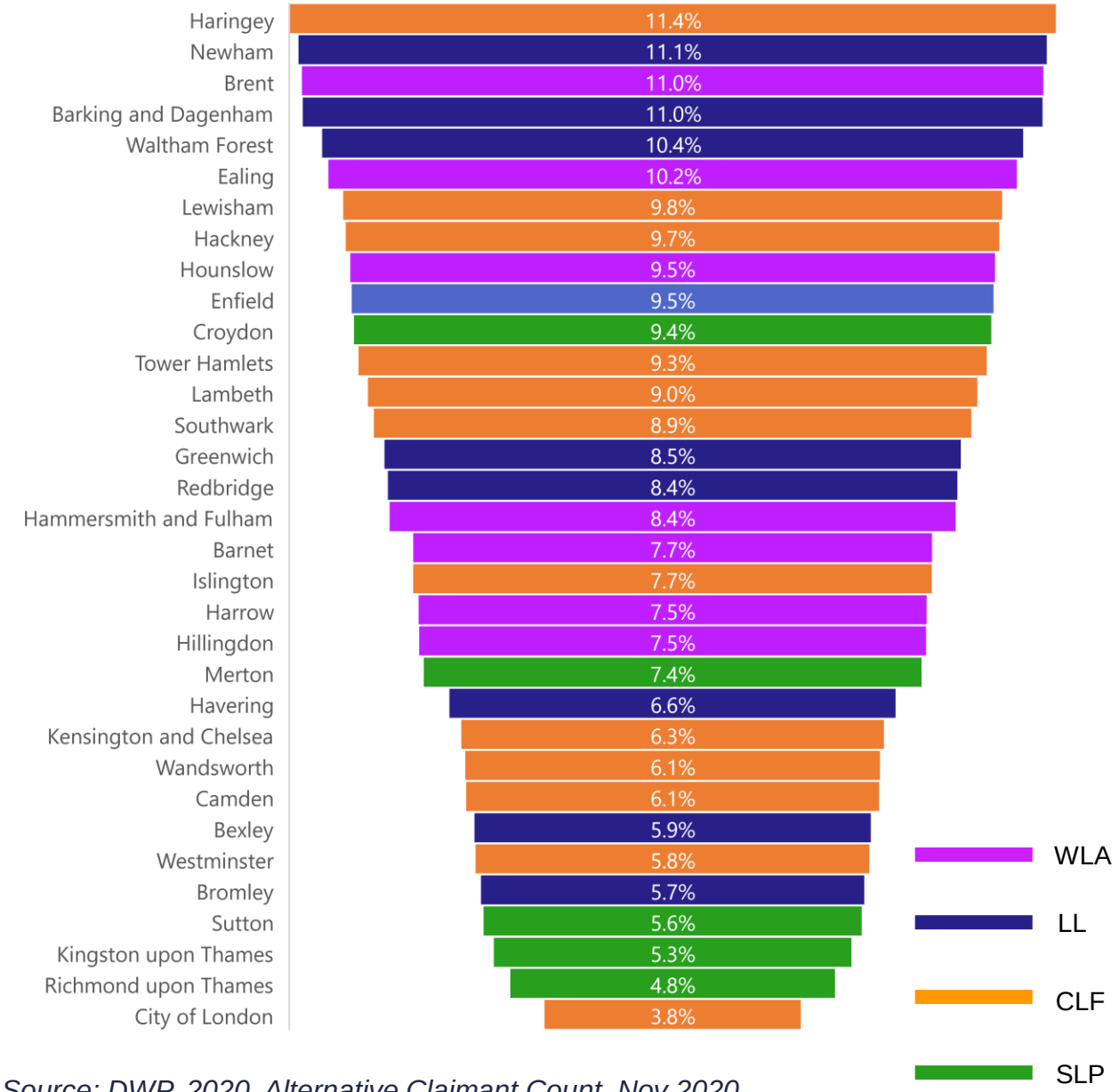
LL and WLA boroughs appear to have witnessed larger jumps in the proportion of claimants.



Source: DWP, 2020. Alternative Claimant Count, Nov 2020.

- **Haringey (CLF)** is now the borough with the highest proportion of claimants, a more than **four-fold increase on 2019 levels** in the borough.
- **LL** appears to have been badly affected, with Barking & Dagenham, Newham and Waltham Forest all now having more than 10% of residents who are claimants.
- **WLA** boroughs did not tend to be near the top of the claimant count proportions historically, but Brent, Ealing and Hounslow all now have high proportions of claimants.
- **Croydon (SLP)** continues to be the anomaly amongst SLP boroughs, with a high proportion of claimants.

It should be noted that around one-third of London's Universal Credit claimants are still within employment, a proportion that has been increasing since the start of the pandemic signalling that **increasingly more Londoners are suffering with issues related to in-work poverty.**

Alternative Claimant Count (ACC) figures include:

1. People claiming Jobseeker's Allowance;
2. People on Universal Credit with the searching for work conditionality ('not working, or with very low earnings – claimant is required to take action to secure more/better paid work').
3. Additional claimants who would have been searching for work under UC had it existed over the entire period since 2013.

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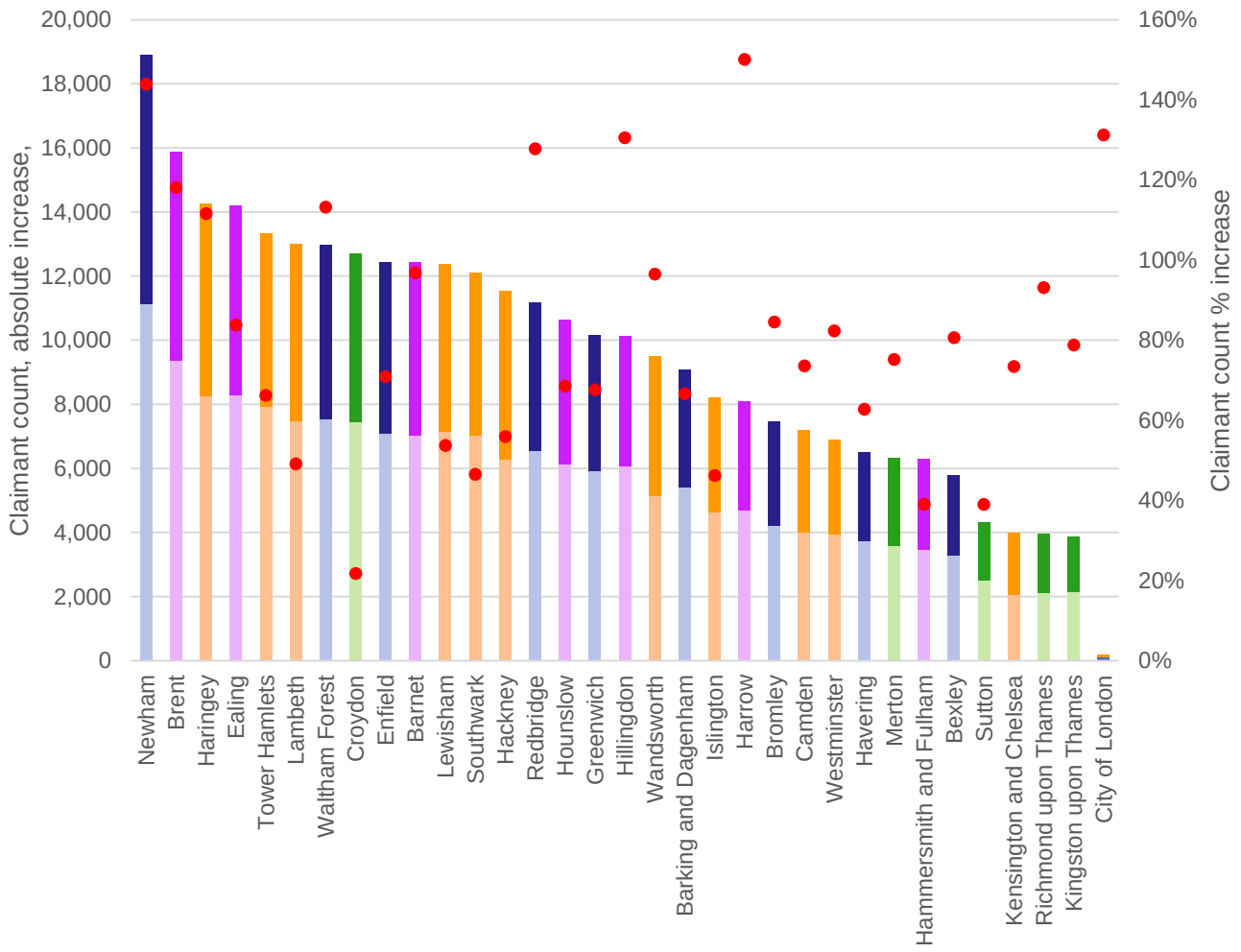
The graph below shows that all boroughs have recorded a substantial rise in the number of resident claimants between January and December 2020. The largest increase in claimants was recorded in Harrow, closely followed by Newham and Hillingdon.

Claimant count growth by borough, absolute and percentage increase from Jan 2020 to December 2020

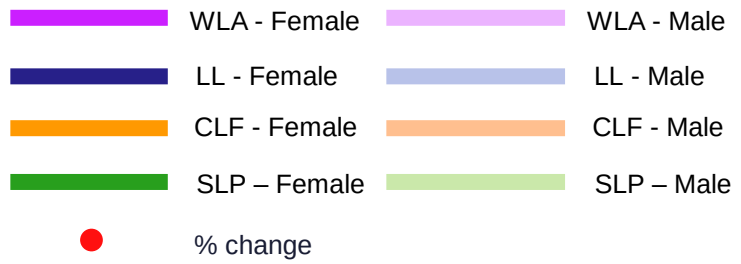


The number of males on the claimant count increased by 86% over the course of 2020 (January to December), higher than the increase recorded in the number of females on the claimant count (67%).

SLP boroughs have experienced the **lowest increases**.

Newham (LL) recorded the largest absolute increase in claimants, with approx. 18,900 new claimants receiving unemployment aid between January and December 2020.

Harrow (WLA) recorded the highest relative increases in claimants, with a 150% rise in claimant numbers during 2020.



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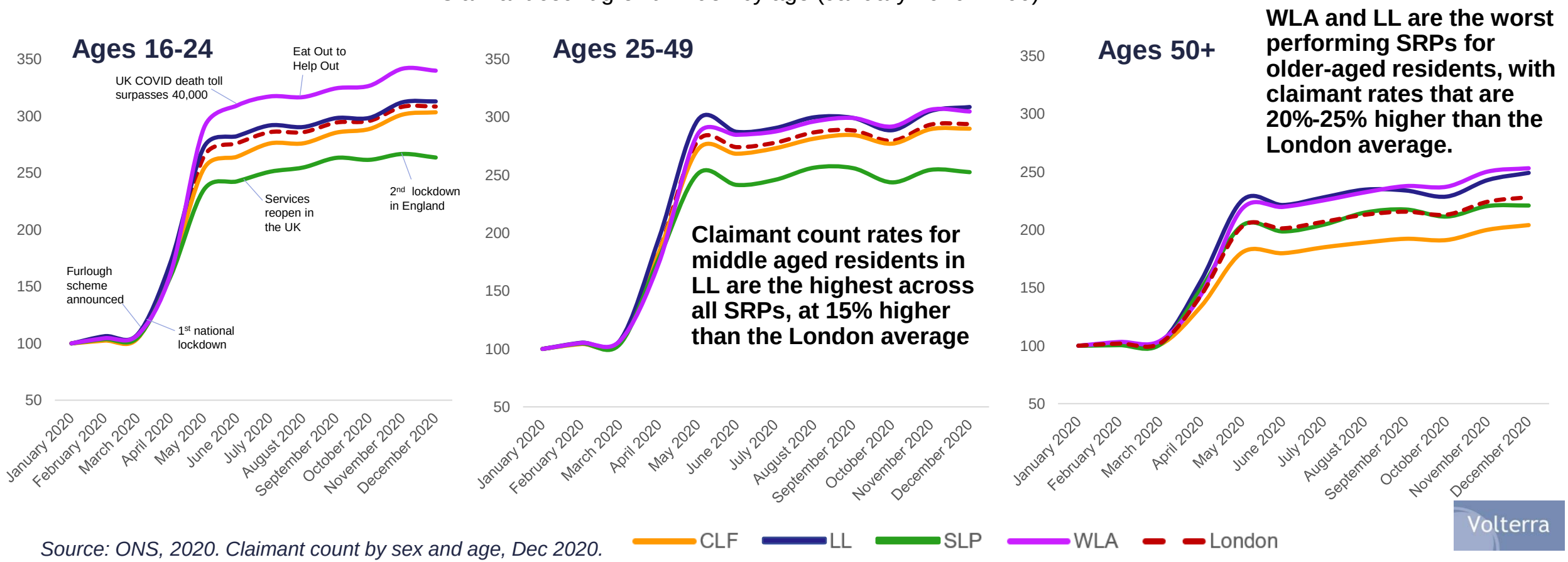
Source: ONS, 2020. Claimant count by sex and age, Dec 2020. Note ONS CC figures are used here instead of DWP ACC counts.

Across all age groups, the younger demographic (16-24) has recorded the fastest increase in claimants over the course of 2020, particularly those who reside in WLA areas, where the latest rates are 32% higher than the London average.

Across London as a whole, the number of young (16-24) claimants (ACC) has risen from 28,000 in March to 80,000 in November, a more than 300% increase.

Over the same time period, 25-49 year old claimants in London have risen 255% (304,000) and older claimants (50+) by 199% (120,000).

Claimant count growth index by age (January 2020 = 100)



Source: ONS, 2020. Claimant count by sex and age, Dec 2020.

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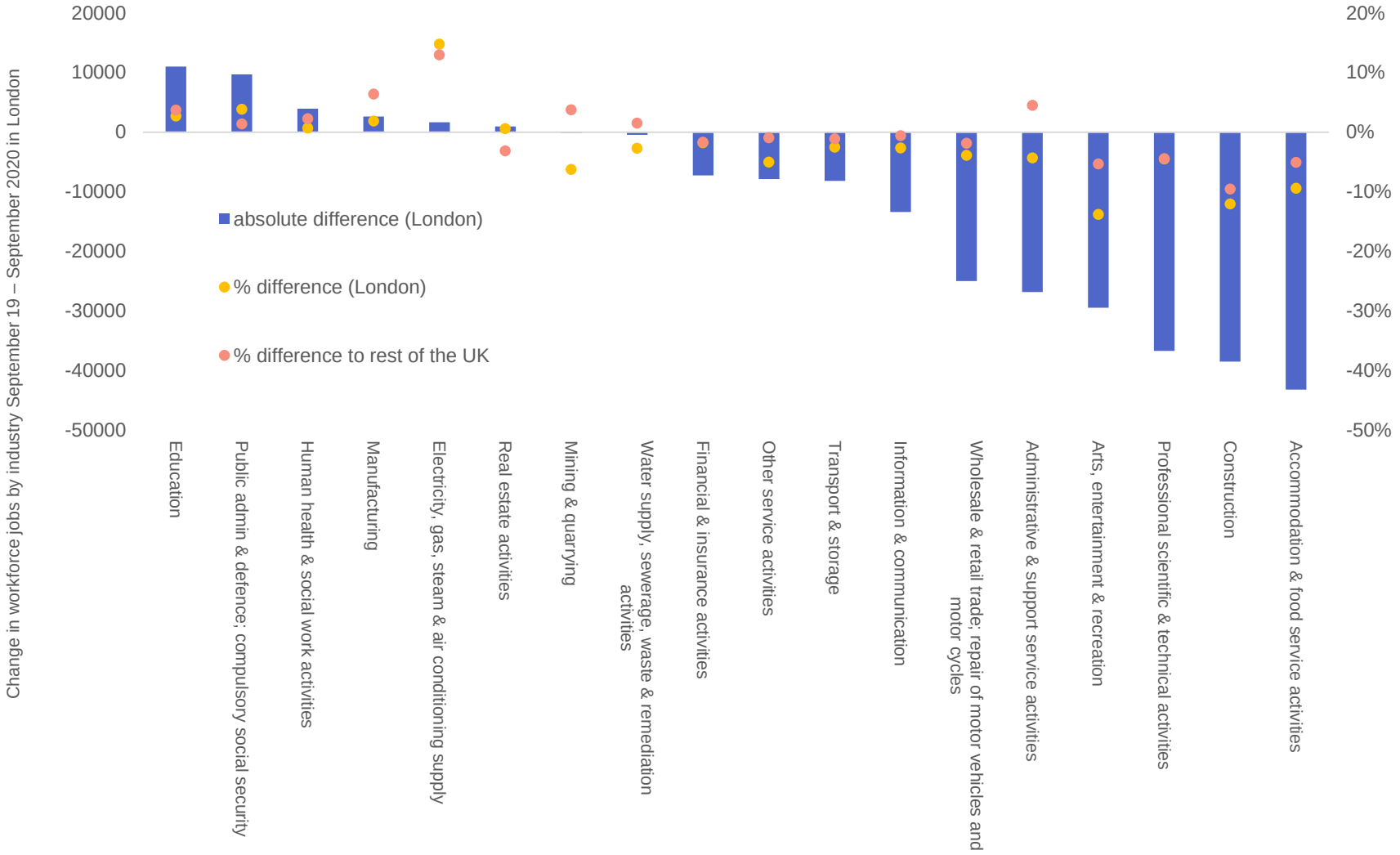
Changes in workforce jobs have varied significantly by industry in London. Whilst education, public admin and human health have recorded small increases, other sectors have been particularly hard hit.



In absolute terms, the accommodation and food service sector has seen the largest contraction in workforce numbers across London, with the loss of approximately 43,000 jobs.

In relative terms, the arts, entertainment & recreation sectors in London (losing almost 30,000 jobs) have been most adversely affected, especially when compared to the UK average (-5%) for this sector, with a 14% decline. This likely reflects this sector's reliance upon both domestic and international tourism in the capital. A similar though not as pronounced relative impact (-9% London v -5% nationally) is evident in the accommodation and food service sector.

Public sector jobs (education, public admin, and health) have predominantly seen an (slight) increase in job numbers within the capital.

Note these are workplace-based not residence-based figures, but still provide an indication of impacts by industry.

Source: ONS, 2020. Regional labour market statistics - Headline indicators for London; Workforce jobs by industry UK

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Stakeholder engagement with the SRPs and boroughs themselves has reinforced some of these findings in the data.

There was consensus in feedback received from stakeholders on the following matters:

- Areas that were traditionally under-skilled have been more vulnerable to job losses. Even in cases where lower-skilled and lower-paid residents have not actually lost their jobs, reduced hours and wages have led to **sharp increases in in-work poverty for many London residents**.
- There is concern that the economic recovery in London will be led by high-skilled jobs, of which a large proportion would be taken up by high-skilled commuters from outside of the city, rather than London residents themselves. **London residents – particularly the lower-skilled – risk being left behind during the economic recovery.** Before COVID-19, this would be expected to have a 'ripple' effect on the local economy, creating supporting low-skilled jobs in industries such as retail and accommodation & food. Changing patterns of work as a result of COVID-19 (i.e. shift to home-working) could shift the sectoral (e.g. to warehousing/distribution) and geographic (e.g. a greater proportion of jobs in outer London) distribution of low-skilled employment.
- **Specific sectors have been particularly badly hit, having a ripple effect on local economies**. For example, in the case of WLA boroughs, the substantially reduced economic activity at Heathrow Airport has not only led to job losses in the aviation sector, but also in all the sectors in the supply chain that support this industry.
- Whilst young people have naturally been badly affected by the pandemic, there are other groups of Londoners that should not be forgotten about. Anecdotal evidence suggests **that local authorities are seeing lots of 'new types' of unemployed claimants**, with particular increases amongst older residents who may previously have been employed for a long period of time, as well as residents from ethnic minorities.
- The Government's Coronavirus Job Retention Scheme (CJRS) is currently supporting many London residents who would otherwise be unemployed. There is **concern that an end to the CJRS, whenever this occurs, could have detrimental impacts on many Londoners**, particularly if key sectors such as aviation, accommodation & food and retail are unable to fully recover before the scheme ends.

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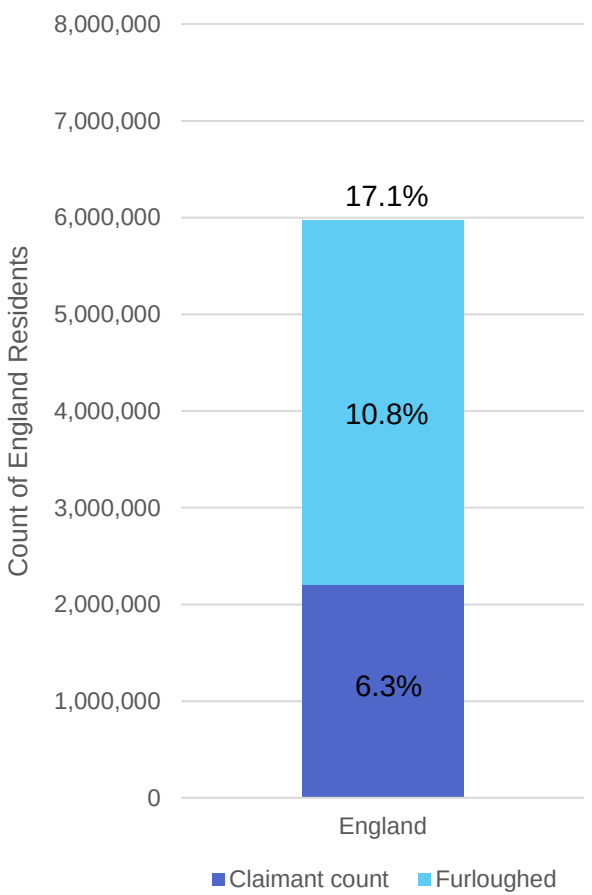
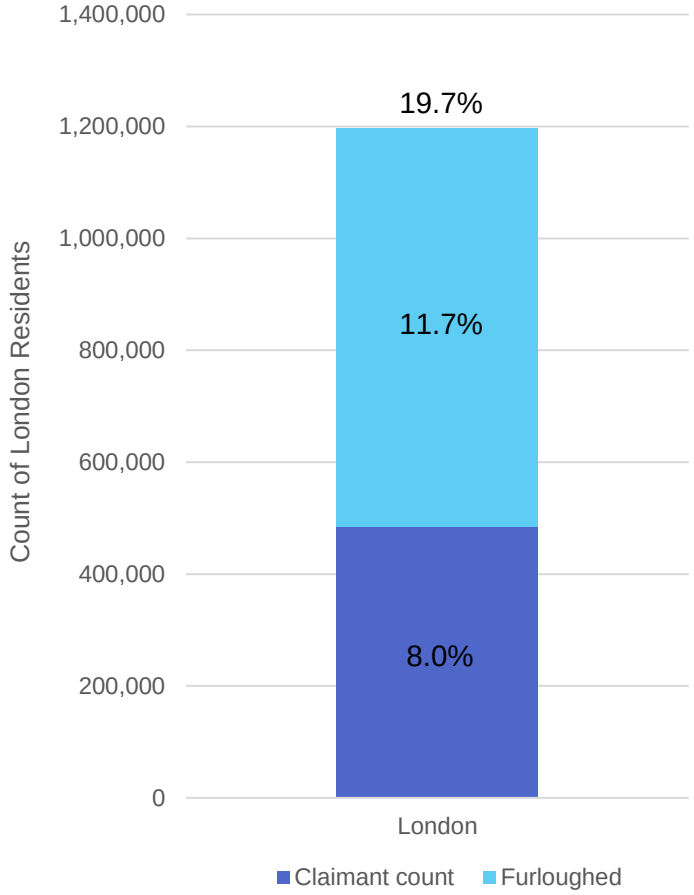
Note: no stakeholder engagement was carried out with CLF boroughs.

An end to the CJRS before the economy is able to recover could have a substantial impact on unemployment numbers in London.

In January 2021, 712,200 of London's residents were on 'furlough'. When these furloughed residents are combined with London's unemployed residents, this amounts to 19.7% of London's economically active population. This is a higher proportion than England (17.1%), highlighting the vulnerability of London's residents to an end of the Government's CJRS.





London has the **highest absolute number of furloughed employees of any region –** 842,000 of England's 4.2m total in July 2020, dropping to 712,200 of England's 3.8m in January 2021.

The unemployment forecasting scenarios presented in the next section of this report factors in different assumptions around the impacts on unemployment that will occur once the CJRS ends in September 2021.

Source: HMRC, CJRS February 2021. ONS, 2021. Claimant Count. ONS CC used instead of ACC here as data for the ACC was not available for January 2021 at the time of writing.

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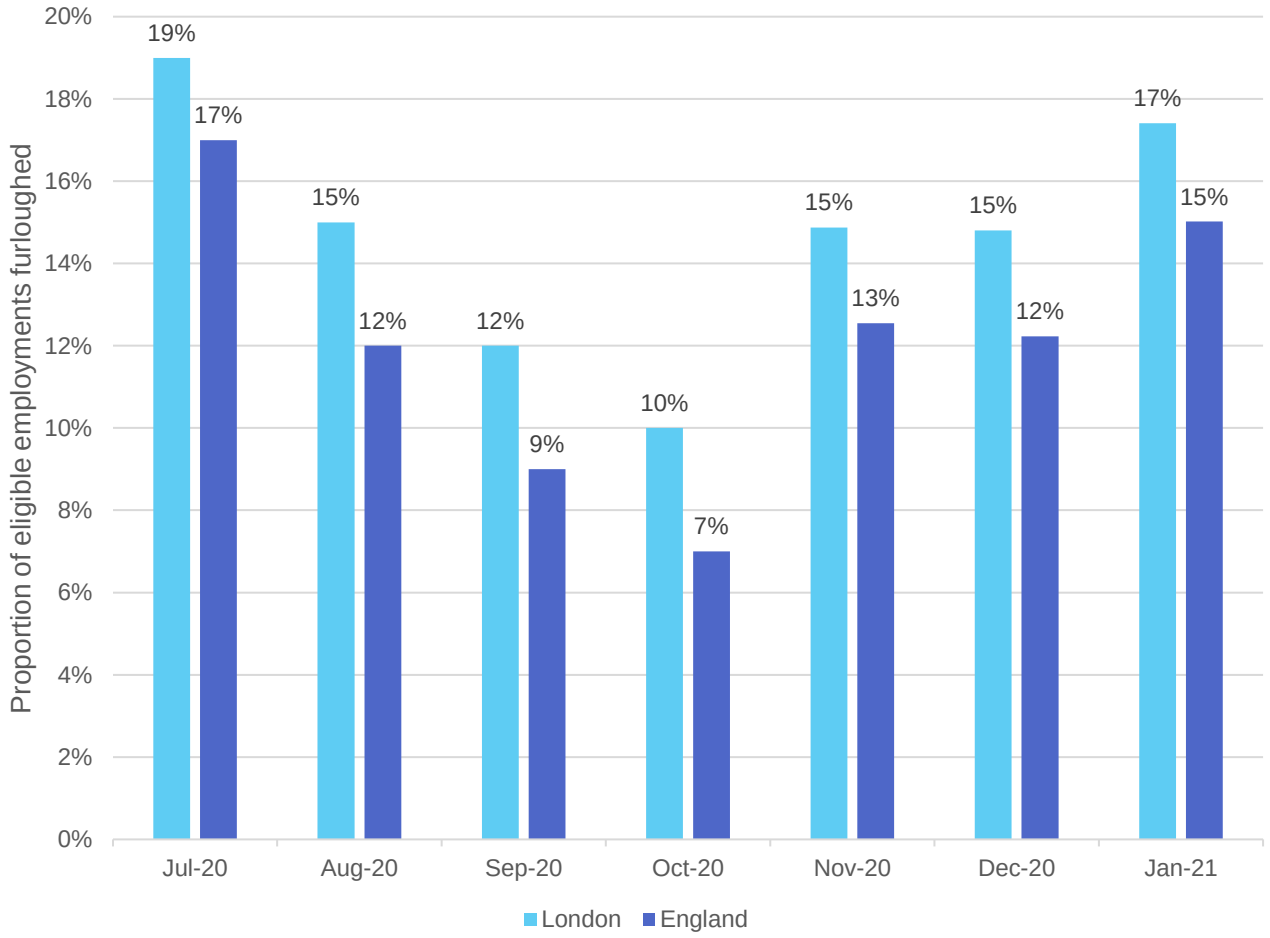
London has the highest furlough rate of all regions. This has remained high for longer than other regions, and this persistence highlights the longer term vulnerability of London residents to the end of the scheme.



Source: HMRC, 2021. Coronavirus Job Retention Scheme (CJRS) Statistics: February 2021

In July 2020, 17% of the country's workforce were furloughed. London was the highest region with 19%.

The hardest hit sectors were Other services***** (39%) and Distribution, hotels and restaurants (29%).

Looking at the sectoral makeup of London's employment, and applying national rates of furlough by sector, would have predicted 95% of those furloughed in July 2020.

By January 2021 the proportion of the workforce furloughed dropped (compared to July 2020) to 15% nationally, with London's rate also dropping by 2 percentage points to 17%.

The percentage point difference between London and England has remained persistent, highlighting how the city will be more vulnerable to the ending of the scheme in September than the rest of the country.

***Other services =** Activities of membership organisations (e.g. trade unions, religious organisations, political organisations), repair of computers and personal and household goods, and other personal service activities (washing and dry-cleaning, hairdressing and beauty treatment, funeral activities, physical well-being activities).

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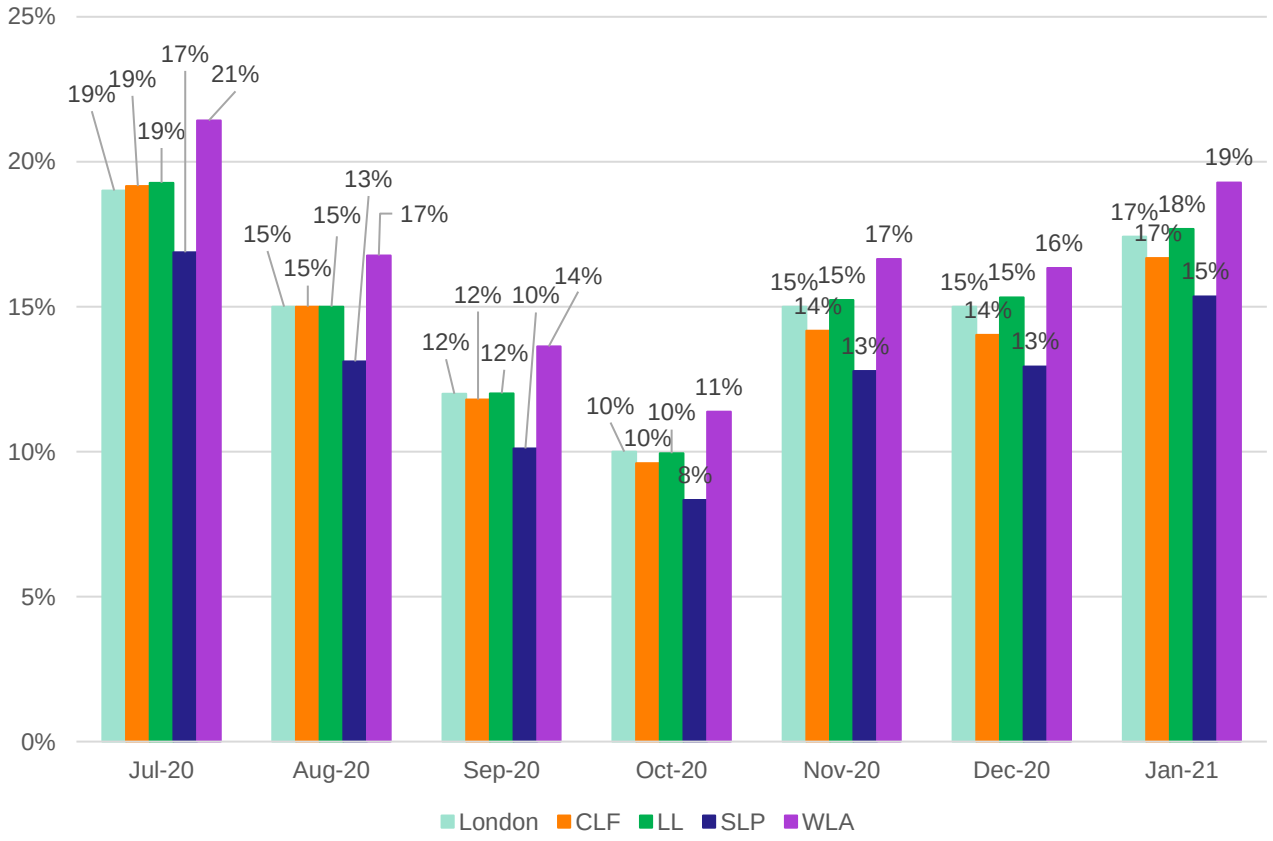
Whilst furlough rates continued to decline over the course of 2020, WLA consistently had the highest furlough rates of all the SRPs.



Source: HMRC, 2021. Coronavirus Job Retention Scheme (CJRS) Statistics: February 2021

The graph shows that WLA residents were the most likely to be furloughed following the emergence of the COVID-19 pandemic, whilst SLP residents were the least likely.

The **high furlough rates recorded in WLA** are most likely **closely linked to the sectoral make up of this SRP**. An above average proportion of WLA residents work in the transport & communications and distribution, hotels & restaurants industries. The next slide shows the borough rates of furlough, and the following slide highlights industrial rates – showing that these industries have experienced much higher furlough rates than other sectors in London.

SLP is the SRP with the lowest furlough rates over the six time periods. This may reflect the fact there is an above average proportion of workers in public administration, education and health, which is less at risk than other sectors. These industries have experienced much lower furlough rates than other sectors in London.

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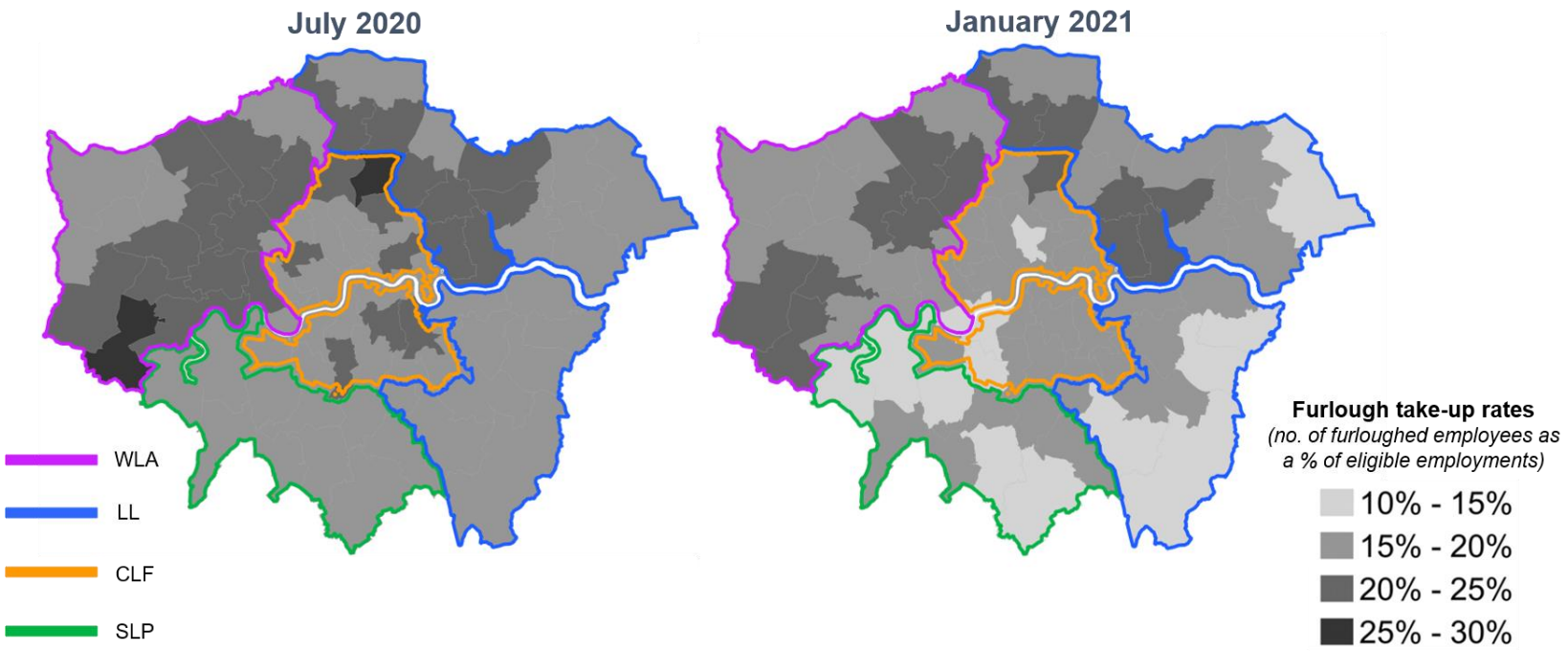
As of January 2021, furlough rates in the capital were 85% of July rates, highlighting the greater persistence effects at work in the capital. In general, all regions in the UK have struggled to reduce their reliance on the furlough scheme, with the lowest January furlough rate being 79% of July rates. This is likely due to the introduction of the 3rd national lockdown at the beginning of January 2021.



Furlough take-up rates show that as of January 2021, Newham (21.9%), Haringey (21.5%) and Brent (20.9%) had the highest prevalence of furloughed residents. Completing the top five boroughs were the WLA boroughs of Hounslow (20.3%) and Ealing (19.9%) in January 2021.

Newham also continues to have the greatest absolute number of furloughed residents among all London boroughs in January 2021 (35,700). It is clear that it is the **hardest hit London borough** in terms of furlough rates.

From a recovery aspect, **Kingston upon Thames residents** – whilst not experiencing the highest absolute numbers of furloughed residents, have recorded the slowest decline in furlough rates. January rates were still 91% of the July rate, 6 percentage points above the London average.

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Source: HMRC, 2021. Coronavirus Job Retention Scheme (CJRS) Statistics: February 2021

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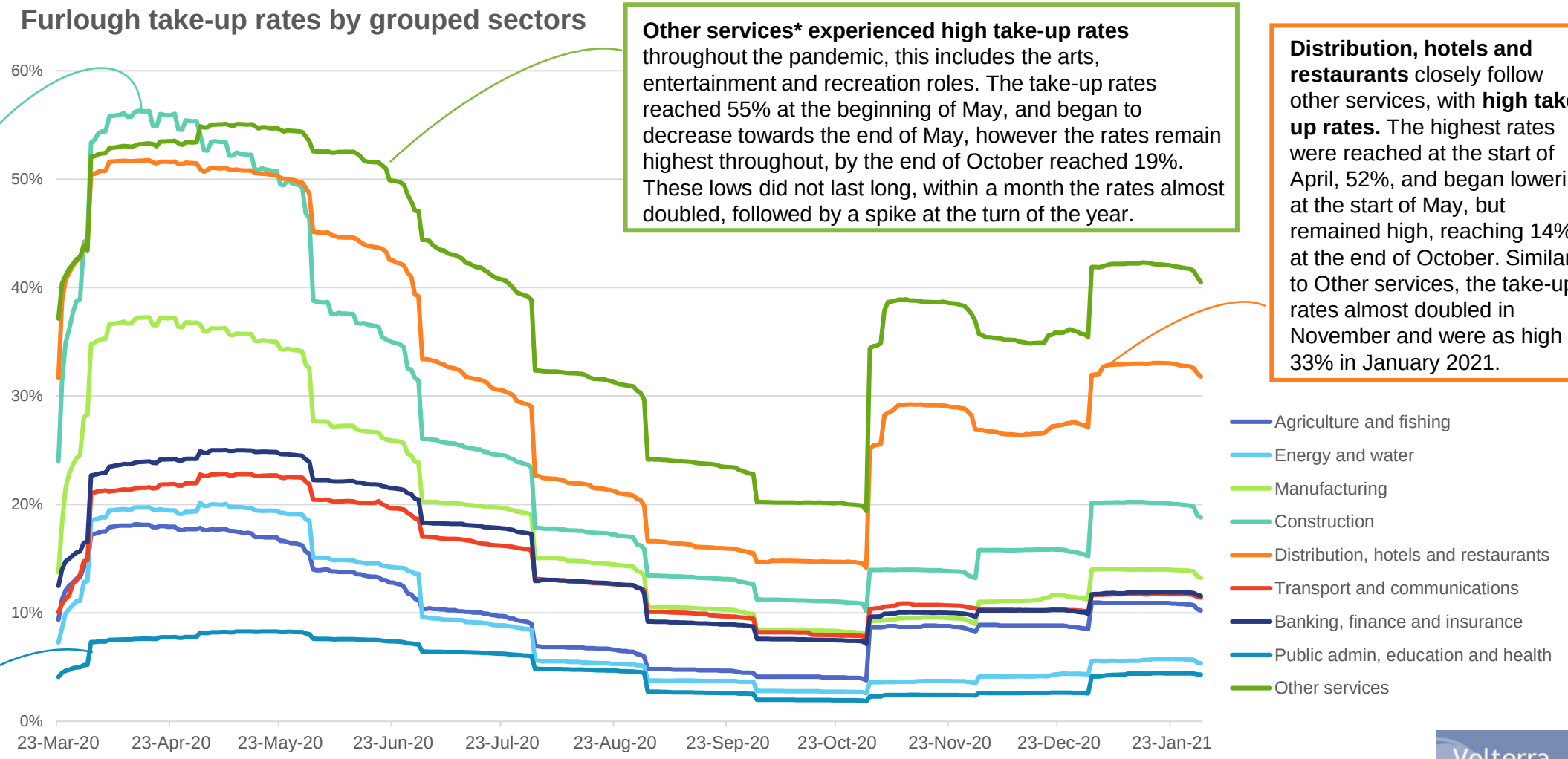
Other services and distribution, hotels and restaurants have the highest furlough take up rates in the UK.

This figure demonstrates the furlough take-up rates by each industry in the UK, from March until January 2021. The take-up rates were calculated by computing the proportion of employments furloughed from the eligible employments.

Construction reached 56% take-up rates in early April, and by May began to decrease. **Construction had the quickest recovery rates** and by the end of October fell to a 10% take-up rate. The rates have picked up again reaching 20% take-up rates in January 2021.

Public admin, education and health appear to be the safest and the least impacted industries. Take-up rates remaining below 10%.



Other services* experienced high take-up rates throughout the pandemic, this includes the arts, entertainment and recreation roles. The take-up rates reached 55% at the beginning of May, and began to decrease towards the end of May, however the rates remain highest throughout, by the end of October reached 19%. These lows did not last long, within a month the rates almost doubled, followed by a spike at the turn of the year.

Distribution, hotels and restaurants closely follow other services, with **high take-up rates.** The highest rates were reached at the start of April, 52%, and began lowering at the start of May, but remained high, reaching 14% at the end of October. Similar to Other services, the take-up rates almost doubled in November and were as high as 33% in January 2021.

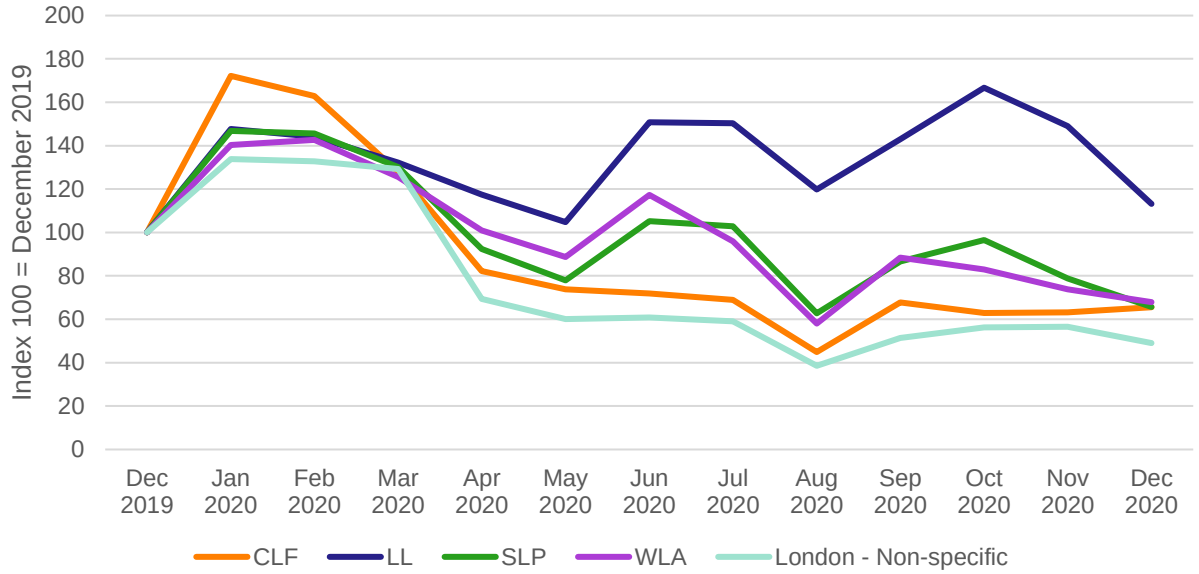
Source: HMRC, 2021. Coronavirus Job Retention Scheme (CJRS) Statistics, February 2021. Volterra calculations, 2021.

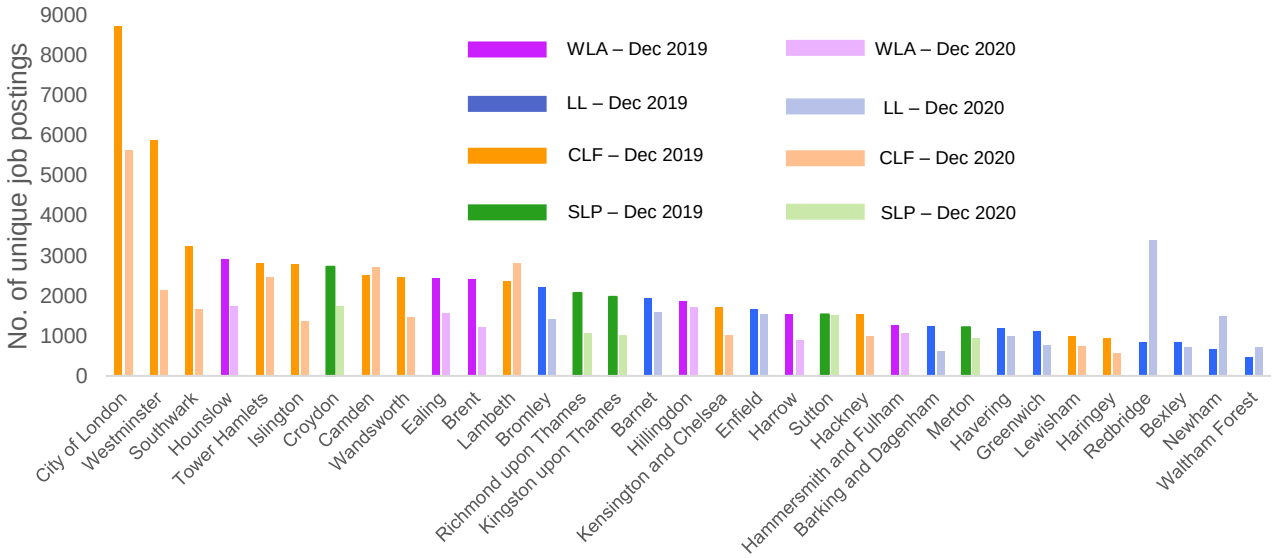
*Note = Other services presented on this slide has pooled together the definition presented on Slide 34 with the arts, entertainment and recreation sector, to be in line with the Annual Population Survey definition of 'Other Services'.

Volterra

The pandemic-induced recession has led to substantially less job opportunities being posted across London.

Unique job postings by SRP and borough, Dec 2019 – Dec 2020





In the last year, unique job postings across all SRPs have been volatile as the volume of postings has experienced multiple periods of growth and decline. Overall, however, **unique job postings in the capital fell by 62% between March 2020 and December 2020, equivalent to approximately 58,000 postings**.

Overall, between Dec 2019 and Dec 2020, unique job postings have declined in 3 out of the 4 SRPs (ranging between 30%-34%).

LL is the only SRP to register growth during this period (17% increase). In terms of absolute numbers, however, the number of job postings in LL remains small relative to other parts of London.

In contrast, CLF boroughs have seen the most substantial reductions in absolute terms. This includes Westminster (-3,700), City of London (-3,100), Southwark (-1,600) and Islington (-1,400).

In absolute terms, the worst-hit occupation in London was **associate professional and technical occupations** (more detail on the next page), with job postings in this category declining by approximately 19,000. Relatively speaking, **elementary occupations** - the lowest skilled category - had the most significant reduction (70%). Claimant data shows that this occupation is one of the most sought by job seekers.

Source: Emsi, 2020. Job Posting Analytics

Volterra

Professional occupations appear to be leading the recovery so far in London, with a much higher proportion of total postings being within this occupation in 2020.

Skill Level	Occupation (SOC)	Postings			Median Weekly Wage		
		2019	2020	% point change (2019-2020)	2019	2020	% change (2019-2020)
High Skill	Managers, directors and senior officials	8.6%	8.6%	0.0	£1,190	£1,185	- 0.4%
	Professional occupations	33.2%	40.3%	+ 7.1	£885	£893	+ 0.9%
	Associate professional and technical occupations	33.2%	30.3%	- 2.9	£710	£709	- 0.1%
Middle Skill	Administrative and secretarial occupations	10.3%	7.9%	- 2.4	£570	£571	+ 0.1%
	Skilled trades occupations	5.4%	5.3%	0.0	£570	£539	- 5.4%
Service Oriented	Caring, leisure and other service occupations	3.5%	2.9%	- 0.5	£440	£441	+ 0.1%
	Sales and customer service occupations	2.0%	1.6%	- 0.4	£440	£455	+ 3.5%
Labour-Intensive	Process, plant and machine operatives	1.3%	1.5%	+ 0.2	£625	£612	- 2.2%
	Elementary occupations	2.7%	1.7%	- 0.9	£415	£425	+ 2.3%
All Occupations (weighted)		**-**	**-**	**-**	**£765**	**£785**	**+ 2.6%**

Source: Emsi, 2020. Job Posting Analytics; ONS, 2020, Annual Survey of Hours and Earnings – Weekly Pay

Evidently, in the last year the proportion of high-skilled job postings has increased, particularly professional occupations which now account for 40.3% of all job postings across London. This shows that professional high-skilled jobs have held up much better during the economic downturn, likely linked to the ability to carry out these jobs from home.

Simultaneously, the relative number of low skilled postings has declined, with 3 out of the 4 lower skilled occupations seeing a slight reduction in their proportional representation of the job posting market.

This provides evidence that reinforces the concerns of stakeholders, namely that **the initial recovery in London is likely to be led by higher skilled, higher paid jobs**.

Furthermore, after considering the median wages of all occupations (weighted by job postings), the data shows that median earnings from jobs posted have increased by 2.6% between 2019 and 2020. This suggests that most of the new jobs being offered are relatively higher paying jobs.

There is a good chance that once the economy re-opens, however, that lower-skilled customer facing jobs may bounce back strongly.

Volterra

Professional occupations examples: Engineering professionals, legal professionals, architects, town planners, surveyors, nursing professionals, therapy professionals and educational professionals.
Associate professional and technical occupations examples: Science technicians, engineering technicians, sports and fitness occupations, legal associate professionals, artistic and media occupations.
Elementary occupations examples: Postal workers, cleaners, street cleaners, warehouse packers, farm workers, security guards, and shelf fillers.

Combining job postings data with Census commuting patterns provides some indications on speeds of recovery in different areas of London.

	Pre-Covid Distribution (Jan 2019 – Mar 2020)		Post-Covid Distribution (Mar 2020 – Dec 2020)		Differentially affected (2020) (percentage points)
Area of usual residence	Total Postings	% of London jobs taken from residents in this SRP	Total Postings	% of London jobs taken from residents in this SRP	
CLF	412,400	29%	147,600	24%	**-4.7**
WLA	263,300	18%	113,600	18%	**0.2**
SLP	185,300	13%	81,200	13%	**0.3**
LL	278,600	19%	146,100	24%	**+4.4**
Total London	1,139,000	79%	488,000	80%	0.3%
Outside London	298,000	21%	126,000	20%	-0.3%
Total UK	1,438,000	100%	614,000	100%	-

Source: Emsi, 2020. Job Posting Analytics; ONS, 2011. The Census - Location of usual residence and place of work (safeguarded data)

Combining the pre- and post- COVID distributions of job postings in London with Census commuting patterns on the origin of residents and places of work allows us to proxy for how jobs in London taken up by residents may have varied as a result of the pandemic.

As the table shows, according to commuting patterns, CLF residents likely take up a lower proportion of job postings in London post-pandemic, whilst in contrast, residents of LL likely account for a larger proportion of post-pandemic jobs taken.

This likely correlates the findings presented earlier, which showed relative numbers of job postings had declined the most in CLF boroughs and the least in LL boroughs. As residents are generally likely to work closer to where they live, this is reflected in the estimates of proportions of job postings taken up by residents in these SRPs.

The implication of this analysis is clear – CLF residents are at risk of experiencing faster relative increases in unemployment as they are taking a lower proportion of jobs than before the pandemic, whilst unemployment in LL may have increased relatively slower. In contrast, once job postings return to 'normal' levels, **unemployed residents of CLF would be expected to recover faster than LL residents, where unemployment will likely persist longer.**

Volterra

Unemployment forecasts

There are multiple sets of GDP, employment and unemployment forecasts already in the public domain.

Public bodies such as the GLA, Bank of England, OBR and HMT have regularly been producing macroeconomic forecasts throughout the COVID-19 pandemic that attempt to project forward the economic outlook for the UK.

These public forecasts have been complemented by many private sector companies producing their own sets of macroeconomic forecasts.

It is **best practice, particularly during times of uncertainty, to produce a range of scenarios**, such as the worst-case, core and best-case scenario defined in this research. These scenarios generally include within them a number of assumptions around UK government policy and, given the current situation, the advancement of medical research/vaccines.

The general theme of all existing forecasts is that the **UK will experience a short, sharp recession followed by a speedy recovery**. This should be caveated by the fact, however, that the rate of recovery gets revised within these forecasts every time there is a further national lockdown or extension to the CJRS.

Prior to the March Budget, the consensus appeared to be that the UK will experience peak LFS unemployment of between 7%-8% in mid-2021. The Bank of England (BofE), for example, released a set of unemployment forecasts at the initial time of writing (February 2020 Monetary Policy Report) and forecast UK unemployment to peak at 7.75% in mid-2021. Following the March Budget, the OBR revised their UK-wide unemployment forecasts down from a peak of 7.5% in mid-2021, to **6.5% in Q4-2021.**

It is clear from all the statistics, however, that London has been disproportionately affected by the pandemic and hence unemployment rates in London will likely rise even higher.

Given the uncertainty surrounding the economic outlook, the future policy environment and the medical effectiveness of vaccines, it is appropriate that **any unemployment forecasts produced will need to be at least partly judgement-based, with assumptions made set out clearly**.

Interpreting the forecast unemployment rate: When presenting the unemployment rate for each 'month' in this document, the rate should be interpreted as the quarterly rate for that month. For example, the peak rate forecast in 'December 2021' should be interpreted as the average 3-month unemployment rate for the period November 2021 to January 2022.

Key assumptions within Volterra's three residence-based forecasting scenarios.

Volterra has produced sets of forecasts for **both unemployment indicators – LFS unemployment and the ACC.** Due to data availability on existing public forecasts and historic recessions, however, the LFS-based forecasts are considered to be more refined.

To calculate the ACC forecasts, Volterra applies a simple conversion factor based on the estimated post-pandemic relationship between the two unemployment variables. We then convert the denominator in the calculation to all residents aged 16-64 for ACC, rather than just economically active. As a result of this simple conversion factor, ACC forecasts presented in this research are considered to be less accurate than the LFS forecasts. For this reason, we only forecast total ACC counts and rates at a London and SRP geography. We do not attempt to produce disaggregated ACC forecasts by demographic characteristics.

Formal **disaggregated unemployment forecasts have been produced** for the following demographic characteristics: **age, gender, ethnicity, disability and qualifications**. The methodologies often vary slightly for each disaggregation, with key assumptions for each explained later on in this report. Due to data availability, these disaggregated forecasts have been produced at both the London and the SRP level. It was not possible to formally forecast these disaggregations at a borough level, due to large amounts of missing data in publicly available data sources such as the Annual Population Survey. Instead, **we seek to fill this information gap by utilising stakeholder engagement findings and data that is available to provide a series of borough case studies** throughout this report.

Formal **unemployment forecasts have not been produced by industry, occupation, duration, or self-employment**. The reason for not doing so varies by disaggregation, but includes the likes of either a lack of historic and/or up-to-date unemployment data for these disaggregations (e.g. industry), or because they were not considered to be very informative (e.g. duration forecasts would show a very sharp rise in short-term unemployed as a result of the pandemic). In the case of industry analysis, a lot of workplace-based industry employment forecasts have already been produced and are in the public domain. That said, these disaggregations are still discussed in some detail in the next section of this report.

For each disaggregation – geographic or demographic – three scenarios have been forecast, namely a worst-case, core and best-case scenario. These three scenarios attempt to capture a variety of different factors, including the end of the CJRS, peak rates and recovery rates. The need to combine a variety of assumptions in each scenario means individual scenarios may not be accurate should future policy changes occur that are not in line with the assumptions, but the range across the three scenarios is considered likely to be robust to future changes in government policy.

Key assumptions within the three scenarios for the LFS unemployment forecasts are outlined in the table on the next slide.

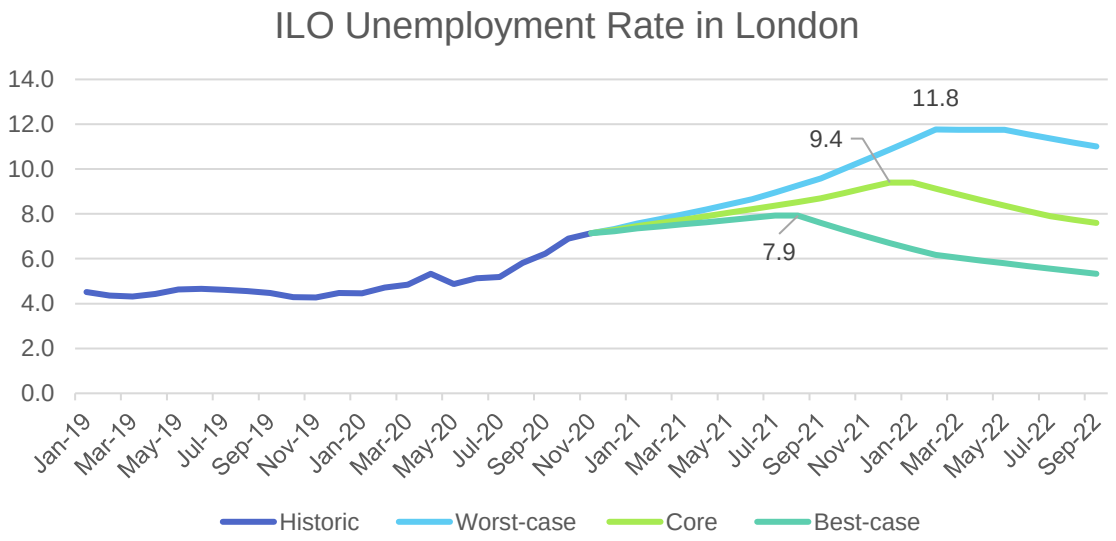
Refer to **Appendix D** for more detail on the forecasting methodology utilised in this report.

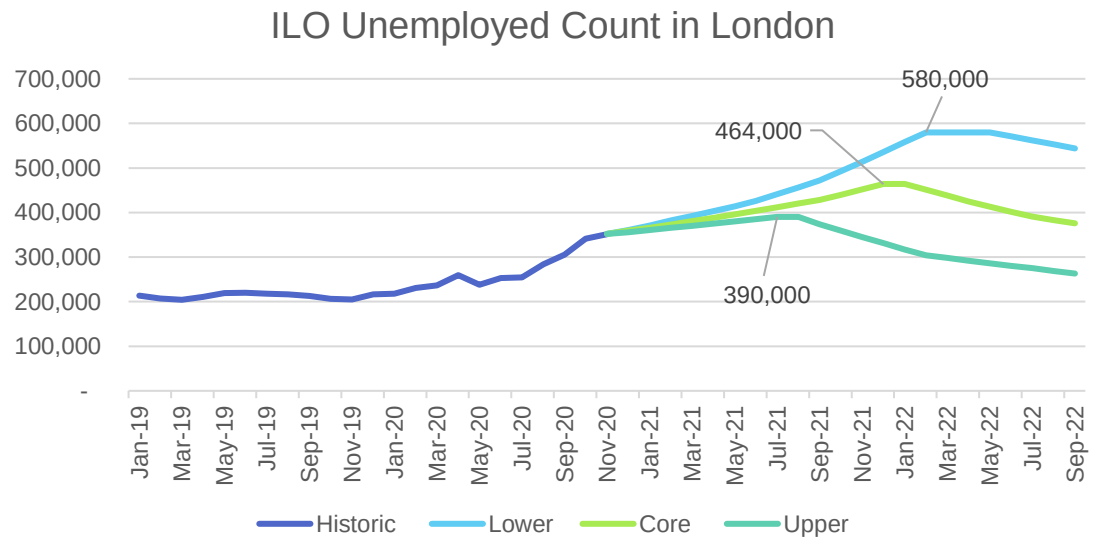
Key forecasting assumptions

Assumption	Worst-case	Core	Best-case
Denominator	We grow or decrease the proportion of economically active (16-64) and population (16-64) by area and demographic characteristic in line with historic trends.		
Time to peak	Unemployment is forecast to peak in February 2022, based on combining trends from the past recession and the relatively faster increases experienced in the (limited) LFS data to date.	In line with OBR forecasts, accounting for the extension to the CJRS announced in the March budget, we assume London hits peak unemployment in December 2021.	In line with BofE, OBR and OECD forecasts, we assume London hits peak unemployment in mid-2021 (July-August).
Furlough	The CJRS ends at the end of September 2021, although reduction of the level of support from July 2021 onwards does bring forward some unemployment. After accounting for findings on expected redundancies in the March 2021 BICS survey and an adjustment for London's higher furlough rate, it is estimated that approximately 51,000 furloughed London residents will become unemployed (above trend*).	The CJRS is assumed to end at the end of September 2021. The scheme continues to adequately support London residents up until this point. It is therefore estimated that only 10,000 currently furloughed employees become unemployed (above trend*) at the end of the scheme.	The CJRS ends at the end of September 2021. The end of furlough sees no substantial above trend increase in unemployment rates following the end of the scheme. This scenario therefore implicitly assumes that Government employment support schemes to date are enough to counter much of the expected unemployment impact in London, giving the economy sufficient time to recover.
Peak unemployment	The London LFS unemployment rate peaks at 11.8% and persists for a 4 month period. This is substantially higher than the 10.5% quarterly peak in 2011. The peak rate is calculated by adjusting the peak UK rate forecast by the OBR in their downside and core scenarios (average), with an adjustment to account for London's higher LFS unemployment and higher rates of furlough.	The London LFS unemployment rate peaks at 9.4% and persists for a 2 month period, reflecting the expectation of a short sharp recession in the core scenario. The peak rate is linked to the OBR's forecast UK peak rate of 6.5%, adjusting for the difference between actual data and OBR forecasts to present, as well as London's higher unemployment and furlough rates.	The London LFS unemployment rate peaks at 7.9%, 2.6 percentage points below the 2011 quarterly peak, and persists for a 2 month period (July and August). The peak is calculated by adjusting the forecast OBR peaks released in March 2021, to account for London unemployment characteristics.
Recovery rate	After peaking, unemployment recovers slowly in line with the more pessimistic publicly available forecasts (e.g. OECD) for the UK (1.6% a month).	After peaking, unemployment recovers in line with an adjusted trend from the previous recession, to account for the 'V-shape' of this recession. This amounts to 2.9% a month for the first six months ('unlocking' rate), to account for a short sharp recovery, followed by 1.9% a month thereafter.	After peaking, unemployment recovers in line with the more optimistic publicly available (e.g. BofE) forecasts for the UK. This equates to approximately 4.1% a month for the first six months ('unlocking' rate), followed by 2.1% a month thereafter.
Starting disaggregation by group	We use trends from both the LFS and the ACC data to estimate starting disaggregations of unemployment by area and sub-group of the London population. Whilst the LFS data gives better historic trends, combining this with distributions of the ACC where possible allows for us to account for differential trends recorded since COVID-19 emerged. Starting disaggregations are calculated in varying manners dependent on the data available to us for each specific group. For example, no 2020 ACC data exists for London's disabled population and therefore the starting disaggregation is based off a historic distribution.		
Distributions over time	For all disaggregations forecasts, with the exception of disability, we forecasts changing distributions of unemployment over time. These changes vary between sub-groups but are generally based on a variety of data on historic distributions, ACC distributions in 2020, job posting distributions and furlough distributions.		

***Above trend =** Captures the furlough-related unemployment impact that occurs due to the fact that London residents rely more heavily on CJRS than other parts of the UK, a factor which would not be captured in national forecasts.

In the core scenario, London's unemployment rate is expected to peak in September 2021 at 10.0%.





Source: Volterra, 2021.

Unemployment is forecast to continue to rise to Q4-2021 in the core (December) scenario and mid-2021 in the best-case (July-August) scenario. In the core scenario, the end of the CJRS in September leads to a **December 2021 peak of 9.4%.** This equates to **464,000 ILO unemployed London** at the peak. This falls to a peak of 390,000 in the best-case scenario (7.9%).

In the core scenario, it is expected that **10,200 furloughed London residents would lose their jobs** after the CJRS ends in September, above the trend increase in unemployment. This rises to **51,000** in the worst-case scenario where the economy is unable to recover in time for (i) when the CJRS conditions change in July and (ii) when the CJRS ends in September.

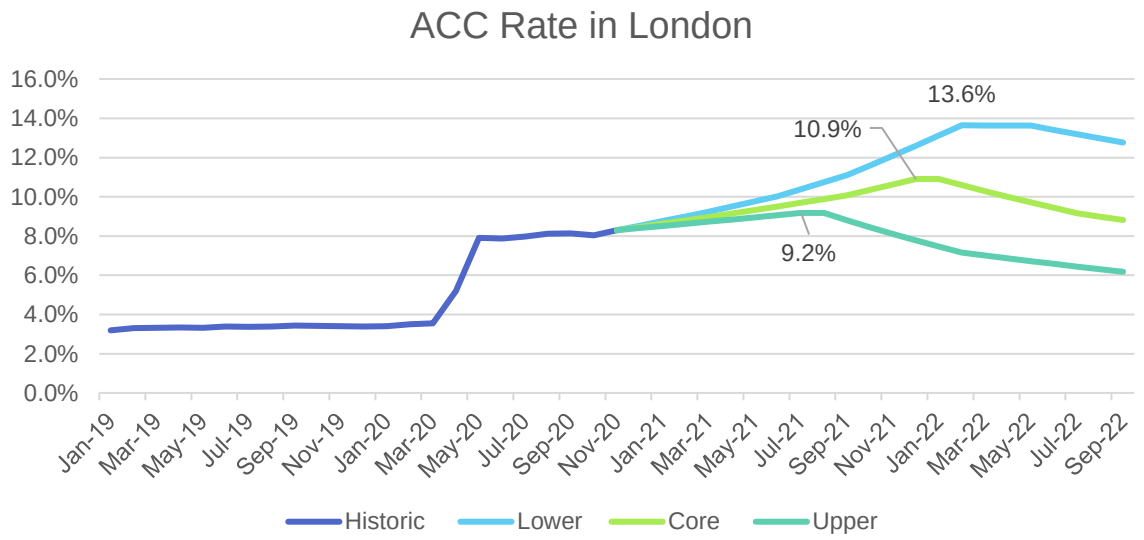
In the worst-case scenario, the rise in unemployment is expected to continue, not peaking until February 2022 at 11.8%. This would represent an estimated 580,000 Londoners unemployed at peak in February 2022.

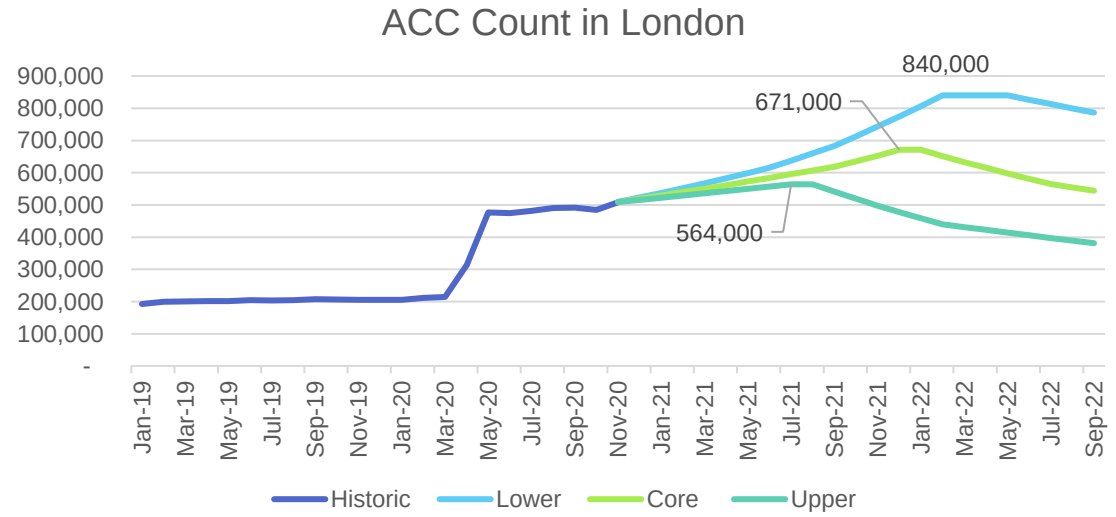
In all scenarios, **unemployment in London is not forecast to return to pre-crisis levels before September 2022**.

Scenario	Apr-2021	Peak	Sept-22
Worst-case	403,000 (8.2%)	580,000 (11.8%)	544,000 (11.0%)
Core	388,000 (7.9%)	464,000 (9.4%)	376,000 (7.6%)
Best-case	375,000 (7.6%)	390,000 (7.9%)	263,000 (5.3%)

Volterra

Absolute peaks forecast for the ACC are higher, with 671,000 claimants forecast in London in December 2021 (core scenario).





Source: Volterra, 2021.

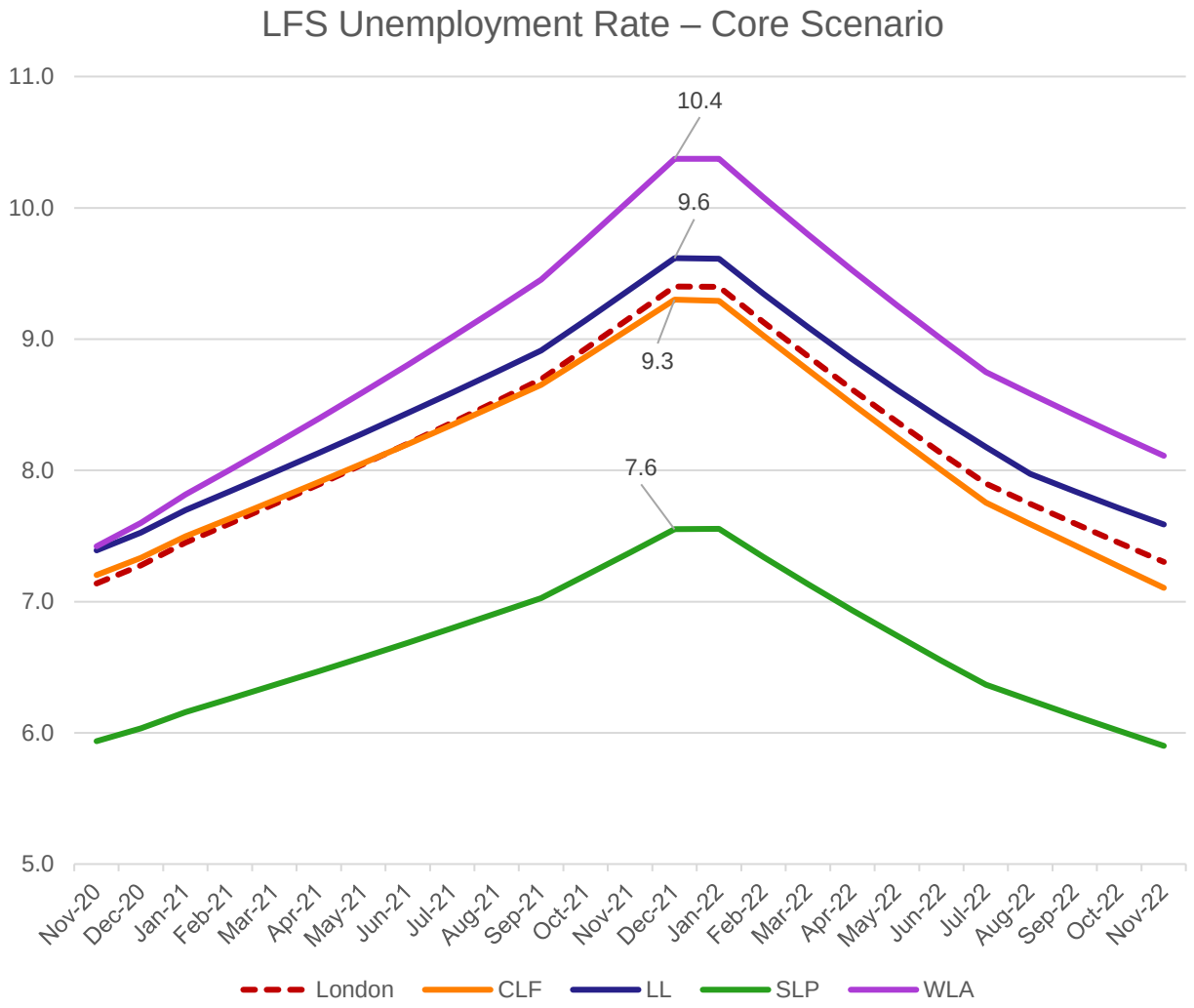
Converting the LFS forecasts into ACC counts and rates, based on recent correlation between the two metrics, gives the following findings:

- It is clear that this pandemic has led to unprecedented numbers of London residents becoming claimants.
- As a result, our forecasts conservatively predict that in the worst-case, the total claimant count could peak at 840,000 London residents.
- In the core scenario, the **number of claimants peaks at 671,000, equivalent to a rate of 10.9%.**
- In the best-case scenario, the number of claimants peaks at 564,000.

Scenario	Apr-2021	Peak (date)	Sept-22
Worst-case	583,000 (9.5%)	840,000 (13.6%) (Feb-22)	787,000 (12.8%)
Core	561,000 (9.2%)	671,000 (10.9%) (Dec-21)	544,000 (8.8%)
Best-case	543,000 (8.8%)	564,000 (9.2%) (Jul-21)	381,000 (6.2%)

Volterra

WLA is forecast to be the worst hit SRP, although it is predicted to recover at a slightly faster rate following peak than LL, suggesting LL boroughs could suffer the most from long-term unemployment issues in the future.



Source: Volterra, 2021.

Reflecting trends already seen, **WLA is forecast to be the worst-hit SRP in unemployment terms, reaching a peak LFS rate of 10.4% in December 2021** in the core scenario. This is due to the high proportion of at-risk industries its residents work within, and the disproportionately large number of at-risk furloughed residents.

SLP has historically had the lowest levels of unemployment amongst residents, a trend which is forecast to continue during the pandemic. This **does not make the peak forecast in SLP immaterial, however, as there are still forecast to be 48,000 ILO unemployed residents at peak**.

The trends show that **CLF boroughs have experienced a marginally faster increase to peak than the trend in LL boroughs**. As shown in the job postings analysis earlier on in this report, that is likely to be a reflection of central London experiencing the largest decline in new jobs being made available. This trend is expected to reverse once the economy starts to recover, **with unemployment falling at a faster rate amongst CLF residents than LL as the economic recovery takes hold.**

Volterra

In absolute terms, CLF boroughs will be home to the most unemployed residents (169,000 in the core scenario), with WLA the hardest hit in relative terms (10.4% in the core scenario).

Worst-case Scenario			
Area	Apr-2021	Peak (Feb-22)	Sept-22
CLF	148,000 (8.2%)	**210,000** (11.5%)	197,000 (10.8%)
LL	116,000 (8.4%)	167,000 (12.0%)	157,000 (11.3%)
SLP	43,000 (6.7%)	61,000 (9.5%)	57,000 (8.9%)
WLA	95,000 (8.7%)	143,000 **(13.1%)**	135,000 (12.3%)

Core Scenario			
Area	Apr-2021	Peak (Dec-21)	Sept-22
CLF	143,000 (7.9%)	**169,000** (9.3%)	136,000 (7.4%)
LL	112,000 (8.1%)	133,000 (9.6%)	109,000 (7.8%)
SLP	41,000 (6.5%)	48,000 (7.6%)	39,000 (6.1%)
WLA	92,000 (8.4%)	113,000 **(10.4%)**	92,000 (8.4%)

Best-case Scenario			
Area	Apr-2021	Peak (Jul-Aug-21)	Sept-22
CLF	138,000 (7.6%)	**143,000** (7.9%)	94,000 (5.1%)
LL	108,000 (7.9%)	112,000 (8.1%)	79,000 (5.7%)
SLP	40,000 (6.3%)	41,000 (6.4%)	28,000 (4.3%)
WLA	89,000 (8.1%)	93,000 **(8.5%)**	63,000 (5.8%)

In absolute terms, the SRP with the most unemployed residents is forecast to be CLF. In the core scenario the peak number is 169,000 in December 2021. This rises to a potential 210,000 in the worst-case scenario, peaking in February 2022.

In relative terms, LL and WLA have the highest forecast peak rates of unemployment, with 9.6% and 10.4% – 133,000 and 113,000 unemployed residents respectively in December 2021 – in the core scenario. This rises to 12.0% (167,000) unemployed LL residents in February 2022 in the worst-case scenario, and 13.1% (143,000) for WLA.

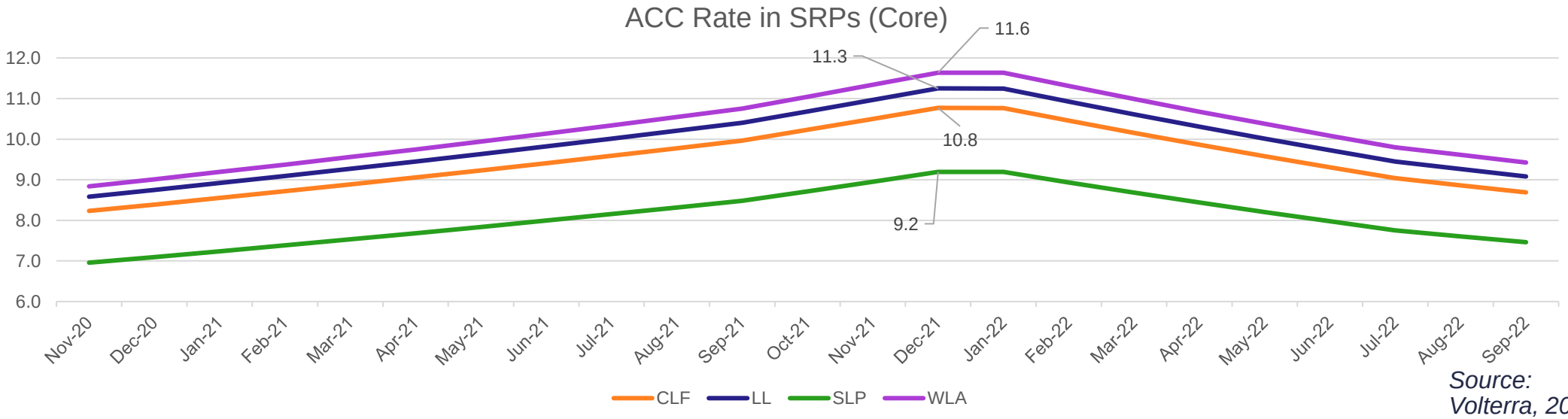
With peak rates of 7.6% in the core scenario and 9.5% in the worst-case, SLP remains the smallest SRP for unemployed residents both in absolute and relative terms. This still translates into a maximum peak 61,000 unemployed SLP residents in the worst-case scenario.

Mirroring the LFS forecasts, WLA residents are anticipated to experience the highest proportions of ACC claimants among them. CLF residents will account for the largest absolute number of ACC claimants.

Worst-case Scenario (ACC)			
Area	Apr-2021	Peak (Feb-22)	Sept-22
CLF	213,000 (9.4%)	**306,000** (13.5%)	287,000 (12.6%)
LL	169,000 (9.8%)	244,000 (14.1%)	229,000 (13.2%)
SLP	61,000 (8.0%)	88,000 (11.5%)	83,000 (10.8%)
WLA	140,000 (10.1%)	201,000 **(14.6%)**	189,000 (13.7%)

Core Scenario (ACC)			
Area	Apr-2021	Peak (Dec-21)	Sept-22
CLF	205,000 (9.1%)	**245,000** (10.8%)	198,000 (8.7%)
LL	163,000 (9.5%)	195,000 (11.3%)	158,000 (9.1%)
SLP	59,000 (7.7%)	70,000 (9.2%)	57,000 (7.5%)
WLA	135,000 (9.7%)	161,000 **(11.6%)**	130,000 (9.4%)

Best-case Scenario (ACC)			
Area	Apr-2021	Peak (Jul-Aug-21)	Sept-22
CLF	198,000 (8.8%)	**206,000** (9.1%)	139,000 (6.1%)
LL	158,000 (9.1%)	164,000 **(9.5%)**	111,000 (6.4%)
SLP	57,000 (7.4%)	59,000 (7.7%)	40,000 (5.2%)
WLA	130,000 (9.4%)	135,000 **(9.8%)**	91,000 (6.6%)



Source: Volterra, 2021.

Volterra

The largest group of unemployed are residents aged 16-24 in all years and all scenarios, however the older age groups suffer from the highest relative increases in unemployment, particularly if the CJRS ends before the economy can recover.

Worst-case Scenario

Age group	Apr-2021	Peak (Feb-22)	Sept-22	Increase Apr - peak
16-24	128,000	**179,000**	170,000	40%
25-34	98,000	140,000	133,000	43%
35-49	113,000	163,000	151,000	44%
50-64	65,000	99,000	91,000	**52%**

Core Scenario

Age group	Apr-2021	Peak (Dec-21)	Sept-22	Increase Apr - peak
16-24	123,000	**147,000**	120,000	20%
25-34	94,000	112,000	93,000	19%
35-49	108,000	129,000	103,000	19%
50-64	62,000	76,000	60,000	**23%**

Best-case Scenario

Age group	Apr-2021	Peak (Jul-Aug-21)	Sept-22	Increase Apr - peak
16-24	119,000	**124,000**	84,000	4%
25-34	91,000	94,000	66,000	3%
35-49	105,000	109,000	71,000	4%
50-64	60,000	63,000	42,000	**5%**

The highest absolute number of unemployed Londoners are forecast to be aged 16-24 in all scenarios, with a peak number of 147,000 in the core scenario, rising as high as 179,000 in the worst case scenario. From April 2021 to peak, however, this age group rises at the lowest rate in the worst case scenario.

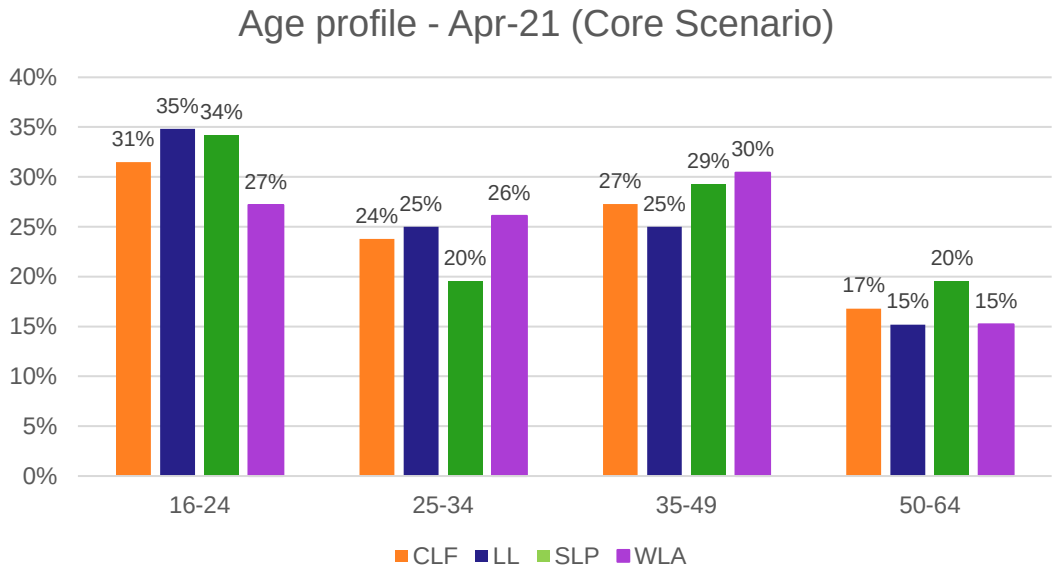
This is due to the impact of furloughed workers becoming unemployed after September 2021 in this scenario, which explains the faster rise in the numbers in the older age categories. In all scenarios the fastest relative rise is in the older age category (50-64), which in the worst case scenario experiences an increase in numbers of over 50% from April 2021 to peak. Part of this large relative rise is the low starting basis in terms of absolute numbers. This older age category remains the lowest group in absolute terms, though they may prove harder to get back into the labour market.

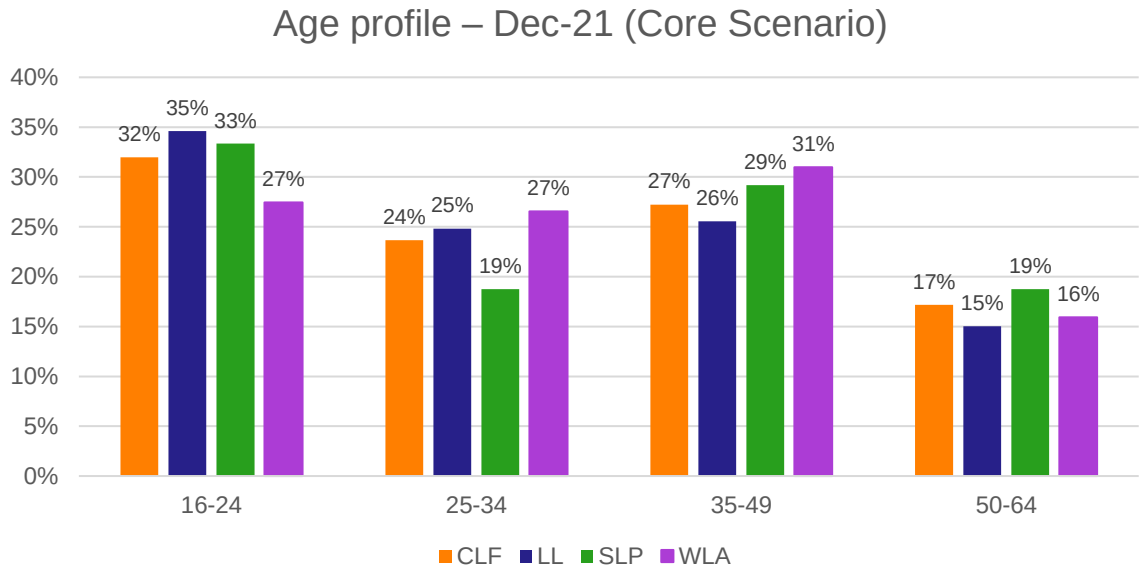
Other impacts on older residents

The **older age group (50+) is at most risk of scarring**. Specifically, stakeholder feedback suggests that they are the group most likely to stop participating in the labour force, as a result of either long-run health consequences of the virus or a decision by some workers to retire earlier. Our model predicts that **14,000 Londoners may drop out of the labour market** and so are not captured by unemployment statistics but are nevertheless an impact of the recession.

Volterra

The 16-24 age group is forecast to make up around a third of unemployed Londoners. The unemployment in older groups is however forecast to be more persistent. The 50-64 age group accounts for a higher proportion of unemployed in SLP, whilst the 35-49 group is of concern in WLA.





The charts show the forecast age distribution of unemployment across the SRPs in the core scenario, in April 2021 and December 2021 (peak).

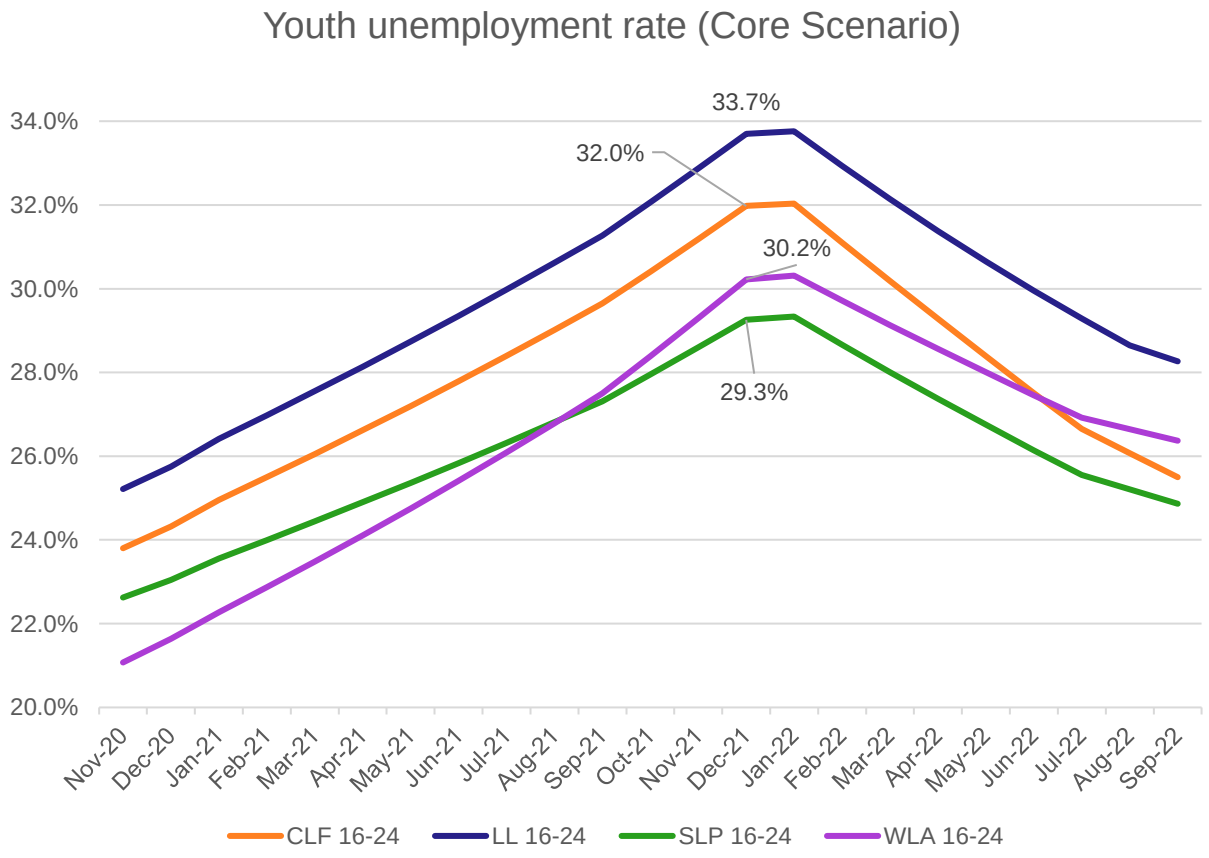
Making up around a third of unemployed Londoners, the 16-24 age group is the largest category in all SRPs except WLA in Apr-21. WLA has a noticeably lower 16-24 age group, but the highest in the middle aged groups (25-34 and 35-49).

The relative size of the older 50-64 age category is evident in SLP.

The 16-24 age group, whilst remaining the largest category, increases at a relatively lower rate, with the older age groups (35-49 and 50-64) increasing more towards the peak; the result of previously furloughed employees losing their jobs.

Volterra

London’s youth population has been most affected by this recession. The youth unemployment rate across London as a whole could hit 31.9% by the end of 2021. This would be an unprecedented youth unemployment rate.



In contrast to trends seen across the whole population, where WLA is forecast to record the highest peak unemployment rate, it is young residents (16-24) in LL that are anticipated to be hardest hit by the economic downturn. Around 1/3 of economically active young residents in LL are anticipated to be unemployed at peak (33.7%).

London’s youth unemployment rate peaked at 25.7% in the previous 2008 recession. Why is it forecast to peak at a higher rate this time?

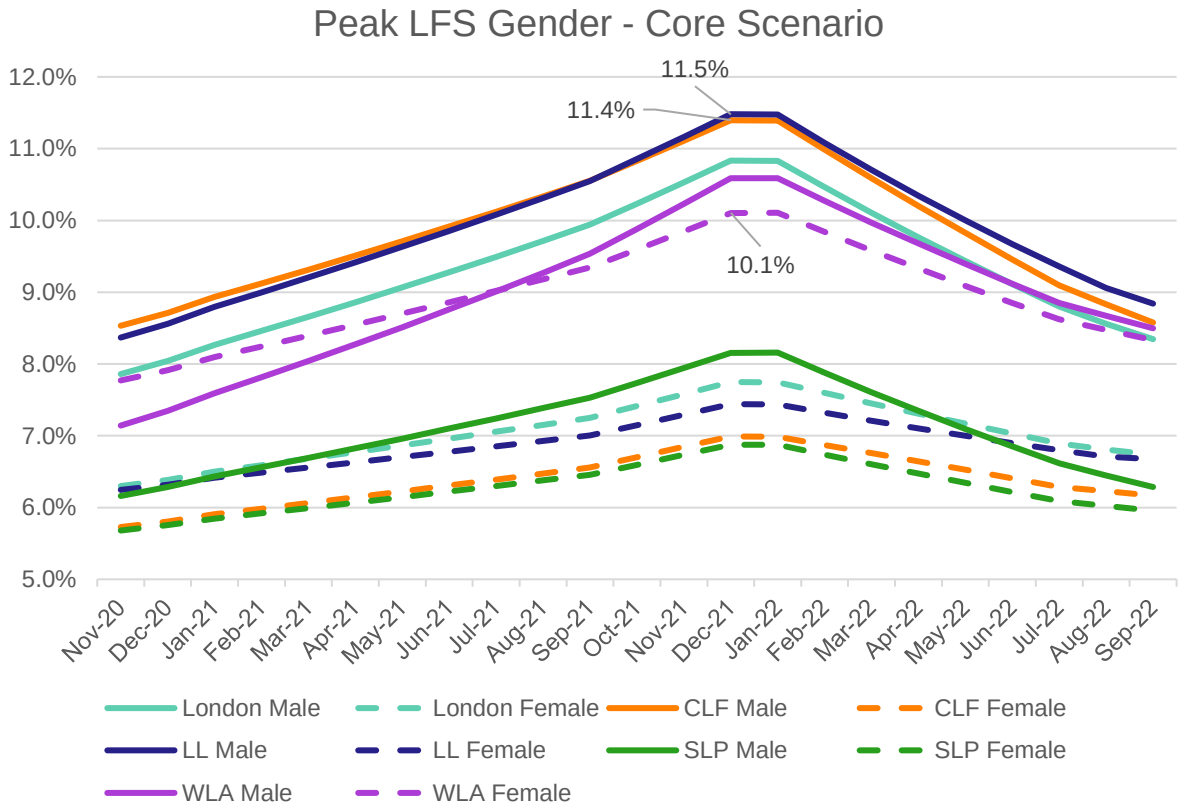
The youth unemployment rate is forecast to peak at an unprecedented rate for a variety of reasons, including:

- In contrast to the previous recession, where the relative rise in claimants was smallest for young residents, this economic downturn has led to the largest rises in the number of claimants being amongst London’s 16-24 population.
- The number of economically active 16-24 residents in London has been steadily decreasing over time. This is in part due to the general ageing population, but also due to increasing rates of economic inactivity amongst younger residents who have stopped looking for a job.
- Younger residents are more likely to work in sectors that have been particularly hard hit by pandemic-induced social restriction measures, such as retail, accommodation & food, and arts, entertainment & recreation.

Source: Volterra, 2021.

Volterra

London's male residents are forecast to experience substantially higher rates of unemployment, with females in WLA the exception to the trend.



Source: Volterra, 2021.

As shown earlier in the report, all SRPs have higher unemployment rates for males historically, apart from WLA where females have historically recorded higher unemployment rates.

However, data shows that across the whole of London, male claimants have increased at a higher rate (260% vs. 212%) since COVID-19 emerged in March 2020.

Furthermore, a greater proportion of furloughed residents in London are male (52% over the past three months), in contrast to national CJRS findings.

As a result, unemployment amongst males is forecast to peak at higher rates than females across all geographies.

Interestingly, whilst CLF males are forecast to record the second highest peak rates of unemployment in the core scenario (11.4%), they will recover notably faster than many other populations, particularly LL males.

The peak rate for females in WLA (10.1%) is substantially higher than all other geographies, particularly SLP (6.9%).

Whilst women's peak unemployment rates are forecast to be lower, women continue to be at greater risk of facing in-work inequality.

There exists substantial evidence that women are more likely to experience in-work discrimination. The Women's Budget Group found that at the UK level, 46% of mothers that have been made redundant during the pandemic cite lack of adequate childcare provision as the cause. Meanwhile, 70% of women with caring responsibilities who requested furlough following school closures in 2021 had their request denied. Finally, women have also been less likely on average to make a SEISS claim, despite being eligible.

Source: Women's Budget Group, March 2021. Spring Budget 2021: Women and employment during Covid-19.

Volterra

Males in 3 of 4 SRPs are expected to record unemployment rates of over 10% at peak in the core scenario.

In both CLF and LL boroughs, peak counts for males are forecast to be over one and a half times that of female residents in the same SRPs.

Whilst the higher unemployment rates for males partly reflect the fact that males have historically recorded higher unemployment rates in London, it is clear from the table below that around the peak, the ratio of unemployed males to females will increase relative to the recovery, highlighting the disproportionate unemployment impact this recession is expected to have on London's male residents.

This ratio of unemployed males to females at peak is higher than the pre-COVID ratio recorded historically, reflecting rises seen during the pandemic.

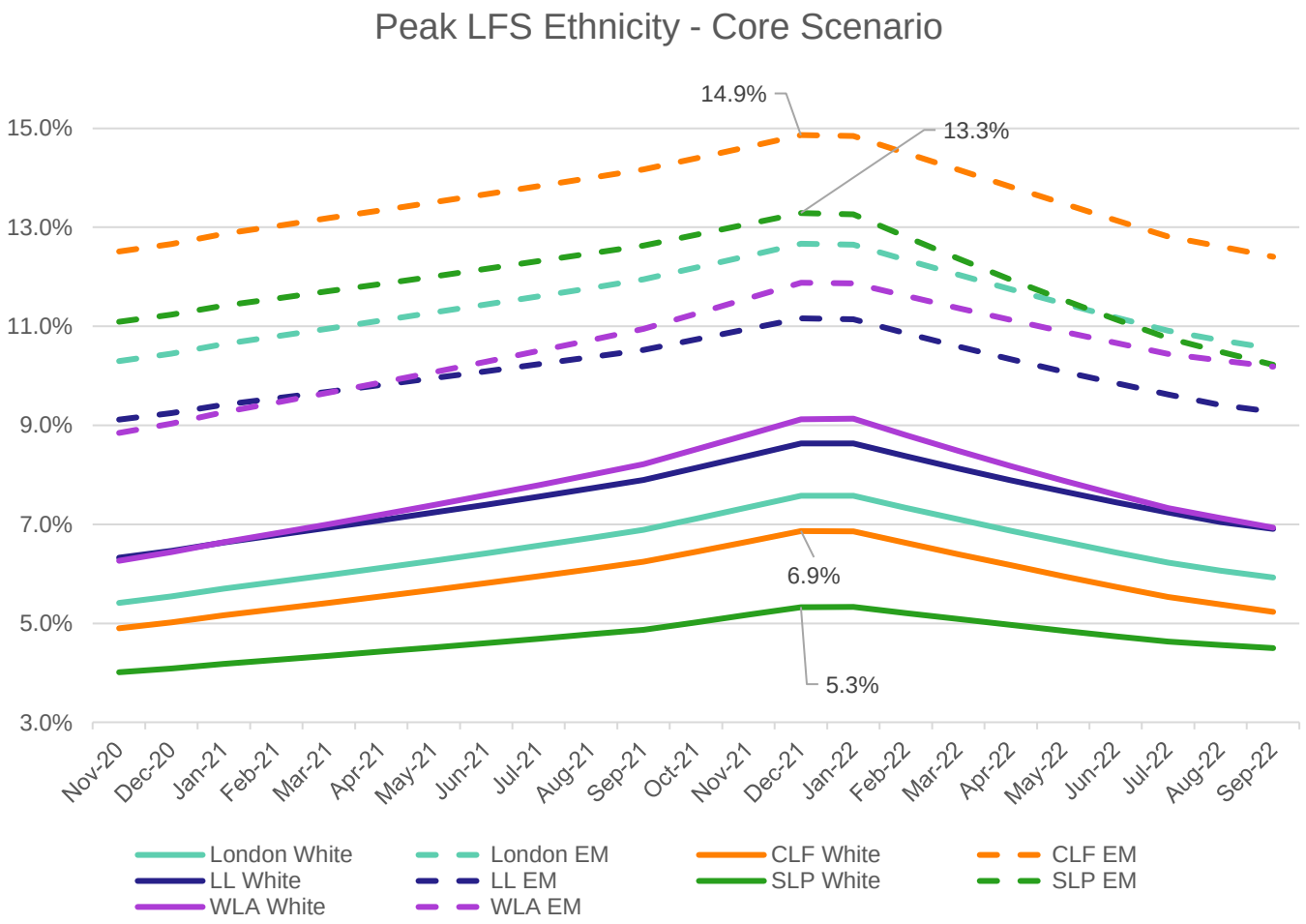
Worst-case		Apr-21				Feb-22				Sep-22			
		CLF	LL	SLP	WLA	CLF	LL	SLP	WLA	CLF	LL	SLP	WLA
Male	Count	93,600	72,700	24,000	52,300	133,600	106,500	34,500	81,900	121,000	97,000	31,300	76,300
	Rate	9.9%	9.8%	7.1%	8.6%	14.0%	14.3%	10.2%	13.4%	12.6%	13.0%	9.3%	12.5%
Female	Count	54,700	43,800	19,000	42,800	76,100	60,200	26,100	61,600	75,800	60,000	25,500	58,300
	Rate	6.4%	6.9%	6.3%	8.9%	8.8%	9.4%	8.7%	12.8%	8.7%	9.3%	8.4%	12.1%

Core Scenario		Apr-21				Dec-21				Sep-22			
		CLF	LL	SLP	WLA	CLF	LL	SLP	WLA	CLF	LL	SLP	WLA
Male	Count	90,100	70,000	23,100	50,400	108,500	85,600	27,600	64,500	82,100	66,200	21,200	51,800
	Rate	9.5%	9.4%	6.8%	8.3%	11.4%	11.5%	8.2%	10.6%	8.6%	8.8%	6.3%	8.5%
Female	Count	52,700	42,200	18,300	41,200	60,500	47,500	20,700	48,700	53,900	42,800	18,000	40,100
	Rate	6.1%	6.6%	6.1%	8.5%	7.0%	7.4%	6.9%	10.1%	6.2%	6.7%	6.0%	8.3%
Ratio	Male to Female Count	1.7	1.7	1.3	1.2	1.8	1.8	1.3	1.3	1.5	1.5	1.2	1.3

Best-case		Apr-21				Jul-Aug-21				Sep-22			
		CLF	LL	SLP	WLA	CLF	LL	SLP	WLA	CLF	LL	SLP	WLA
Male	Count	87,100	67,700	22,400	48,700	91,000	71,100	23,200	52,000	55,000	46,500	14,600	35,000
	Rate	9.2%	9.1%	6.6%	8.0%	9.6%	9.5%	6.9%	8.5%	5.8%	6.2%	4.3%	5.7%
Female	Count	50,900	40,700	17,700	39,800	52,100	41,300	18,000	41,200	38,600	32,400	13,100	28,000
	Rate	5.9%	6.4%	5.9%	8.3%	6.0%	6.5%	6.0%	8.5%	4.4%	5.1%	4.4%	5.8%

Volterra

Ethnic minorities will experience higher unemployment rates as result of this economic downturn. Ethnic minorities in CLF (14.9%) and SLP (13.3%) will experience substantially higher rates compared to white residents in the same geographies (6.9% and 5.3% respectively).



Source: Volterra, 2021.

The graph presented here highlights the clear disparity that exists in employment opportunities between London's white and ethnic minority residents. As shown on the next slide, this appears to be more due to the fact that historically ethnic minorities have been at a disadvantage, rather than factors related to COVID-19 specifically. The rate of increase in the ethnic minority rate has been particularly fast in WLA.

Naturally the disaggregation of 'ethnic minority' versus 'white' residents likely hides further inequalities that exist within specific ethnic groups. For example, parts of both WLA (such as Barnet) and LL are known to have higher prevalence of Eastern European populations, which is the kind of ethnic group that may lead to unemployment rates between white and ethnic minority being closer together in these SRPs. Reliable data was, however, unfortunately not available to be able to disaggregate the unemployment forecasts by ethnicity any further than this disaggregation at the SRP level.

Volterra

Whilst ethnic minorities continue to be heavily disadvantaged in the labour market, COVID-19 is not forecast to substantially widen the existing gap overall.

In fact, whilst ethnic minorities are forecast to have much higher rates of unemployment across the time period, the differential between white and ethnic minority unemployment rates (as shown in the core table below) is forecast to narrow. Across all geographies, the difference between the ethnic minority and white unemployment rates is smaller post-COVID emerging than it was before. This could be due to two factors:

- First, the gap may have been narrowing historically, and the forecasts reflect a continuation of this trend.
- Second, the forecasts consider the specific ethnic composition of industries in London, which have been differentially affected by the CJRS.

Worst-case		Apr-21				Feb-22				Sep-22			
		CLF	LL	SLP	WLA	CLF	LL	SLP	WLA	CLF	LL	SLP	WLA
White	Count	72,400	62,500	21,400	44,900	110,800	92,700	31,900	68,800	100,500	85,600	30,200	62,100
	Rate	5.8%	7.4%	4.6%	7.5%	8.8%	11.0%	6.9%	11.6%	7.9%	10.2%	6.6%	10.5%
EM	Count	75,900	54,000	21,700	50,300	98,900	74,000	28,700	73,600	96,300	71,400	26,600	72,500
	Rate	13.9%	10.2%	12.3%	10.2%	17.8%	13.7%	16.0%	14.8%	17.2%	13.0%	14.6%	14.5%

Core Scenario		Apr-21				Dec-21				Sep-22			
		CLF	LL	SLP	WLA	CLF	LL	SLP	WLA	CLF	LL	SLP	WLA
White	Count	69,700	60,200	20,600	43,200	86,700	73,000	24,600	54,400	66,500	58,200	20,600	41,000
	Rate	5.5%	7.1%	4.4%	7.2%	6.9%	8.6%	5.3%	9.1%	5.2%	6.9%	4.5%	6.9%
EM	Count	73,100	52,000	20,900	48,400	82,200	60,100	23,800	58,800	69,400	50,800	18,600	50,900
	Rate	13.3%	9.8%	11.9%	9.9%	14.9%	11.2%	13.3%	11.9%	12.4%	9.3%	10.2%	10.2%
Ratio	EM to White Rate	2.4	1.4	2.7	1.4	2.2	1.3	2.5	1.3	2.4	1.3	2.3	1.5
Pre-COVID	White to EM Rate	2.7	1.5	2.9	1.5	2.7	1.5	2.9	1.5	2.7	1.5	2.9	1.5

Best-case		Apr-21				Jul-Aug-21				Sep-22			
		CLF	LL	SLP	WLA	CLF	LL	SLP	WLA	CLF	LL	SLP	WLA
White	Count	67,400	58,100	19,900	41,800	71,000	60,700	20,600	44,200	44,200	41,400	14,600	27,100
	Rate	5.4%	6.8%	4.3%	7.0%	5.6%	7.2%	4.4%	7.4%	3.5%	4.9%	3.2%	4.6%
EM	Count	70,700	50,300	20,200	46,800	72,000	51,700	20,600	49,000	49,400	37,600	13,200	35,800
	Rate	12.9%	9.5%	11.5%	9.5%	13.1%	9.7%	11.6%	9.9%	8.8%	6.9%	7.2%	7.2%

Volterra

Data from the LFS for the first two quarters since the emergence of COVID-19 suggests that Pakistani/Bangladeshi and Black or Black British London residents have driven increases in the ethnic minority unemployment rate.

Unemployment rate (16+)	White	Mixed Ethnic	Indian	Pakistani/ Bangladeshi	Black/Black British	All Other Ethnic Group	Total Ethnic Minority
LFS rate Apr19-Mar20	3.5	7.2	4.6	5.5	8.9	7.4	7.0
LFS rate Oct19-Sep20	3.6	6.1	2.9	7.8	10.5	6.9	7.2
% Change	3%	-15%	-37%	**42%**	**18%**	-7%	3%
LFS count Oct19-Sep20	118,200	9,500	10,100	17,600	**55,800**	**33,100**	126,100

Data was considered too unreliable to produce formal unemployment forecasts for specific ethnic groups, even at the pan-London level. This is because ACC data is not currently released disaggregated by ethnicity, and JSA data provides a very small sample size when disaggregating by specific groups. The trends seen in JSA did not correspond with the trends in the LFS and hence no forecasts were produced due to this inconsistency and resulting uncertainty.

Analysing what has occurred by ethnic group in the LFS over the last two quarters, however, does provide some indication of which ethnic groups have been hit worst so far. As the table above shows, the largest increases in unemployment have been recorded amongst **Pakistani/Bangladeshi London residents**. A large increase has also been witnessed amongst **Black/Black British London residents, who account for the highest absolute numbers of unemployed for ethnic minorities**.

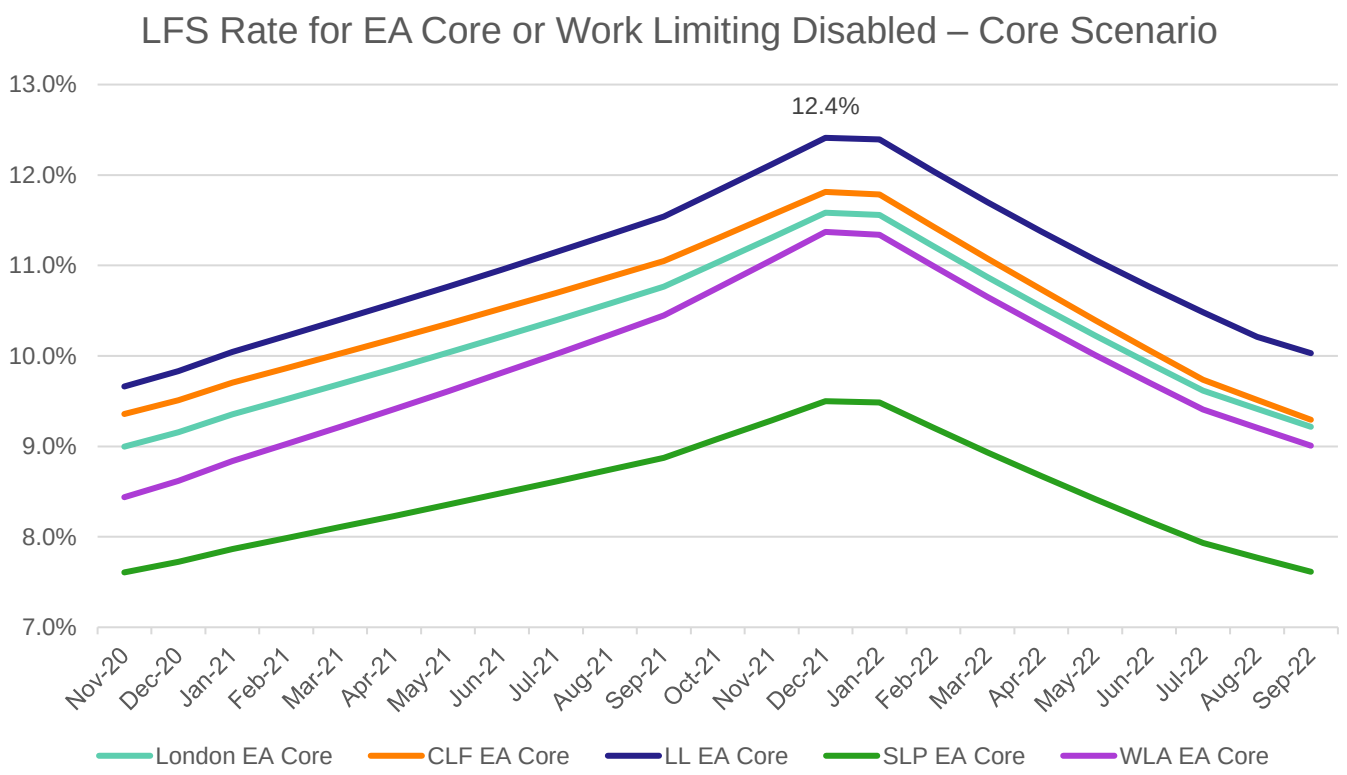
Interestingly, some other ethnic groups such as Indian residents have recorded decreases in unemployment over the same time period, in contrast to general trends. This may change once the impacts of CJRS ending are felt, although it is difficult to estimate given furlough data is not currently provided disaggregated by ethnicity at the London level.

Volterra

Source: ONS, 2020. Annual Population Survey, Jan 2004 – Sep 2020.

Mirroring historic trends, LL is forecast to be the worst-affected SRP with respect to unemployment amongst disabled residents, with the rate peaking at 12.4% in the core scenario.

Due to a lack of data available on disaggregated unemployment between EA Core or Work Limiting Disabled ('disabled') residents and non EA Core residents, Volterra was unable to forecast a changing unemployment distribution over time for this disaggregation. A simple application of historic unemployment distribution to overall SRP forecast counts highlights, however, the significant problem that London's disabled residents will likely encounter in the labour market over the next couple of years.



It should be noted that research from the past recession suggests that disabled people will likely be disproportionately affected by the recession as (1) they are more likely to be employed in jobs that are vulnerable to economic cycles and (2) they are more at risk of unequal treatment from employers. There is therefore concern that they are 'last hired, first fired'.

The paper sourced below found that during the previous UK recession, there was little evidence that disabled residents were proportionately more likely to lose their jobs than non-disabled residents. Instead, disabled residents were more likely to experience in-work inequality includes changes to terms and conditions and work practices, including wage freezes, reduced overtime pay and the reorganisation of work. Therefore, whilst it is difficult to forecast differential changes in unemployment rates for disabled residents, these risks of increasing in-work inequality need to be addressed through appropriate policy interventions. This is particularly relevant for the current situation in the UK, where many disabled residents are likely having to continue to shield.

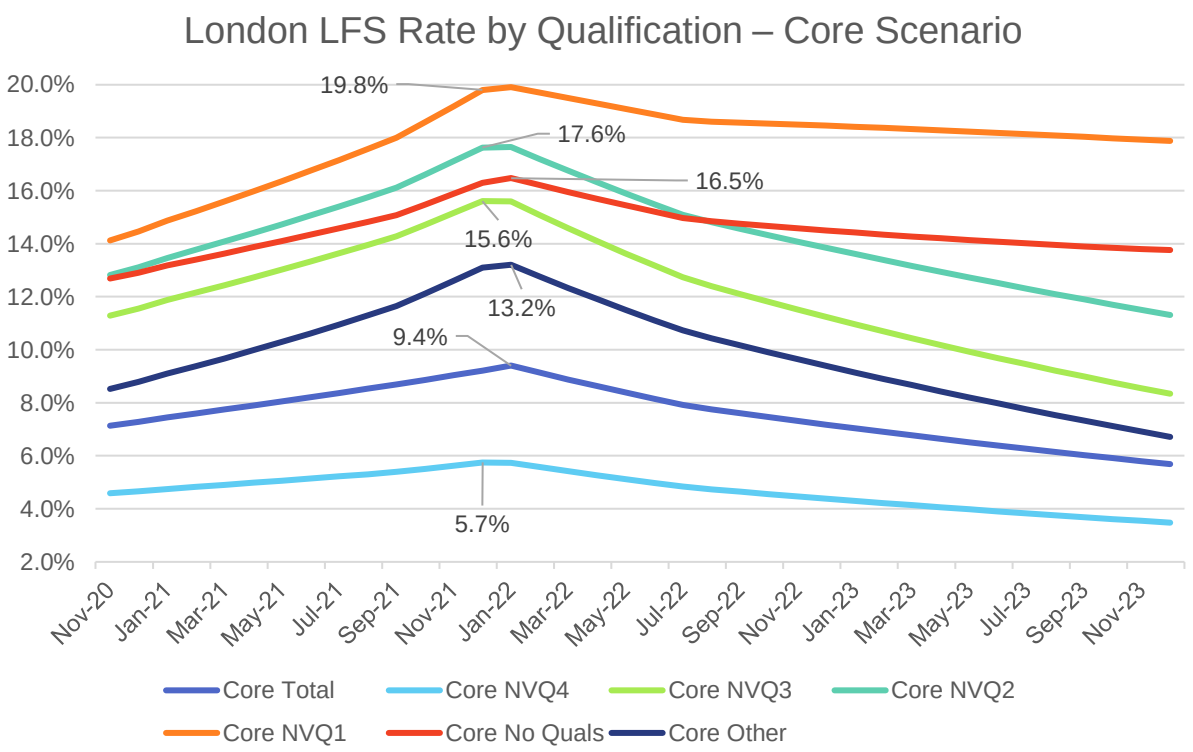
Volterra

Source: Disability at Work, 2021. Disability and the Economic Cycle – Implications for a COVID-19 Recession.

Unemployment rates for NVQ1 or NVQ2 (only) qualified residents are forecast to reach three to three and a half times the unemployment rate for residents with NVQ4+ qualifications at peak.

There is forecast to be significant variation in unemployment rates by qualification level for London residents. These forecast rates are driven by three factors – the historic distribution of unemployment by qualification level, the implied qualification distribution of workforce job losses utilising ONS data on qualification by industry, and the implied qualification distribution for London's furloughed workers.

Generally, London residents with lower levels of qualifications are much more vulnerable to becoming unemployed as a result of the recession. This follows the numerous findings presented at the national level so far, namely that sectors employing greater proportions of people with fewer qualifications have been worst hit. It is residents with some lower levels of qualifications – NVQ1 and NVQ2 – who have recorded the worst initial unemployment impact from the COVID-19 pandemic so far.



Source: Volterra, 2021.

Residents with **no qualifications** are forecast to follow a different trend of unemployment to other London residents. As the graph shows, they have likely experienced lower growth in unemployment rates thus far. This is because the industries with the largest job losses tend to have a higher proportion of workers with at least some level of qualification.

In contrast, the industries with the highest numbers of furloughed workers, such as retail and accommodation & food, also have higher proportions of workers with no qualifications. Many workers with no qualifications have likely been furloughed. As is shown on the graph, once the CJRS scheme ends, workers with no qualifications will be very vulnerable to increasing rates of unemployment.

It is forecast that this **population group (no qualifications) as well as those with NVQ1 will experience much more persistent unemployment impacts** than any other group.

*Note that 'Other' combines residents with 'other qualifications' and residents with 'trade apprenticeships'.

Volterra

The tables below show how the unemployment by qualification level varies in each scenario. The largest group of unemployed are residents with NVQ4+ qualifications in all years and all scenarios. This is due to London's highly skilled population. 'Other' (other qualifications and trade apprenticeships) qualified residents suffer from the highest increases in unemployment.

Worst-case Scenario

Qual Level	Apr-21	Peak (Feb-22)	Sep-22	Increase Apr-Peak
NVQ4	162,600	**227,900**	216,800	40%
NVQ3	72,100	107,900	98,900	50%
NVQ2	63,700	94,100	88,600	48%
NVQ1	40,800	59,100	58,800	45%
No Quals	23,200	30,300	28,600	30%
Other	40,500	61,100	53,400	**51%**

Core Scenario

Qual Level	Apr-21	Peak (Dec-21)	Sep-22	Increase Apr-Peak
NVQ4	156,600	**184,400**	152,100	18%
NVQ3	69,400	85,600	66,800	23%
NVQ2	61,400	74,400	60,800	21%
NVQ1	39,300	46,800	41,900	19%
No Quals	22,400	24,200	19,800	8%
Other	39,000	48,100	34,600	**23%**

Best-case Scenario

Qual Level	Apr-21	Peak (Jul-Aug-21)	Sep-22	Increase Apr-Peak
NVQ4	151,400	**156,600**	107700	3%
NVQ3	67,100	70,600	45700	**5%**
NVQ2	59,300	61,900	42500	4%
NVQ1	38,000	39,400	30300	4%
No Quals	21,600	21,600	14300	0%
Other	37,700	39,600	22900	**5%**

In the worst-case scenario, the CJRS scheme ends in September 2021 before the economy has a chance to fully recover. A large impact of the scheme ending then is on residents with no qualifications, a group which sees relatively smaller rises from April to peak in the other scenarios. In this scenario, many unqualified residents currently furloughed within their retail, construction, transport, and accommodation & food jobs would lose their jobs as the industries are not able to recover in time before the CJRS scheme ends.

In contrast, in the best-case scenario where the CJRS scheme is assumed to fulfil its purpose and sustain employment long enough to allow industries to recover, the largest unemployment impacts are felt by NVQ3 residents who may have already lost their jobs as a result of the pandemic and hence the furlough scheme has had no impact on them.

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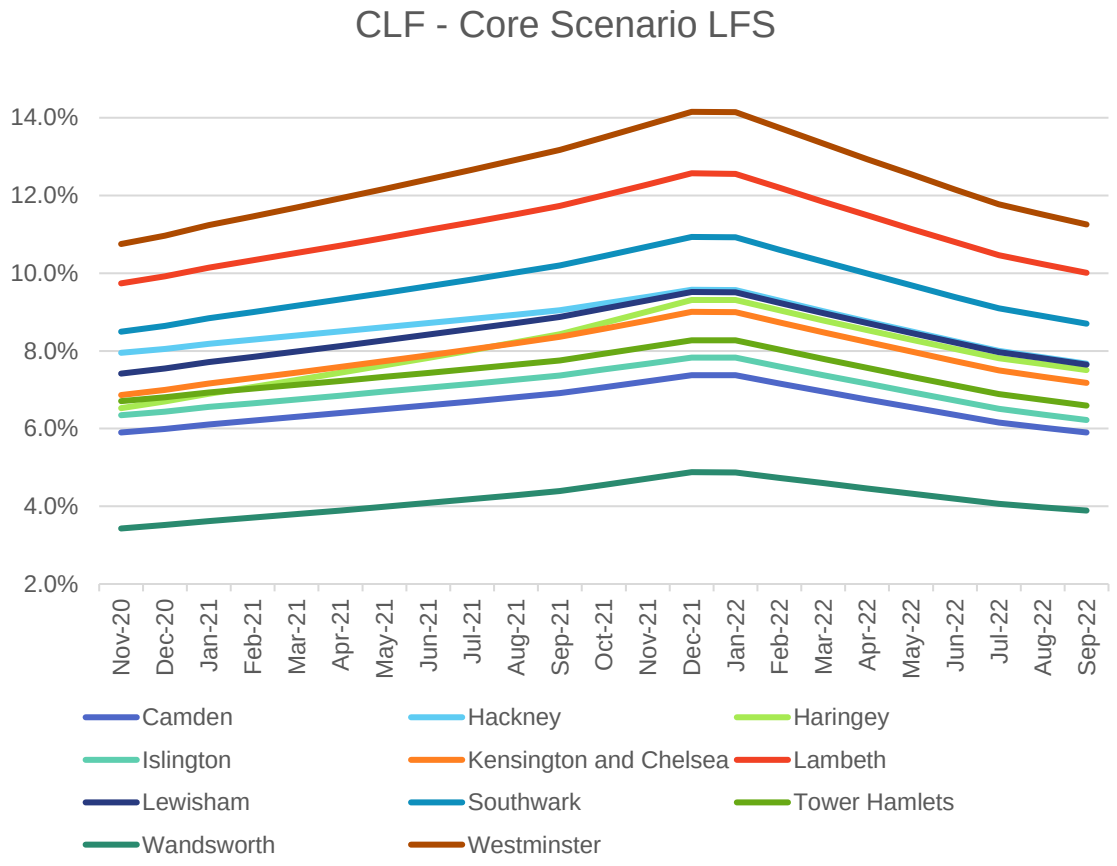
In relative terms Westminster is the worst hit CLF borough, but in absolute terms Lambeth and Southwark are forecast to be home to the most unemployed Londoners.



PEAK ILO/LFS COUNT	Worst-case (absolute)	Core			Best-case (absolute)
		Absolute	Rate	Rank of rate (1=highest)	
Camden	12,700	10,300	7.4%	24	8,800
Hackney	18,600	15,000	9.6%	13	13,100
Haringey	19,400	15,100	9.3%	15	12,300
Islington	14,100	11,400	7.8%	23	9,900
Kensington & Chelsea	9,100	7,400	9.0%	17	6,200
Lambeth	31,900	**26,000**	12.6%	6	22,100
Lewisham	23,100	18,700	9.5%	14	15,900
Southwark	27,300	22,200	10.9%	10	18,900
Tower Hamlets	18,400	14,700	8.3%	21	12,700
Wandsworth	13,200	10,000	4.9%	31	8,100
Westminster	21,800	17,900	**14.2%**	2	15,100

**City of London excluded from the forecasting due to very small numbers within the data and hence considered to be unreliable.*

With a forecast potential peak of 26,000 unemployed residents in the core scenario, Lambeth is the hardest hit London borough in absolute terms. Within CLF, this is followed by Southwark, Lewisham and Westminster which are the other three CLF boroughs in the worst 10 hit boroughs in absolute terms.

Wandsworth's peak unemployment rate is forecast to be one of the lowest across the whole of London.

Volterra

CLF borough case studies

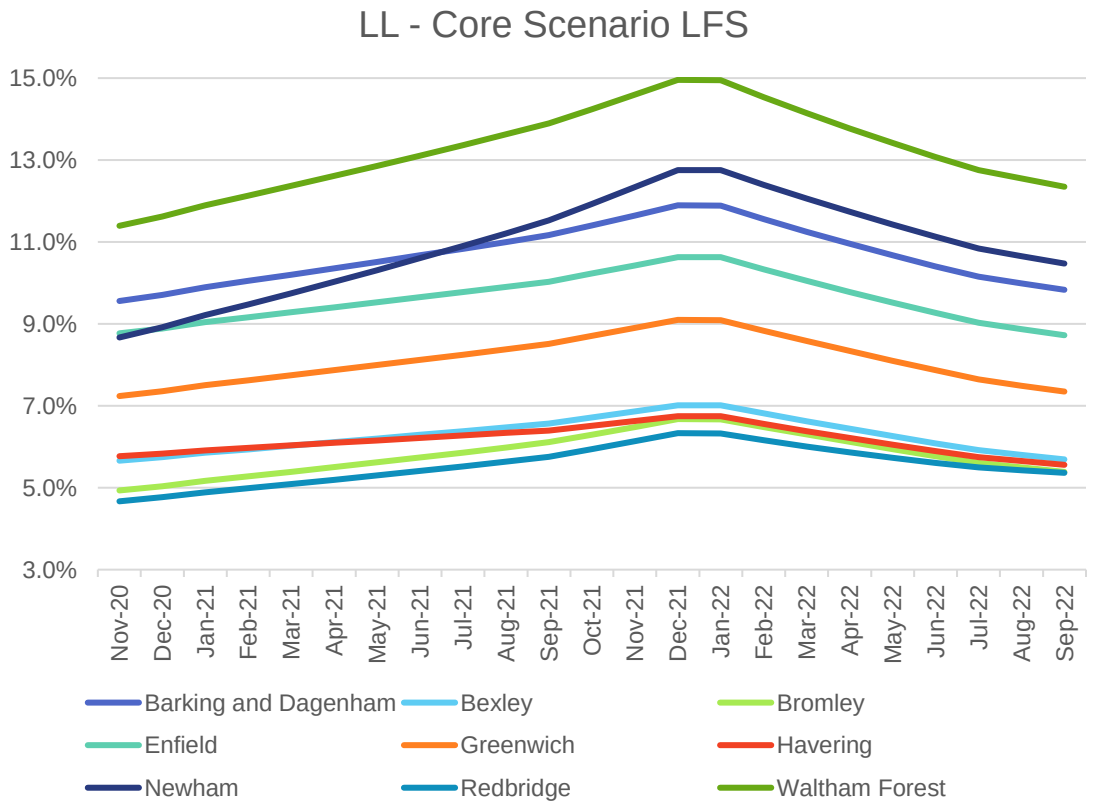
Ethnic Minority: Lewisham has historically been one of the more economically disadvantaged boroughs in CLF. An example of the disadvantages in employment opportunities that Lewisham residents face is shown when looking at the most recent LFS unemployment rate for ethnic minorities. In October 2019 – September 2020, the unemployment rate for ethnic minority residents in Lewisham was 12%, among the highest in London. Ethnic minorities accounted for almost 75% of all unemployed residents in the borough. Based on this distribution, there could be up to 11,800-17,200 unemployed ethnic minority Lewisham residents at peak, amounting to 13,900 in December 2021 in the core scenario.

Disability: The unemployment rate amongst EA core or work-limiting disabled residents in **Hackney** reached 14% in October 2019 – September 2020. Hackney was one of the only London boroughs where the numerator (i.e. number of unemployed disabled residents) was large enough that the Annual Population Survey returned data at the borough level for this disaggregation. This implies some 37% of unemployed residents in the borough were EA core or work-limiting disabled. Based on this distribution, up to 5,500 EA core or work-limiting disabled residents could be unemployed in Hackney in December 2021 (core scenario).

Age: The average number of unemployed residents in a London borough is around half the number of unemployed **Lambeth** residents. Lambeth is forecast to be the hardest hit CLF borough in absolute terms (and across London as a whole) and have the second highest peak unemployment rate after Westminster. Naturally unemployment amongst all residents will therefore likely be prevalent, but particularly so for the younger (16-24) and older (50+) demographics. In October 2019 – September 2020, unemployment amongst young Lambeth residents was 37% (vs. 16% London average), whilst unemployment amongst 50+ residents was 6.7% (vs. 4.7% London average). At peak in the core scenario (December 2021), it is forecast that 11,000 young and 4,100 older Lambeth residents will be unemployed. Ethnic minority males working in elementary occupations are also considered to be a particularly at risk group of residents in Lambeth.

Qualifications: Westminster has the highest forecast peak rate of all CLF boroughs, although this is in part due to the fact that it is has a smaller economically active population than other CLF boroughs. Significant inequality exists in Westminster. Whilst a large proportion of the population is highly skilled and highly paid, pockets of the borough contain residents with low qualifications and often high unemployment rates. Youth unemployment is high, as is unemployment amongst residents with little to no qualifications. It is estimated that between 700-1,050 residents with no qualifications in Westminster could be unemployed at peak, dependent on the scenario analysed. In terms of other vulnerable groups, baseline data suggests that ethnic minority males are very vulnerable to unemployment in Westminster.

LL is home to some of the worst hit boroughs across the whole of London, both in absolute (Newham in 2nd) and relative (Waltham Forest in 1st) terms. Largest disparities are forecast across the SRP, with Redbridge, Bromley, Havering and Bexley less hard hit.



PEAK ILO/LFS COUNT	Worst-case (absolute)	Core			Best-case (absolute)
		Absolute	Rate	Rank (rate)	
Barking and Dagenham	15,100	12,300	11.9%	8	10,600
Bexley	11,800	9,400	7.0%	26	8,100
Bromley	14,600	11,500	6.7%	28	9,500
Enfield	22,600	18,300	10.6%	11	15,900
Greenwich	18,200	14,700	9.1%	16	12,600
Havering	11,500	9,200	6.7%	27	8,100
Newham	**32,000**	25,300	12.8%	4	20,500
Redbridge	12,900	9,800	6.3%	29	8,100
Waltham Forest	27,900	22,700	**15.0%**	1	19,100

Newham, Waltham Forest and Barking & Dagenham all fall within the worst 10 boroughs based on both the rate of unemployment and the number of unemployed residents. Newham is forecast to be the second worst hit London borough in absolute terms, with 25,300 unemployed residents in the core scenario. With a peak unemployment rate of 15.0%, Waltham Forest is forecast to have the highest rate of unemployment of all London boroughs.

By contrast, Bexley, Bromley, Havering and Redbridge are some of the least adversely hit London boroughs.

Volterra

LL borough case studies

Furlough: As of January 2021, 35,700 working residents in **Newham** were still relying on the CJRS. This is the highest absolute number of all London boroughs. In terms of persistence, 22% of Newham residents were still utilising the CJRS at the end of January 2021 – the highest overall proportion in London. This high proportion of furloughed workers is most likely linked to the types of industries that Newham residents work in. For example, 23% of Newham residents work in the distribution, hotels and restaurants sector, all of which have been disproportionately affected by COVID-19. Newham residents, who are often low skilled and poorly paid, are therefore particularly susceptible to an abrupt ending of the CJRS, particularly if the distribution and accommodation & food sectors are unable to open up again before the scheme ends. In the worst-case scenario, where CJRS ends in September 2021, but people start to lose their jobs from July 2021 when the conditions of the scheme start to change, it is estimated that up to 2,600 currently furloughed Newham residents would be at risk of losing their jobs above trend. In the core scenario, it is estimated that this figure would fall to approximately 500 furloughed Newham residents above trend. This high reliance on CJRS drives a relatively high forecast unemployment peak for Newham (12.8% in the core scenario).

Youth unemployment (16-24): Waltham Forest is forecast to have the highest peak unemployment rate of all London boroughs, amounting to 15.0% in the core scenario (December 2021). Naturally, there are multiple sub-groups of the population who are all anticipated to experience disproportionate impacts on unemployment as a result of COVID-19. One of these groups is young residents in Waltham Forest. In the latest three data points available, the youth unemployment rate in the borough was already estimated to be 35%-52%*. Assuming the same historic distribution across age groups, there could be between 7,900 – 11,600 residents aged 16-24 who are unemployed in Waltham Forest at peak. In the central case (core), this amounts to 9,400 unemployed young residents at peak (December 2021).

Ethnicity (white): Barking and Dagenham's historic unemployment rate amongst white residents is more than double the ethnic minority rate, in contrast with pan-London trends. In October 2019 – September 2020, the unemployment rate for white residents amounted to 8.8%. As a result, approximately 65% of all unemployed residents over the next couple of years in the borough are likely to be white. This amounts to approximately 7,900 unemployed white residents in December 2021, in the core scenario.

Other issues: As shown in the earlier slide, LL is forecast to be the second most adversely impacted SRP in terms of unemployment rates. Historically, LL has often been left behind on many socio-economic indicators. Other factors driving this relatively high unemployment rate include:

- High **ethnic minority** unemployment rates and low skills generally among residents in **Bexley;**
- High unemployment rates among **young** residents and females in **Enfield**;
- High unemployment rates for **young and old populations**, and issues of **long-term unemployment** in **Greenwich**;
- **Low skills and low pay** in **Havering;** and
- Large exposure to **at-risk industries** in **Redbridge,** such as distribution, hotels and restaurants.
- **Lower skills and low pay**, particularly in **at-risk industries** in **Newham**.

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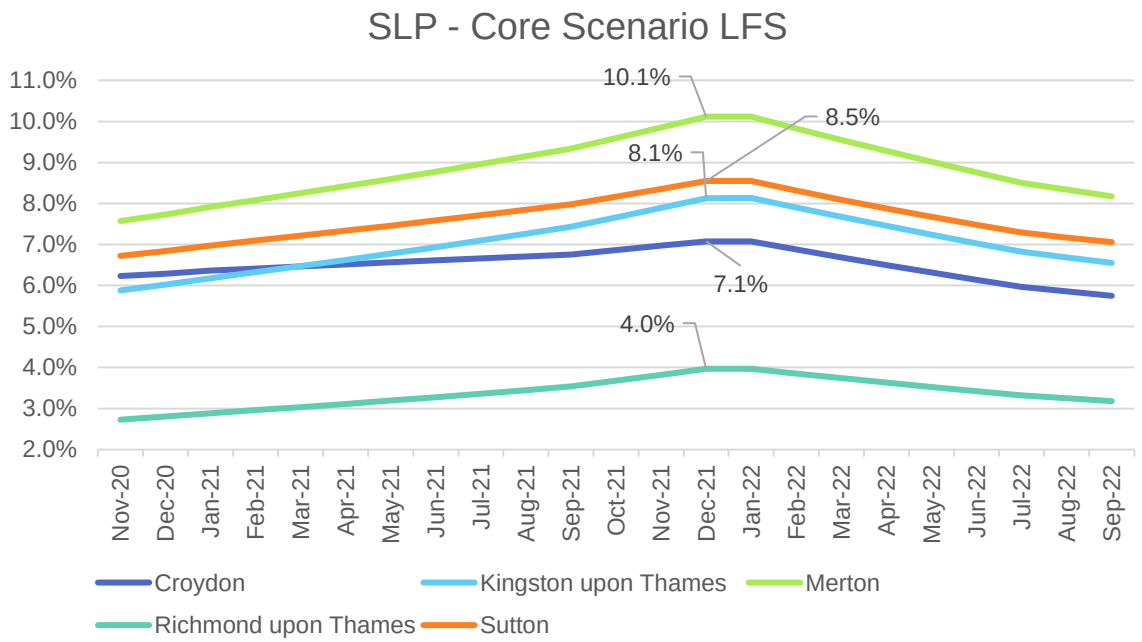
**It should be noted these detailed data are less reliable. The latest data point shows an unemployment rate of 52% for this age group in Waltham Forest. It should be treated with an element of caution, however, as this rise in rate is predominantly driven by a large fall in the denominator rather than a rise in the number of unemployed.*

SLP is the least adversely hit of all SRPs, although this does hide a range of performance from Richmond upon Thames as the lowest hit of all London boroughs, to Merton, Kingston upon Thames and Sutton with rates more than double that of Richmond upon Thames.



PEAK ILO/LFS COUNT	Worst-case (absolute)	Core		Best-case (absolute)
		Absolute	Rank (rate)	
Croydon	**17,900**	14,400	25	12,800
Kingston upon Thames	10,000	7,900	22	6,600
Merton	15,400	12,400	**12**	10,400
Richmond upon Thames	5,700	4,200	32	3,400
Sutton	11,700	9,400	19	8,000

Richmond upon Thames is forecast to be the least adversely hit London borough on all measures.

There is a large discrepancy between Richmond upon Thames and all other SLP boroughs however.

Whilst its rate doesn't rise as high as the worst hit London boroughs, Sutton's unemployment rate is the second worst hit SLP borough with a forecast peak unemployment rate of 8.1%.

Merton is the worst hit SLP in terms of unemployment rate, and the only borough to fall within the worst half of London's boroughs on this metric (at 12th).

In absolute terms Croydon is forecast to have the 15th highest number of unemployed residents.

Volterra

SLP borough case studies

Females: In **Merton,** in contrast to the trend seen across London as a whole, females are more disadvantaged in the labour market. In October 2019 – September 2020, female residents in Merton recorded an unemployment rate of 6.4%, compared to 5.9% for males. At peak, there could be between 5,200-7,500 unemployed females in Merton, with a central peak estimate of 6,200 (December 2021) in the core scenario.

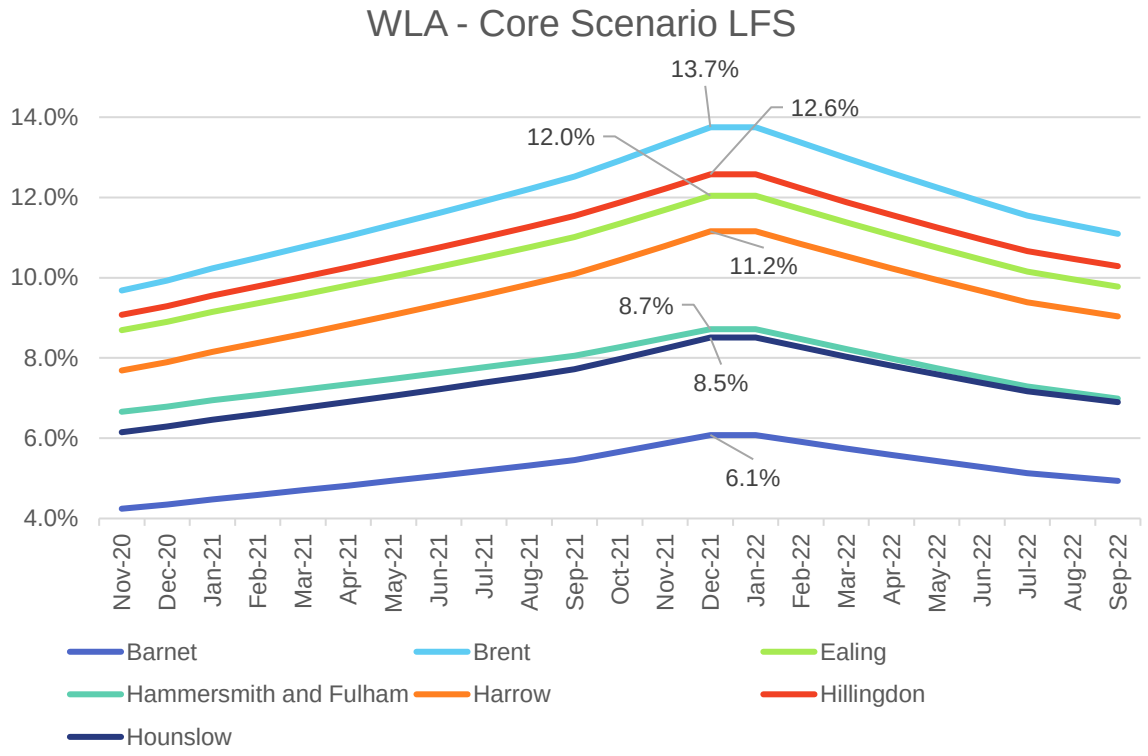
Ethnic minority: Stakeholder feedback received from **Kingston upon Thames** suggests they have witnessed a rise in the number of ethnic minority claimants since the economic downturn caused by COVID-19. Historically, ethnic minority residents in the borough have recorded higher unemployment rates than white residents. Using both past and more recent trends, it is estimated that between 1,500-2,300 ethnic minority residents in the borough could be unemployed at peak, amounting to 1,900 in the core scenario (December 2021). It should be noted that whilst the baseline data shows that only 28% of SLP residents are from ethnic minority backgrounds, Job Entry Targeted Support (JETS) programme data received from SLP suggests that approximately 47% of participants are BAME.

Youth: During engagement, **Richmond upon Thames** raised the concern about unemployed young residents in the borough. In November 2020, it is estimated that 16% of all ACC claimants in the borough were aged 16-24, which is a higher proportion than the SLP average (14%) and in line with the London average . Applying the same proportion to total forecast unemployment suggests that approximately 650 young residents could be unemployed in the borough in December 2021, in the core scenario.

Low skills: Sutton is a borough that has historically suffered from low skills issues, particularly when considered in relative terms to some of the other SLP boroughs (Merton, Kingston and Richmond). For example, in 2019, only 45.9% of residents were qualified to NVQ4+ level, whilst over 7.4% of residents had no qualifications whatsoever (compared to 54.2% and 6.7% at the London level respectively). As shown earlier, lower skilled residents are forecast to be disproportionately impacted by COVID-19, which will be one of the factors driving Sutton's forecast peak unemployment rate of 8.5%. Utilising the historic distribution suggests that approximately 850 Sutton residents with no qualifications could be unemployed at peak in the core scenario. In reality this estimate is considered likely to be low, as the emerging distribution suggests residents with no qualifications have been disproportionately impacted by COVID-19.

Age: Croydon has a large economically active population. Whilst this large economically active population drives down the forecast peak unemployment rate in Croydon (7.1%), it potentially masks the fact that Croydon had the second highest number of youth (16-24) claimants in London at the end of 2020. It also had the fourth highest number of older (50+) claimants of all London boroughs. Applying these ACC distributions to forecast peak unemployment in the core scenario suggests that in September 2021, there could be 2,500 youth unemployed and 3,300 older unemployed residents in Croydon.

Brent is the worst hit WLA borough in both absolute and relative terms. It recovers at a faster rate however, with Ealing and Hillingdon's unemployment rates showing slower rates of recovery.



PEAK ILO/LFS COUNT	Worst-case (absolute)	Core		Best-case (absolute)
		Absolute	Rank (rate)	
Barnet	16,800	12,700	30	10,300
Brent	**29,200**	23,300	**3**	19,100
Ealing	27,500	21,800	7	18,000
Hammersmith & Fulham	11,400	9,000	18	7,600
Harrow	16,900	13,300	9	10,800
Hillingdon	26,100	21,100	5	17,500
Hounslow	15,700	12,000	20	9,900

Peaking at 13.7% in the core scenario, Brent is the borough forecast to have the 3rd highest unemployment rate of all London boroughs. In absolute terms, Brent and Ealing are forecast to have the 3rd and 6th highest numbers of unemployed residents across the whole of London.

The difference between unemployment rates of the best and worst WLA boroughs is over twofold with Barnet's rate peaking at 6.1% in the core scenario, placing it 30th of all London boroughs.

Employment is forecast to recover slowest amongst Hillingdon residents, who are at greater risk of long-term unemployment.

Volterra

WLA borough case studies

Furlough: As of 31st January 2021, 33,300 working residents in **Ealing** were still relying on the CJRS. This is the second highest absolute number of all London boroughs and the highest within WLA. In terms of persistence, 20% of working Ealing residents were still utilising the CJRS at the end of January 2021. This high proportion of furloughed workers is most likely linked to the types of industries that Ealing residents work in. For example, 18% of Ealing residents work in the transport and communications sector. A lot of these workers jobs are likely linked to Heathrow Airport, which has recorded a significant decline in economic activity since international restrictions were brought in. Ealing residents are therefore particularly susceptible to an abrupt ending of the CJRS, particularly if the aviation sector is unable to open up again before the scheme ends. In the worst-case scenario, where CJRS ends in September 2021, but people start to lose their jobs from July 2021 when the conditions of the scheme start to change, it is estimated that up to 2,400 currently furloughed Ealing residents would be at risk of losing their jobs (above trend). In the core scenario, it is estimated that this figure would fall to approximately 450 furloughed Ealing residents. This high reliance on CJRS drives a relatively high forecast unemployment peak for Ealing (12.0% in the core scenario).

Young residents (16-24): Brent has historically suffered from issues of high youth unemployment. In July 2019 – June 2020, the 16-24 LFS unemployment rate in Brent was 30%, rising to 37% during the period October 2019 – September 2020. This signals that COVID-19 has had a major adverse impact on the employment opportunities of young people in the borough. The latest ACC (November 2020) data suggests that Brent accounted for 20% of all young claimants in WLA. Based on this proportion, between 4,900 – 6,800 young residents (16-24) in Brent could be unemployed at peak (5,900 in the core), dependent on the scenario analysed.

Gender: In the latest LFS period (October 2019 – September 2020), **Hillingdon** was identified as having high unemployment rates for both males (7.3%) and females (8.3%). The female unemployment rate is particularly pronounced, given that the male unemployment rates tend to be the higher of the two in most London boroughs. Females could be experiencing very high unemployment rates in the borough due to the types of industries they work in, such as retail and accommodation & food, which have been adversely affected by COVID-19. It is estimated that between 8,000-12,000 women could be unemployed at peak in Hillingdon (9,900 in the core scenario).

Other issues: As shown in the earlier slide, WLA is forecast to be the most adversely impacted SRP in terms of unemployment. Other factors driving this include:

- Low skills and low pay issues in **Barnet;**
- High unemployment rates among EA core or work-limiting disabled residents in **Hammersmith & Fulham**;
- Harrow has experienced the second largest increase in claimants since COVID-19 emerged. This is driven by high unemployment rates among young and female residents in **Harrow**, which has a large proportion of residents working in at-risk industries such as distribution, hotels and restaurants; and
- Issues of long-term unemployment and low median pay in **Hounslow**.
- Despite the fact that WLA is the most ethnically diverse SRP demographically, it is forecast to have the second lowest differential between white and EM unemployment rates (2.8pp), behind LL (2.5pp).

Lambeth and Newham are forecast to have the highest absolute numbers of ILO unemployed residents at peak.

Absolute rank	Borough	Peak LFS count (core)	Peak LFS rate (core)	Absolute rank	Borough	Peak LFS count (core)	Peak LFS rate (core)
1	Lambeth	26,000	12.6%	17	Barnet	12,700	6.1%
2	Newham	25,300	12.8%	18	Merton	12,400	10.1%
3	Brent	23,300	13.7%	19	Barking and Dagenham	12,300	11.9%
4	Waltham Forest	22,700	15.0%	20	Hounslow	12,000	8.5%
5	Southwark	22,200	10.9%	21	Bromley	11,500	6.7%
6	Ealing	21,800	12.0%	22	Islington	11,400	7.8%
7	Hillingdon	21,100	12.6%	23	Camden	10,300	7.4%
8	Lewisham	18,700	9.5%	24	Wandsworth	10,000	4.9%
9	Enfield	18,300	10.6%	25	Redbridge	9,800	6.3%
10	Westminster	17,900	14.2%	26	Bexley	9,400	7.0%
11	Haringey	15,100	9.3%	27	Sutton	9,400	8.5%
12	Hackney	15,000	9.6%	28	Havering	9,200	6.7%
13	Tower Hamlets	14,700	8.3%	29	Hammersmith and Fulham	9,000	8.7%
14	Greenwich	14,700	9.1%	30	Kingston upon Thames	7,900	8.1%
15	Croydon	14,400	7.1%	31	Kensington and Chelsea	7,400	9.0%
16	Harrow	13,300	11.2%	32	Richmond upon Thames	4,200	4.0%

This table provides an indication of the LFS absolute figures and rates that could be expected at the peak in the core scenario (December 2021).

Volterra

Newham and Brent are forecast to have the largest claimant (ACC) counts at peak. Haringey is forecast to have a large absolute number of claimants, despite the peak LFS rate not being as high as other CLF boroughs.

Absolute rank	Borough	Peak ACC count (core)	Peak ACC rate (core)	Absolute rank	Borough	Peak ACC count (core)	Peak ACC rate (core)
1	Newham	43,900	17.4%	17	Wandsworth	21,300	8.7%
2	Brent	36,200	16.3%	18	Greenwich	20,200	10.2%
3	Ealing	32,800	14.5%	19	Harrow	18,900	11.8%
4	Haringey	31,300	16.4%	20	Barking and Dagenham	17,800	12.9%
5	Lambeth	28,400	11.5%	21	Islington	16,800	9.0%
6	Barnet	28,100	10.9%	22	Bromley	16,300	7.7%
7	Tower Hamlets	26,900	11.0%	23	Westminster	15,000	7.9%
8	Lewisham	26,900	12.3%	24	Hammersmith and Fulham	14,200	10.7%
9	Southwark	26,500	11.2%	25	Camden	14,200	7.3%
10	Waltham Forest	25,800	13.6%	26	Merton	13,700	9.9%
11	Croydon	24,300	9.7%	27	Havering	10,800	6.6%
12	Hounslow	23,700	13.1%	28	Bexley	10,500	6.6%
13	Enfield	22,700	10.4%	29	Kingston upon Thames	9,100	7.7%
14	Redbridge	22,600	11.2%	30	Kensington and Chelsea	8,800	8.3%
15	Hillingdon	22,600	11.2%	31	Richmond upon Thames	8,800	6.9%
16	Hackney	22,300	10.9%	32	Sutton	8,700	6.6%

This table provides an indication of the ACC absolute figures and rates that could be expected at the peak in the core scenario (December 2021).

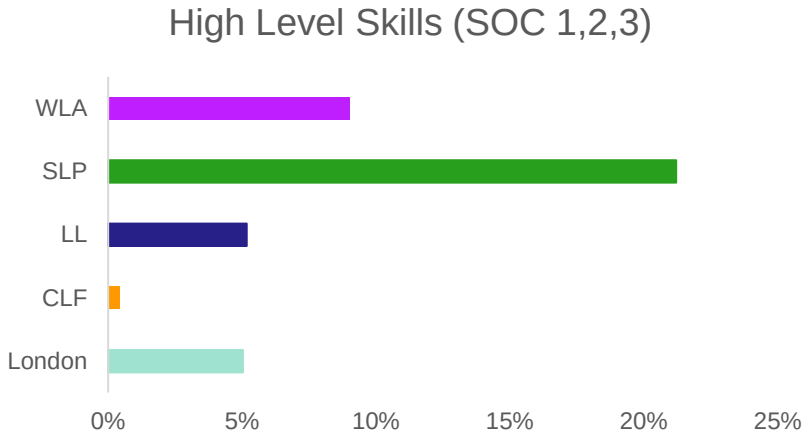
Boroughs that stand out as having larger numbers of peak claimants than they do LFS rate includes Haringey, Barnet, Tower Hamlets and Croydon.

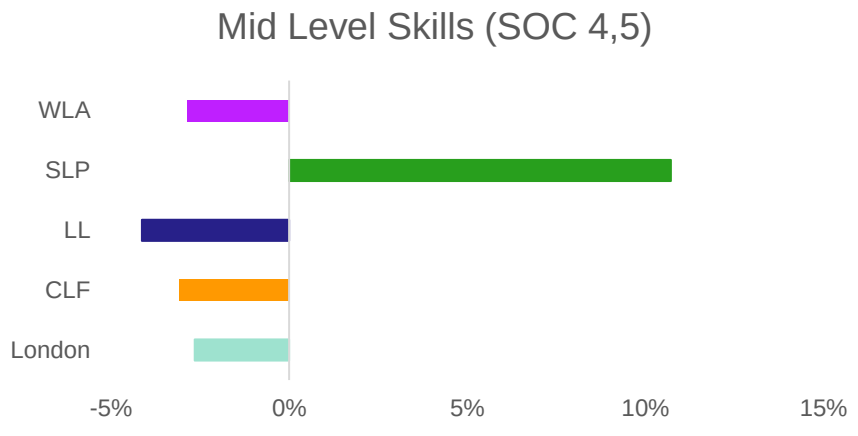
Volterra

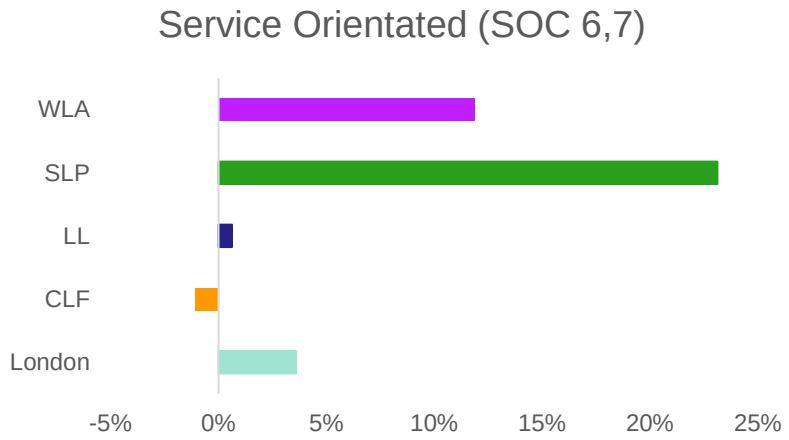
Other trends

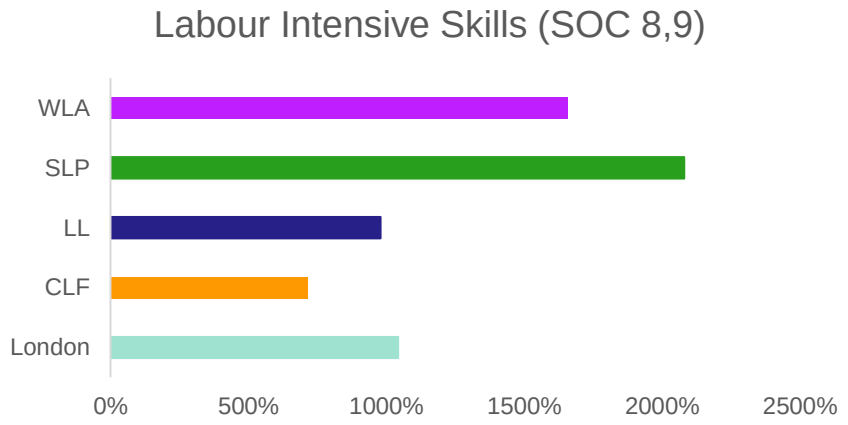
Occupations - growth amongst JSA claimants has been almost entirely dominated by residents working in labour-intensive skill occupations.

Formal occupations-based unemployment forecasts were not produced because the historic distribution only provides data on JSA. The JSA distribution is not considered to be an accurate distribution of all unemployment by occupations as it is naturally weighted towards residents in lower skilled and lower paid occupations.









JSA by occupation group (% change, Jan 2020 - Dec 2020)

Source: ONS, 2020. Jobseeker's Allowance by occupation, Dec 2020

All occupational types within the SLP have been adversely impacted by the crisis, as this area has seen the largest relative increase in the JSA claimant rate across all skill-levels. This large relative increase in SLP is driven primarily by the fact that absolute numbers were starting from a much lower base before COVID-19 emerged. For example, there were 1,130 high-skilled claimants in CLF in January 2020, compared to 165 in SLP.

The increase in JSA has been almost entirely driven by **labour intensive skills occupations**, i.e. people working in (i) sales & customer service occupations or (ii) elementary occupations. For example, in SLP labour intensive JSA claimants went from 170 in January 2020 to 3,705 in December 2020.

This is likely partly a reflection of three things:

- JSA claimants are likely to be lower skilled and lower paid on average.
- For some occupations, such as professional occupations, it has been much easier to move to **home-working.**
- Industries more severely affected by COVID-19 (e.g. accommodation & food) are more likely to utilise labour intensive occupations.

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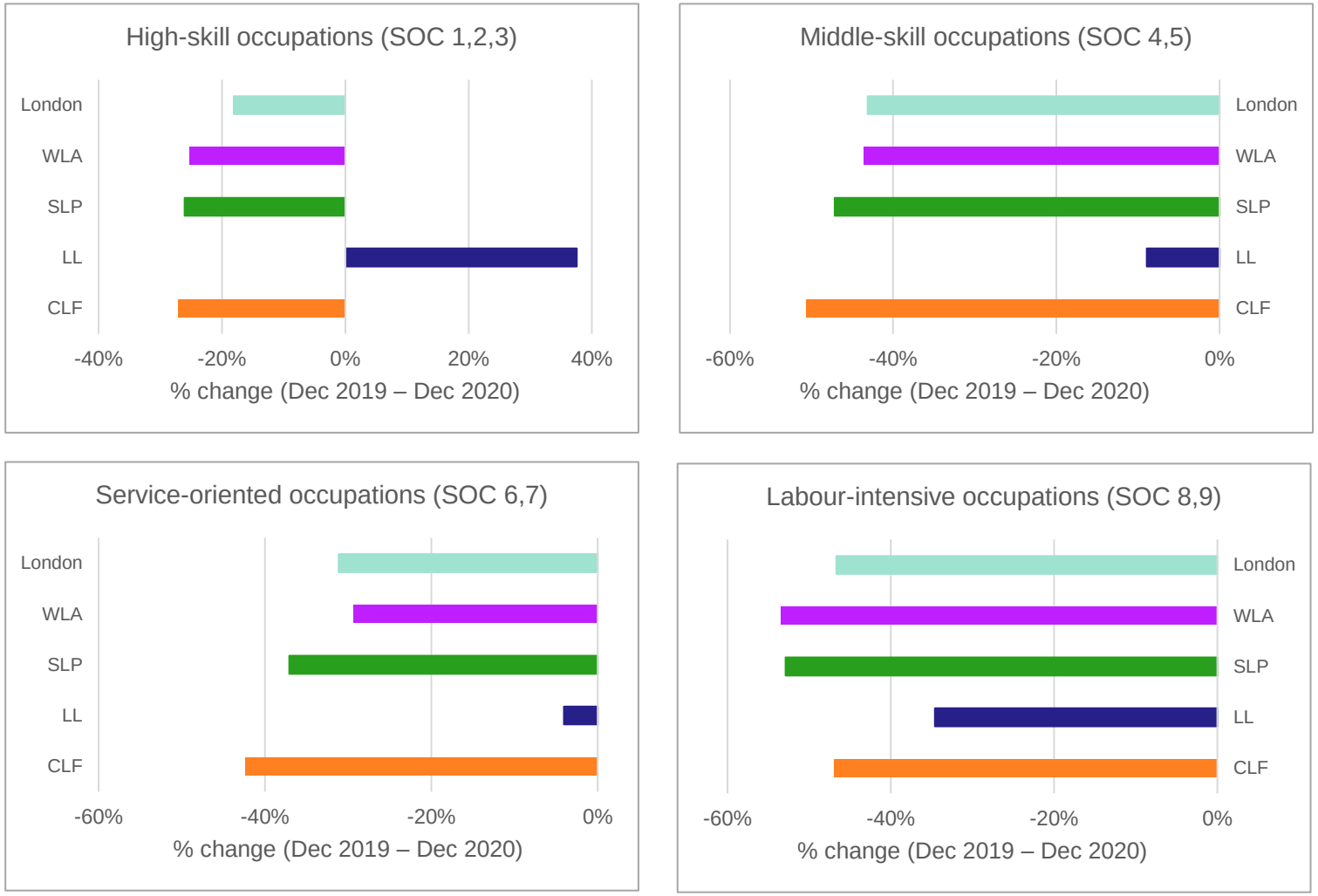
Occupations – the largest declines in job postings since the emergence of COVID-19 has been in middle-skill and labour-intensive occupations. Unemployment may persist for longer for residents seeking these occupations.



Unique Job Postings Growth by Occupation & SRP (Dec 2019 – Dec 2020)

Source: Emsi, 2020, Job Posting Analytics

In the year up to Dec 2020, high-skill occupations in LL were the only jobs that saw an increase in the number of unique postings. The majority of this growth was driven by Redbridge (+2,000), Newham (+700) and Waltham Forest (+200). High-skill occupations growth in LL was more than offset by other SRPs, however, with a decrease recorded across London as a whole.

The relatively small decline in job postings for high-skilled occupations aligns with the stakeholder feedback received around concerns that the recovery in London would be led by the high-skilled. Relatively more job opportunities being posted in high-skilled occupations mirrors the findings of the qualifications forecasts, i.e. that whilst higher-qualified residents will account for the largest absolute numbers of unemployment, the relative increase will be the smallest for this population group.

High-skill occupations: Managers, directors and senior officials; Science, research, engineering and technology professionals; health professionals; business and finance professionals.

Middle-skill occupations: Administrative (e.g. office managers) and secretarial occupations (e.g. company secretaries); skilled metal and electrical trades; skilled construction and building trades; food preparation trades (e.g. butchers).

Service-oriented occupations: Caring occupations (e.g. nurses, senior care workers); leisure and travel services (e.g. travel agents); sales assistants and retail cashiers; customer service occupations (e.g. call centre occupations).

Labour-intensive occupations: Process, plant and machine operatives; road transport drivers; train and tram drivers, elementary cleaning occupations (street cleaners); elementary service occupations (waiters, bar staff).

Volterra

Industry- a substantial body of research has already been undertaken by public bodies (e.g. GLAE) and other economic consultants (on behalf of the SRPs) on the impact of the COVID-19 pandemic on different industries. We do not seek to replicate this work by producing industry forecasts.

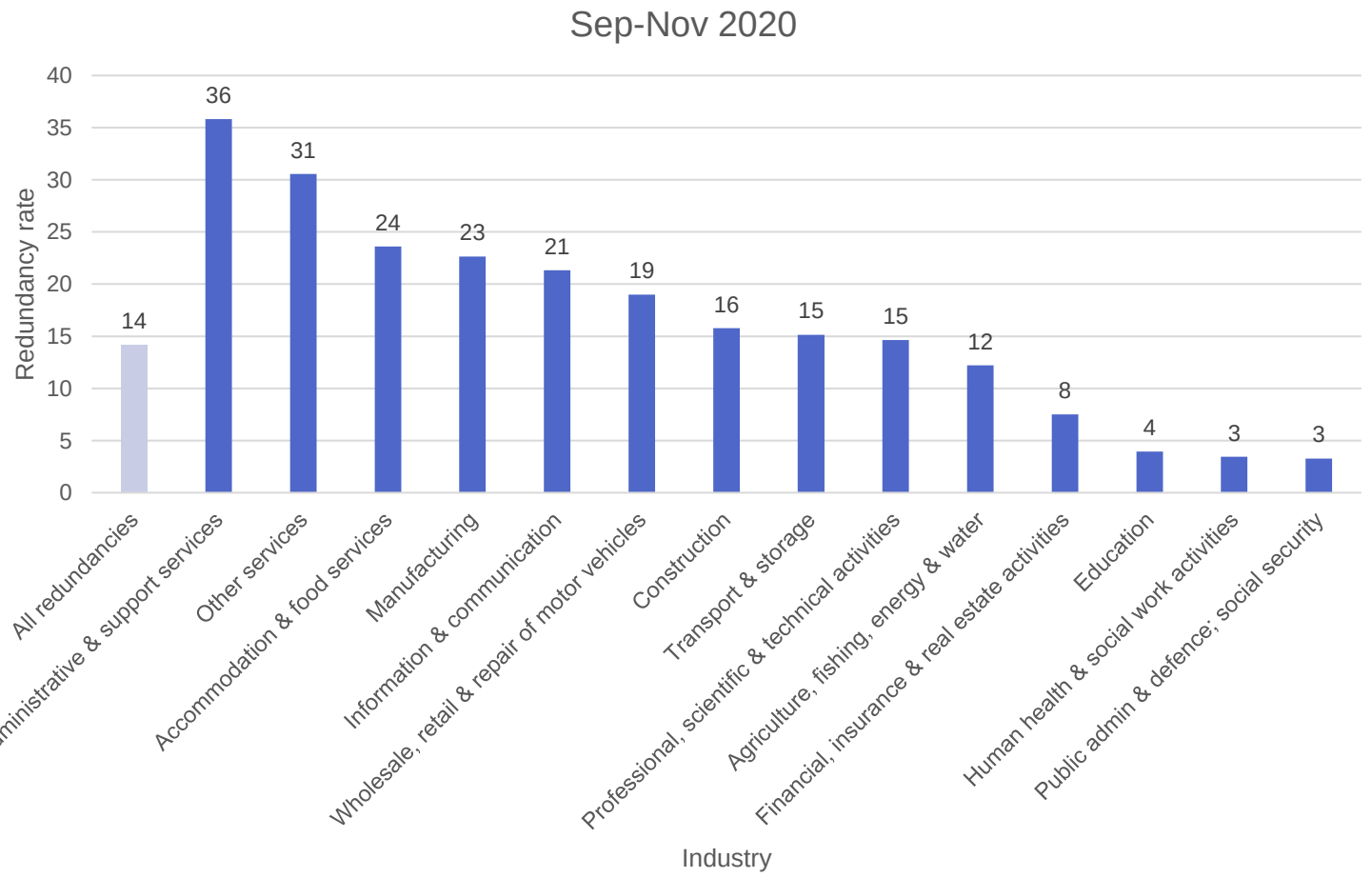
It is also difficult by definition to forecast unemployment by 'industry', given that unemployed residents do not have an industry. The closest proxy for this is loss in workforce jobs analysis presented earlier in this report (slide 31).

The loss in workforce jobs analysis, combined with the furlough by sector analysis (slide 37), highlight the significant disparities by industry that exist. As this analysis shows, some of the worst-hit industries include:

- Accommodation and food – the largest absolute contraction in workforce job numbers and also a very high number of furloughed workers.
- Arts, entertainment and recreation – the largest relative decline in job numbers and the highest furlough take up rates.
- Transport activities related to aviation – stakeholder feedback has focused on the 'ripple effect' caused by the almost ceasing of activities at London Heathrow Airport. This is reflected in the unemployment forecasts, where areas with higher proportion of residents working in industries dependent on activities at Heathrow Airport (such as Brent and Ealing) are forecast to have some of the highest unemployment rates in London.
- Retail – has recorded a large drop in workforce jobs across London, some of which may never return due to the pronounced shift from high street retail to online retail during the pandemic.

The ending of the CJRS is going to have a differential impact on different industries in London. Industries particularly at risk from an abrupt ending of the scheme – before their industries are allowed to fully reopen or upscale – include the arts, entertainment and recreation sector (which is heavily dependent on tourists to London), the accommodation and food sector (dependent on social distancing restrictions being relaxed) and the transportation sector (dependent on international travel and quarantine restrictions being softened).

Industry - UK redundancy rates are more than double the all industry average in ‘administrative & support services’ and ‘other services’. The accommodation & food sector is also suffering from a high redundancy rate.



Redundancy rates by industry are only available at the UK geography, but still show the industries in which employees are most likely to lose their jobs.

In line with the findings presented in the previous slide, other services (which includes arts, entertainment and recreation) and accommodation & food services are among the industries with the highest redundancy rates in the UK.

In contrast, public administration and defence, as well as human health and social work activities (perhaps expectedly) are recording the lowest redundancy rates of all industries. This mirrors the workforce jobs analysis presented earlier in this report.

Source: ONS, 2020. Redundancy rates by industry for those 16+

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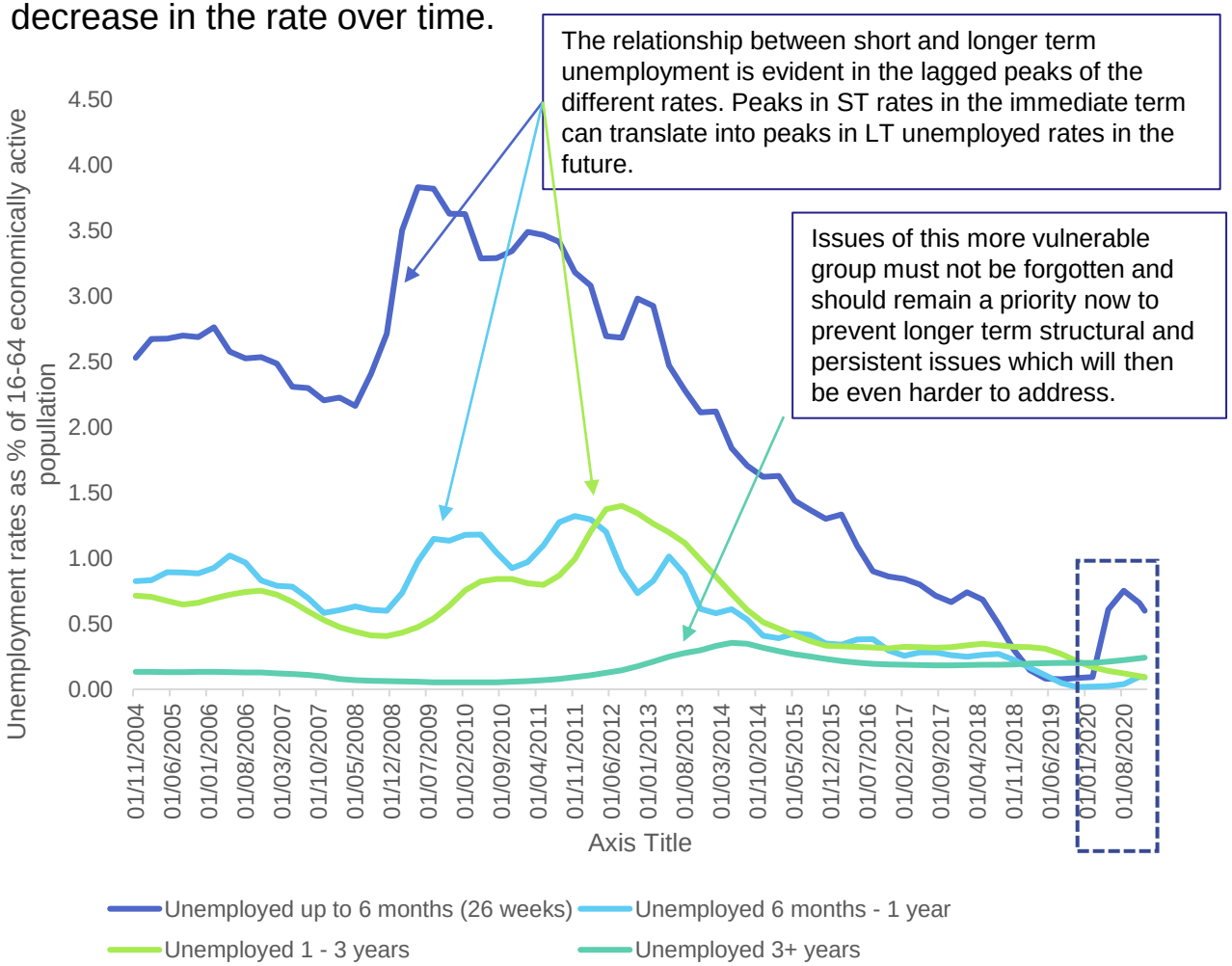
Duration – whilst the short-term unemployed form a large proportion of London's current unemployed residents, the long-term unemployed are likely to be the most vulnerable in the longer term.

As the graph shows, the proportion of short-term unemployed had been decreasing steeply over time before the emergence of the COVID-19 pandemic. The **long-term unemployed have proved the most persistent group in terms of unemployment rates**, with no obvious decrease in the rate over time.



Formal unemployment forecasts were not produced for unemployment by duration as the data was too unreliable. Naturally in such a short sharp recession, the proportion of unemployed residents who have been unemployed for less than six months has risen substantially. This sharp increase has the potential to lead to a reduction of focus on the more vulnerable unemployed residents in London, i.e. the longer-term unemployed.

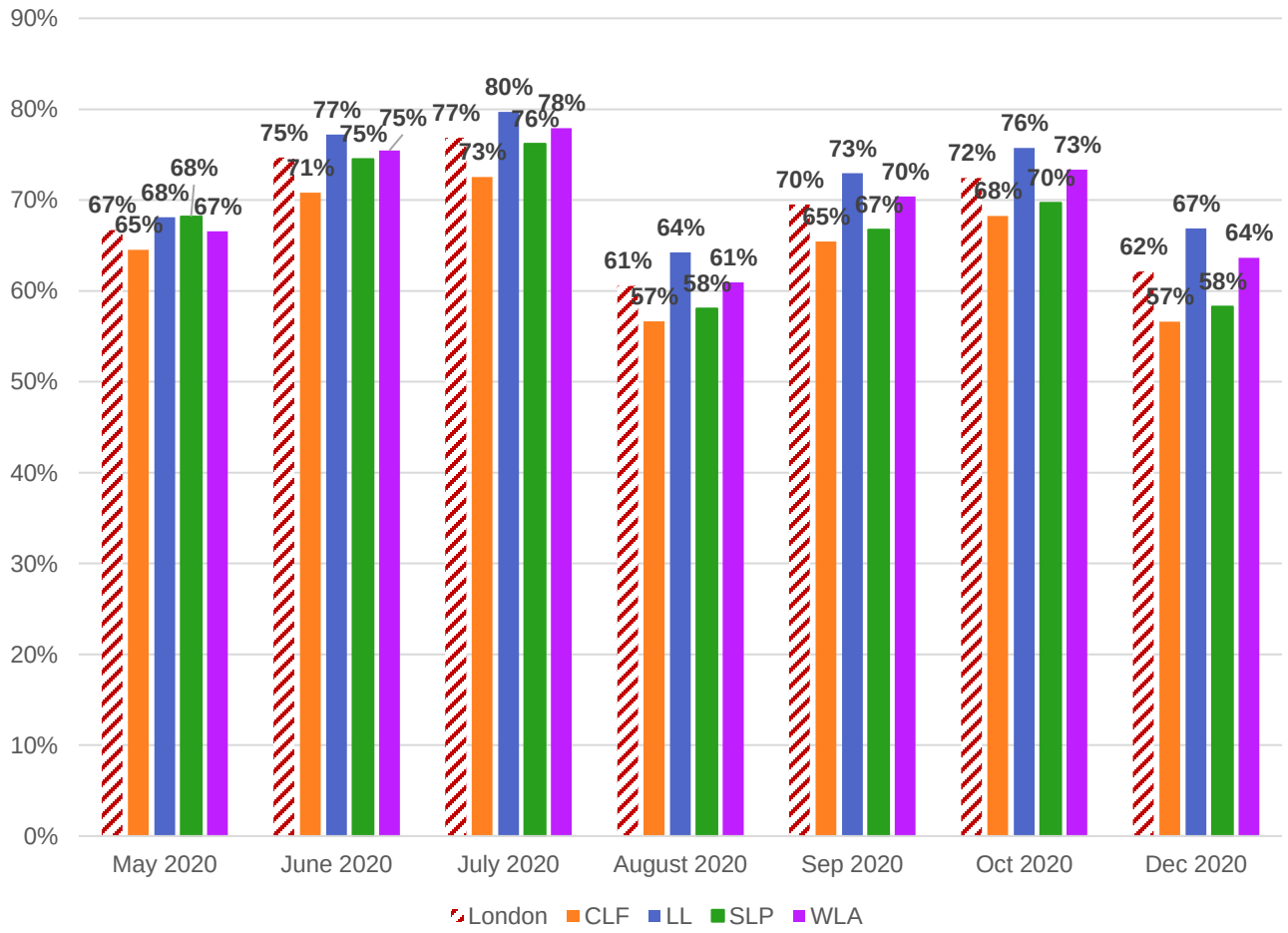
Residents who have recently become unemployed due to a shutdown in economic activity in London will also be the most likely to be able to find employment again quickly as London's economy starts to recover.

It is the residents who are long-term unemployed, with underlying structural characteristics that may be a reason for unemployment - such as health conditions, disabilities, or low levels of skills – who are likely to be the hardest to find employment for in the recovery.

Source: ONS, 2020. Annual Population Survey, Jan 2004 – Dec 2020

Volterra

Self-employment: whilst the take up rates for Self Employment Income Support Scheme (SEISS) have varied throughout 2020, LL's self-employed residents have consistently recorded the highest take-up rates, whilst CLF residents have recorded the lowest take-up rates.



Dates for the three SEISS schemes in place to date are:

- SEISS 1: 13th May 2020 – 13th July 2020
- SEISS 2: 17th August 2020 – 19th October 2020
- SEISS 3: 29th November 2020 – 29th January 2021
- SEISS 4: Late April* 2021 – 31st May 2021
- SEISS 5: Covering the remainder of the period to September 2021.

Comparing these dates to the graph, suggests that the **take up rates for SEISS 1 were markedly higher on average than SEISS 2.** Initial data covering the latter half of SEISS 3, shows that rates declined in December 2020, although it remains to be seen whether this reduction is maintained over January 2021 as the national lockdown continues to adversely impact small businesses.

It should be noted that literature at a UK level suggests that SEISS take-up rates amongst females have been substantially lower than eligible males, with only 51% of eligible women claiming, compared to 60% of eligible men.

*Specific starting date not officially announced at the time of writing.

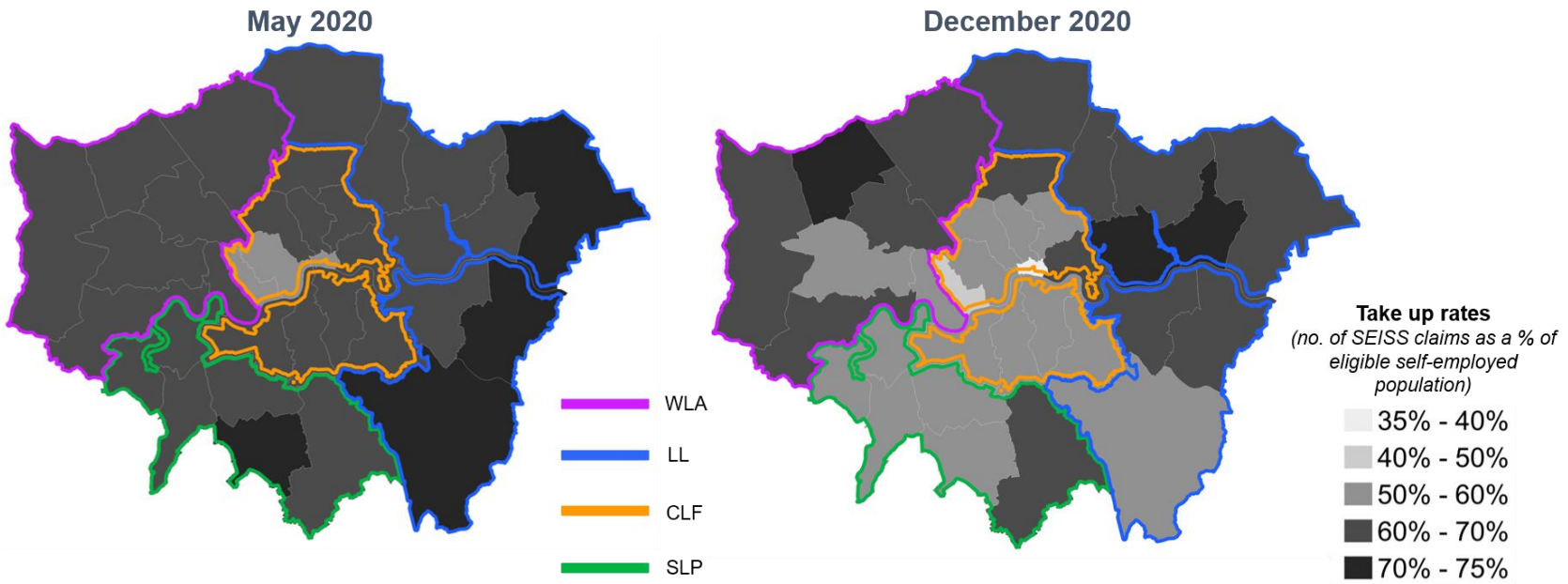
Source: HMRC, 2020, Self-Employment Income Support Scheme (SEISS) Statistics: May - December 2020

Source (Female take up rates): Women's Budget Group, March 2021. Spring Budget 2021: Women and employment during Covid-19.

Volterra

Self-employment: self-employed residents in many east London boroughs remain dependent on the SEISS, especially in Newham and Barking & Dagenham.

Borough case study: The high take up rates of SEISS are likely correlated with boroughs where there is a high prevalence of small business owners. This tends to be in outer London boroughs where small family businesses are more common. Feedback received from both **Barnet** and **Harrow** suggests that small business owners in the boroughs have suffered from disproportionate impacts on their employment opportunities as a result of COVID-19. Barnet has been identified as a borough that could be at risk should SEISS support come to an end. The borough has a high proportion of residents who are self-employed in at-risk industries such as construction and retail.



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Source: HMRC, 2020, Self-Employment Income Support Scheme (SEISS) Statistics: May - December 2020

Boroughs that have utilised the SEISS the most include:

- **SEISS 1 - June 2020**: Havering (80%), Harrow (79%) and Barking & Dagenham (79%)
- **SEISS 2 - September 2020**: Barking & Dagenham (76%), Harrow (76%) and Newham (76%).
- **SEISS 3 - December 2020**: Newham (77%), Barking & Dagenham (79%) and Harrow (79%)
- Newham, Barking & Dagenham, Harrow and Redbridge are the boroughs for which the take-up rate between SEISS 1 and SEISS 3 has decreased the least, indicating the slowest recovery amongst self-employed in these boroughs.

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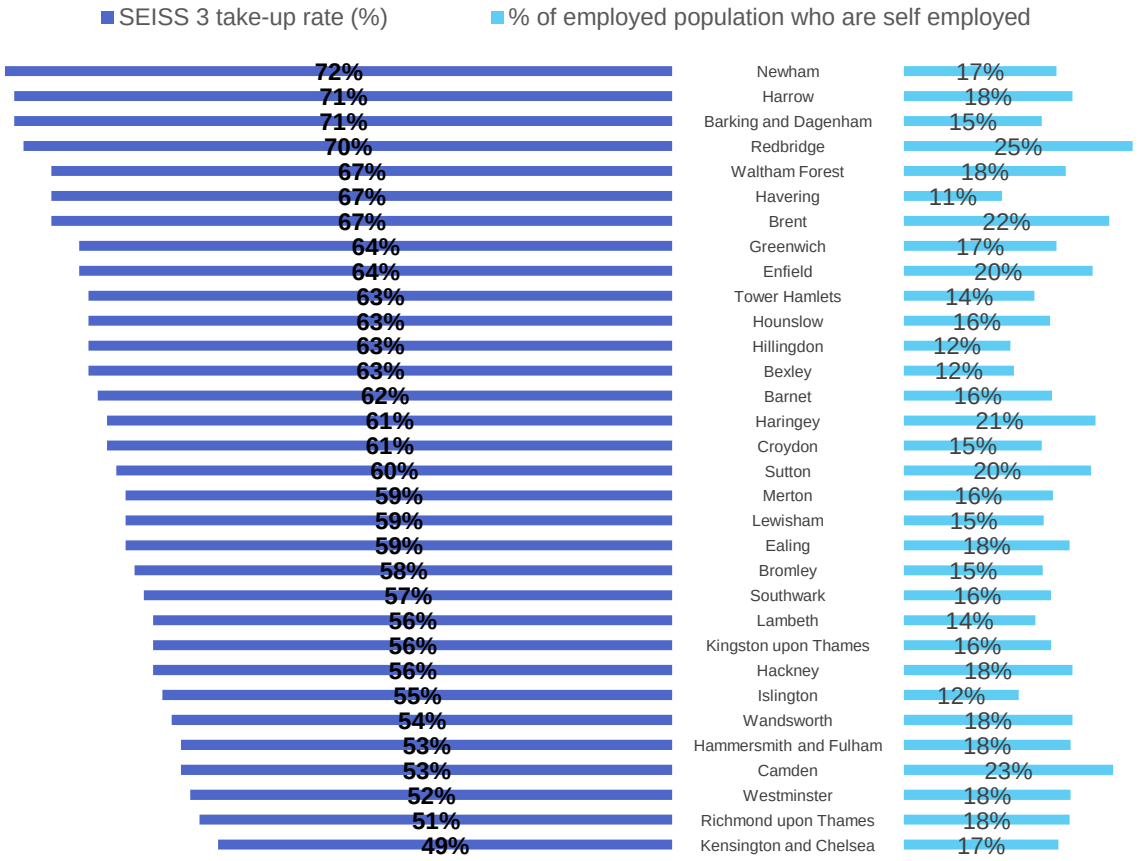
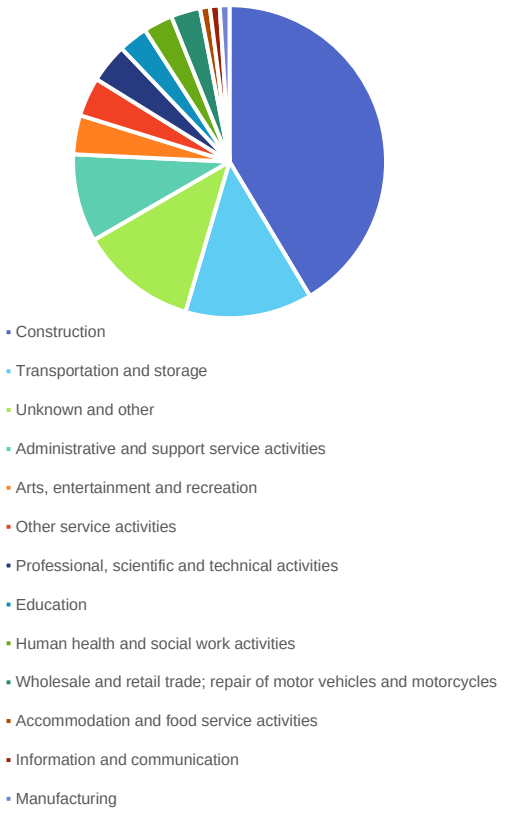
Self-employment: boroughs with both high take-up rates and high proportions of self-employed residents, are most at risk if SEISS is withdrawn in the near future, particularly if they operate in vulnerable sectors like construction or transport.





With SEISS 3 coming to an end, the next instalment (SEISS 4) is due to come into effect in April 2021. The Government has announced that there will then be a fifth grant (SEISS 5) covering May 2021 to September 2021.

Notably, there are several boroughs that have recently shown high take-up rates, in addition to the fact that a relatively high proportion of their resident population is self-employed. For example, **Redbridge and Brent** are ranked within the top 5 boroughs in terms of both SEISS take-up, and self-employed working residents, leaving them vulnerable to a lack of support.

Furthermore, take-up rates by sector in London, indicate that construction and transportation & storage make up a combined 54% of all claims. Individuals in these sectors will also be adversely impacted.

Volterra

Source: HMRC, 2020, Self-Employment Income Support Scheme (SEISS) Statistics: May - December 2020

In-work poverty: around 1/3 of UC claimants are also in employment, signalling that many London residents suffer from issues of in-work poverty. This proportion of UC claimants who are also in employment has increased in all SRPs since COVID-19 emerged.

Borough case study: Feedback received from engagement with LL suggested that only considering 'unemployment' in its true sense risked ignoring rising issues of in-work poverty in London. The claimant count data supports this claim – there is an increasing proportion of London residents who are in employment but are also having to claim UC. This may be as a result of residents having their hours or pay reduced as a result of COVID-19's emergence. **Haringey**, a borough in CLF which has been identified as having the highest claimant count rate in London, also suffers from significant issues of in-work poverty.

Area	Not in employment		In employment		Total UC claimants		% increase in proportion of UC claimants who are in employment (Mar-Nov)
	Nov 2020	% increase Mar-Nov 2020	Nov 2020	% increase Mar-Nov 2020	Nov 2020	% increase Mar-Nov 2020	
London	613,000	119%	355,000	132%	969,000	124%	4% (from 35.3% to 36.7% of total)
CLF	214,000	117%	119,000	142%	334,000	125%	8% (from 33.3% to 35.8% of total)
SLP	71,000	88%	43,000	93%	114,000	90%	2% (from 37.4% to 37.9% of total)
WLA	148,000	126%	85,000	138%	233,000	130%	3% (from 35.2% to 36.4% of total)
LL	180,000	132%	106,000	137%	288,000	134%	1% (from 36.9% to 37.4% of total)

Source: DWP, 2020. Universal credit claimants, March-November 2020

The SRPs are dealing with slightly different issues for their residents:

- **CLF:** The largest relative increase in UC claimants who are also in employment since COVID-19 began, indicating increasing in-work poverty
- **SLP:** High proportion of in-work poverty claimants (38%).
- **WLA:** Largest increase in total number of UC claimants since COVID-19 began.

Boroughs with the highest proportion of in-work poverty claimants in Nov 2020 were Enfield (40%), Haringey (39%) and Sutton (39%).

Volterra

Key findings: Pre- vs. Post-COVID trends

The text below provides a comparison, by both geography and by demographic characteristic, of the differential impacts on unemployment pre- and post-COVID-19.

- **Geography:** Historically, the proportion of London's unemployed residents was rising in LL boroughs and remained constant in WLA boroughs. Yet, following the impacts of COVID-19, WLA is forecast to be the worst-hit SRP in terms of unemployment rate, particularly in the worst-case and core scenarios where the higher proportion of furloughed residents in West London boroughs leads to higher unemployment once the CJRS ends. WLA is predicted, however, to recover faster than unemployment in LL boroughs, suggesting that LL boroughs could suffer the most from long-term unemployment issues in the future. CLF will account for the highest absolute number of unemployed residents, in line with historic trends. Central London boroughs are forecast to experience fast increases to peak unemployment, followed by the fastest recovery of residents in London, as the number of jobs posted in central London eventually begins to increase again.
- **Age:** Young people are forecast to record unprecedented levels of unemployment as a result of this recession. Yet whilst young people account for the highest absolute number of unemployed residents, this recession has also seen large rises for those older residents (50+), and they have been more at risk of being furloughed. The OBR has warned of a scarring effect on this demographic – a group which might drop out of the labour market altogether. This means that they are not necessarily captured by unemployment statistics but nevertheless have the potential for significant impacts which should be considered when planning upskilling programmes.
- **Gender:** Historically London, and all the SRPs, has had higher unemployment rates for males than females, except for WLA where the female unemployment rate is higher. London's male residents are forecast to experience substantially higher rates of unemployment post-COVID, with the male unemployment rate in WLA also forecast to surpass the female rate. In work inequality, and the potential for in work poverty, remains a persistent issue for female Londoners, however.
- **Ethnicity:** Ethnic minorities are expected to continue to experience worse unemployment rates than white residents across London, although the differential is not forecast to widen as a result of COVID-19. However, these broad categories hide varied outcomes among different ethnic groups. Pakistani/Bangladeshi and Black/Black British appear to be the worst hit ethnic groups by COVID-19 impacts so far.
- **Qualifications:** Residents with NVQ2 qualifications only or below will experience the largest increases in unemployment rates. Similar to historic trends, residents with no qualifications will see unemployment persist the longest, as these residents are the hardest to get into the labour market.
- **Disability:** Disabled residents have historically faced higher unemployment rates than non-disabled residents in London. Whilst the unemployment rate for disabled residents is not forecast to increase disproportionately more, this demographic are at greater risk of in-work inequality as a result of COVID-19.
- **Duration:** Prior to COVID-19 emerging, short-term unemployment had been decreasing rapidly in London. The numbers of short-term unemployed (up to 6 months) has naturally rapidly increased over the past year, given the short, sharp nature of the economic shock. During the recovery, however, it continues to be the long-term unemployed (3+ years) who will be the most difficult to get into employment in the future, as the unemployment rate for this demographic rarely shows signs of reducing.
- **In-work poverty:** The proportion of Universal Credit claimants who are also in employment has increased during 2020, signalling greater issues of in-work poverty since COVID-19 emerged and a need to focus on this demographic of residents in recovery strategies.
- **Self-employment:** Boroughs with high prevalence of small businesses and self employment are often linked to high take up of the Government's SEISS. Residents in these boroughs, typically in outer London, are at greater risk of unemployment if there is an abrupt end to SEISS.
- **Occupation:** Historically, many unemployed residents appear to be seeking sales and customer service occupation roles. However, the largest decline in job postings has been in middle-skill and labour-intensive occupations. Unemployment may therefore persist longer for residents seeking these occupations.

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KEY Change since COVID-19 Remains broadly the same as historic trends

Policy recommendations

Policy recommendations – skills

Lower-skilled residents

Higher skilled jobs are expected to lead the recovery in terms of the types of jobs likely to be posted, meaning that the unemployment rate of highly skilled residents will recover more quickly. This leaves the risk of lower-skilled areas of London being left behind and experiencing persistent unemployment impacts. **Upskilling and reskilling programmes should therefore focus on allowing lower-skilled residents with little to no qualifications to converge to the rest of London's population.** Policymakers should bring together employment and skills provision, as well as utilise and build on existing initiatives to carry out upskilling. For example, the **Green Jobs Taskforce's focus on providing residents with green skills** as the UK transitions to its aim of a high-skill, low carbon economy, would be a good initiative to get lower-skilled London residents involved in.

Reskilling (e.g. digital & green)

The enforced physical lockdown caused by COVID-19 has accelerated trends in the decline of high street retail and the rise of online sales and distribution. Residents, often in the older demographic, who have worked in the same sector for their whole career may find it difficult to adjust and transfer their skills. The OBR has warned that many in this group could drop out of the labour market altogether. **Specific reskilling programmes to focus on transferrable skills and skills directed at growing sectors (e.g. digital and green) should be targeted at this older demographic of unemployed residents**. These Londoners will also need advice and guildance to identify transferrable skills and seek new skills where needed.

Growth sectors

London's residents need to possess the skills that make them robust to economic shocks in the future. The large numbers of unemployed younger residents expected as a result of this economic downturn represents an opportunity to **reskill younger residents in the types of growth industries that are robust from automation in the future**. **Reskilling programmes – such as apprenticeship and internship initiatives –** for this demographic should be focused on the occupations least at risk of automation and most likely to experience significant growth in the future.

Skill shortages

The OBR forecasts a lower future labour supply resulting from a smaller population due to **lower net inward migration**. Our model predicts this could impact upon London and this has been further supported by stakeholder feedback. Some sectors have greater reliance upon migrant workforce. **Identifying skills gaps and designing programmes to directly meet these needs in a timely manner**, ideally aimed at unemployed people looking to change sector, would maximise the opportunity to address this gap.

There is a need for **better alignment between skills programmes provided for unemployed Londoners, and the future needs of employers**. There should be a focus on skills programmes in sectors where employment is forecast to grow and drive the economy in the future, as well as employer-led identified skills gaps, rather than a focus on employment in sectors at risk of lower employment in the future.

Volterra

Policy recommendations – employment pathways

Graduates

New graduates during COVID-19 have found it difficult to gain employment opportunities, and employment rates of graduates in some subjects are lower. **Post graduate apprenticeships or transferrable skills programmes** should be considered to adapt their skills to meet employer needs and provide alternative routes into employment for new graduates.

Vulnerable residents

Creating specific basic skills training programmes and safeguarded apprenticeship opportunities for long-term unemployed residents could help boost their opportunities in the labour market. The **Work and Health Programme (WHP) is key for helping these types of vulnerable residents** and should continue to receive funding in the future from the Government.

In-work poverty

Emphasis should **continue to be placed on ensuring that all residents in London are paid at least the London Living Wage**, so that the proportion of people who are in employment but also claiming UC can reduce. This pressure to pay at least the London Living Wage will be important over the next couple of years, as employers seek to reduce both workable hours and wages to pass on the adverse impacts of COVID-19. This should be closely aligned to the Good Work Mission, i.e. the goal to support Londoners into good jobs with a focus on areas which are key to London's recovery.

Policy recommendations – ongoing business support

Sector specific

Some industries, particularly those reliant upon inbound travel / tourism (such as those clustered around Heathrow as well as central London tourist focused industries) **may require ongoing support even after the CJRS scheme ends in September 2021**. Sector specific support dependent upon how the economy unlocks and the extent of delay in the return of international travel, **should be considered to ensure these industries are not forced to make large redundancies when the CJRS ends**.

SMEs

Support to further **enable SMEs to diversify** (e.g. sales going digital) as well as to further **improve access to contract opportunities** should continue to ensure that these businesses are able to retain staff and adapt quickly as the economy recovers.

Volterra

Policy recommendations – addressing structural issues

Ethnic minorities

Whilst COVID-19 is not forecast to materially widen the existing gap that exists in the labour market, the disadvantages that ethnic minorities face in employment opportunities remain significant and must not be forgotten. **Improving educational outcomes for ethnic minorities should continue to be a key focus**, whilst factors related to religion and culture (e.g. some cultures have different expectations of females in work) are complicated issues for policy makers where further work needs to be done. **Labour market discrimination** has long been a deep-rooted and persistent issue that **will need to continue to be addressed through anti-discrimination policies in the workplace**.

Women

Programmes which **support women into employment and help them to have more options should receive more funding in the near future**. This includes domestic abuse support programmes, as well as other initiatives such as flexible working and childcare support. As with disabled workers, there is evidence that women are **more likely to experience in-work discrimination** such as changes to terms and conditions and unfair working practices. These persistent structural issues must be addressed. Self employed **women have also been less likely to make SEISS claims** despite being eligible. **Equality of access to information on support** must be ensured to prevent unintended biases in allocation of support.

Small businesses

Support is needed for small businesses to survive, particularly in areas of the capital where there are high proportions of these types of businesses (e.g. Harrow). The **failure of these small local businesses may be linked to older and less-skilled claimants emerging as a result of the pandemic** and hence a **lack of sufficient support could create a greater burden for the taxpayer in the future** if not addressed now.

Disability

Targeted employment support should be provided to London's disabled (both physical and learning disabilities) residents who are having to shield, whilst they await their vaccines. This should be a relatively small group at the time of writing given the speed of the UK's vaccine roll out, but it is an important consideration nonetheless.

Evidence shows that **disabled workers are also more likely to experience in work inequality** such as changes to terms and conditions and unfair working practices. These persistent structural issues must be addressed through fairer more transparent working practices and the **continued breaking down of unintended bias**.

Data collection

Public sector bodies should **collect and release unemployment data at a much more granular level – both demographically and geographically –** to allow local authorities to better understand the issues and priorities that exist within their boundaries. This should be done in a timely manner to enable quick reactions and forward planning. Data on 'intersectionality', such as disaggregations of ethnic minority females for example, needs to be more readily available.

Geographic flexibility

There has so far been a centralised response to dealing with labour market issues in the UK. Whilst some policy responses have been effective in minimising unemployment impacts, this report shows that impacts vary greatly dependent on the geographical area in question. **Flexibility is needed in future policy responses, to account for stark differences in impacts across different areas.**

Volterra

Appendix A – Demographic and workforce characteristics

Note: This appendix should not be viewed as a standalone document. It provides more detailed information on demographic characteristics that supplement the most relevant demographic baseline analysis presented in the main report.

Whilst London is dominated by banking, finance and insurance, different industries dominate the SRP economies.

The proportion of workplace-based workforce in each industry by SRP

Sectors	CLF	LL	SLP	WLA	London
Agriculture and fishing	0.0%	0.0%	0.1%	0.0%	0.0%
Energy and water	0.5%	1.1%	0.5%	0.5%	0.6%
Manufacturing	1.2%	4.3%	2.4%	4.3%	2.3%
Construction	2.5%	7.1%	5.6%	4.7%	3.8%
Distribution, hotels and restaurants	16.9%	**23.8%**	22.5%	23.8%	19.6%
Transport and communications	12.6%	10.3%	10.0%	**19.1%**	13.2%
Banking, finance and insurance	**42.3%**	20.6%	26.2%	22.6%	**34.2%**
Public admin, education and health	18.7%	**28.2%**	**26.5%**	20.9%	21.2%
Other services	5.3%	4.7%	6.2%	4.1%	5.1%
Total employment	**3.2m**	**685k**	**445k**	**965k**	**5.4m**

Source: ONS, 2020. Business Register and Employment Survey 2019.

CLF: Broadly mirrors the London economy as a whole, the most of any SRP, which is no surprise given it accounts for 59% of the London workforce. Banking, finance and insurance is by far the most dominant industry group in CLF, accounting for 42% of employment.

LL: The largest reliance on the generally lower skilled distribution, hotels and restaurants industry, accounting for almost a quarter (24%) workforce, (these industries are also more at risk). Also the highest prevalence (>28%) of public admin, education and health sector.

SLP: Over a quarter of the workforce (27%) are employed in the public admin, education and health industries.

WLA: Almost a fifth (19%) of the workforce is employed in the transport and communications industry, a reflection of the presence and importance of Heathrow Airport to the WLA boroughs. This industry is also more at risk.

London has a higher proportion of its workplace-based workforce in banking, finance and insurance (34.2%) than the national average (23.5%).

London has a slightly higher proportion of workplace-based workforce in industries that are more at risk (including, distribution, hotels and restaurants, transport and communications and other services), at approximately 37.8% than the national average, at approximately 36.5%.

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The residence-based London workforce (4.7m) is notably lower than the workplace-based workforce (5.4m), as London relies on in-commuting.

Borough case study: It is clear that some industries have been hit harder by COVID-19 than others. Feedback from engagement with WLA suggested that **Ealing's** residents have been particularly hard hit due to the industries they work in. This is reflected in the data. 18% of Ealing's residents work in the transport and communications industry, with many jobs being linked to aviation at Heathrow Airport, whilst a further 15% work in distribution, hotels and restaurants industry. Over a third of Ealing's residents therefore work in industries considered to be among the most vulnerable to COVID-19 impacts.

The proportion of residence-based workforce employed in each industry by SRP (age 16-64)

Sectors	CLF	LL	SLP	WLA	London
Agriculture and fishing	0.1%	0.1%	0.3%	0.0%	0.1%
Energy and water	0.6%	0.9%	0.9%	0.8%	0.8%
Manufacturing	2.5%	3.0%	3.6%	4.4%	3.2%
Construction	5.1%	**10.0%**	6.6%	6.9%	7.1%
Distribution, hotels and restaurants	13.3%	**16.6%**	15.0%	15.6%	14.9%
Transport and communications	12.5%	10.9%	11.4%	**14.5%**	12.4%
Banking, finance and insurance	**30.4%**	24.2%	26.3%	24.2%	26.8%
Public admin, education and health	26.3%	**28.9%**	27.8%	26.3%	27.1%
Other services	**8.6%**	5.3%	7.2%	6.4%	7.0%
Total residents employed	**1.7m**	**1.3m**	**625k**	**1.0m**	**4.7m**

Source: ONS, 2020. Labour Force Survey 2019. Figures are rounded.

CLF: The highest proportion (30%) of likely highly-skilled residents working in the banking, finance and insurance industries. Other services (8.6%) also represent a larger proportion than any other geography.

LL: The largest reliance on the generally lower skilled distribution, hotels and restaurants industry, accounting for 17% of working residents. Public admin, education and health the most dominant industry (29%), although construction (10%) also above average.

SLP: The SRP that is most aligned to the sectoral make-up of London residents as a whole.

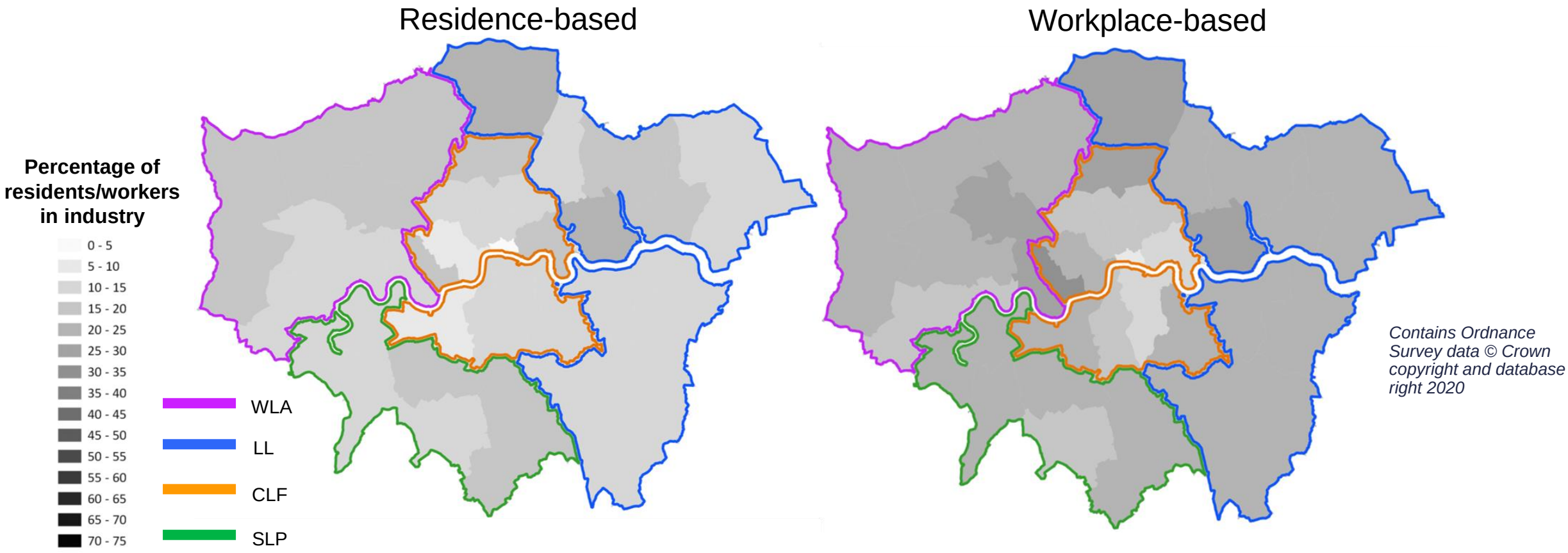
WLA: Above average proportion of residents employed in the transport and communications industry (15%), perhaps at the expense of some banking, finance and insurance (24%) jobs.

London has a higher proportion of it's residence-based workforce in Banking, finance and insurance (26.8%) than the national average (18.0%).

London has a slightly higher proportion of residence-based workers in industries that are more at risk (including, distribution, hotels and restaurants, transport and communications and other services), at approximately 34.3%. This is higher than the national average at approximately 33.2%.

Volterra

The percentage of residents and workers in the distribution, hotels and restaurants industries is broadly evenly distributed, with slightly higher proportions of working residents in LL boroughs such as Enfield and Newham.



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Source: ONS, 2020. Labour Force Survey 2019.

Source: ONS, 2020. Business Register and Employment Survey 2019.

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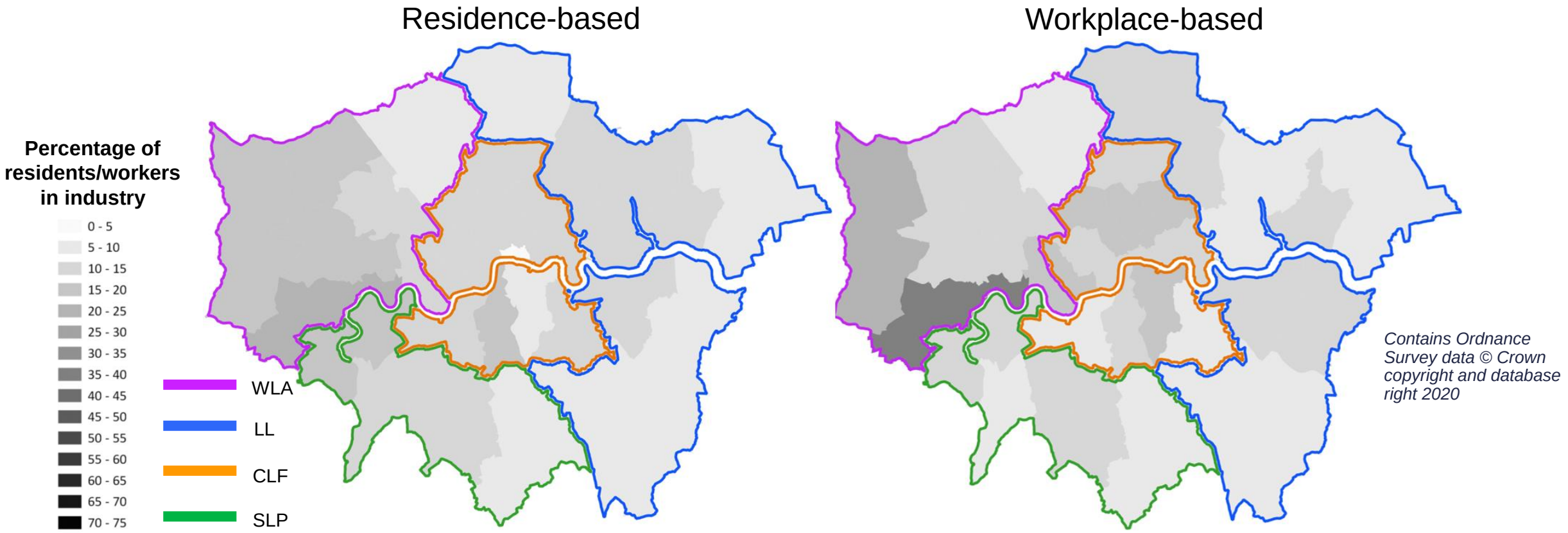
The presence of Heathrow Airport drives a high proportion of the transport and communications workforce in Hillingdon and Hounslow. This dominance is less pronounced when analysing working residents.



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Source: ONS, 2020. Labour Force Survey 2019.

Source: ONS, 2020. Business Register and Employment Survey 2019.

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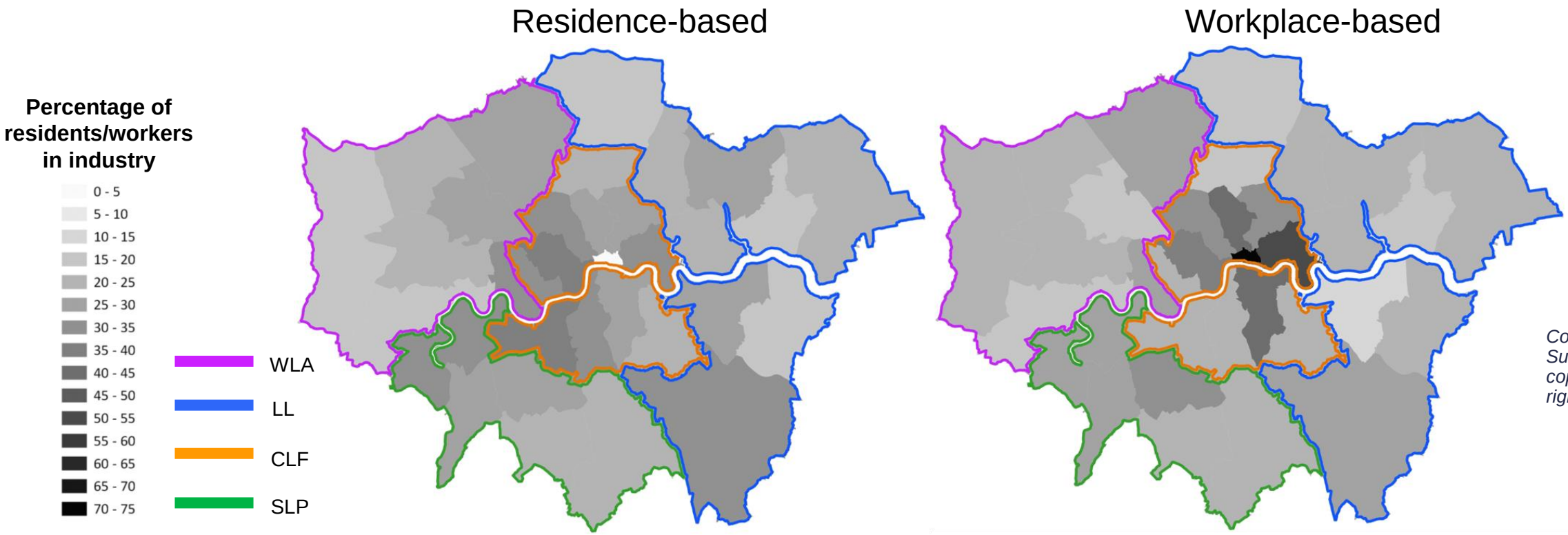
The percentage of residents working the in banking, finance and insurance industries tends to be higher in more affluent boroughs such as Westminster and Wandsworth. Bromley, as an outer London borough, also has a high proportion of working residents in these industries.



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Source: ONS, 2020. Labour Force Survey 2019.

Source: ONS, 2020. Business Register and Employment Survey 2019.

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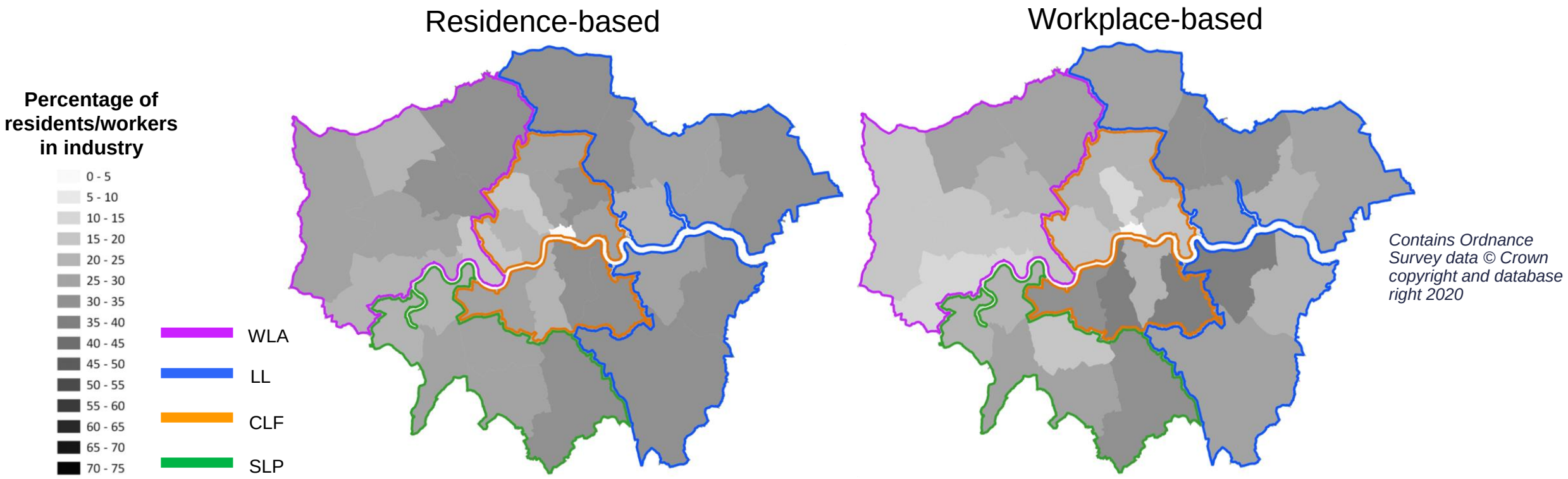
Public admin, education and health industries tend to be represented in higher proportions in southern inner London boroughs, such as Lambeth, Lewisham and Greenwich. The residents themselves that work in these industries, however, seem to be distributed relatively evenly across London's boroughs.



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Source: ONS, 2020. Labour Force Survey 2019.

Source: ONS, 2020. Business Register and Employment Survey 2019.

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The level of self-containment – the proportion of residents in the SRP who are also working within the SRP – varies greatly across London.

Self-containment rates are combined with job postings data within the forecasting section to estimate which residents will take up the types of jobs that are anticipated to lead the economic recovery in London.

Area of residence and work	All industries	Transport and storage (H)	Distribution, hotels and restaurants (G,I)	Office (J-N)	Public Admin, Education and Health (O-Q)
WLA	**29%**	31%	32%	21%	32%
CLF	**28%**	23%	30%	**28%**	29%
LL	**22%**	24%	24%	13%	25%
SLP	**26%**	27%	**31%**	19%	29%

Source: ONS, 2011. The Census – Location of usual residence and place of work by industry (safeguarded data).

WLA has the highest rate of self-containment (29%), driven by large self-containment rates in all key industries apart from office.

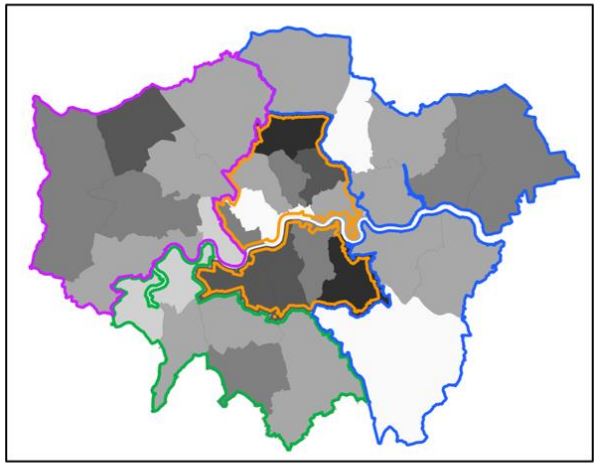
Interestingly, **SLP also has a high rate of self-containment (26%)**. This is driven by almost 31% of the SLP's residents working in distribution, hotels and restaurants also working within the SLP boundary. This reflects the fact that people tend to travel smaller distances to these generally lower-skilled jobs.

In contrast, people tend to commute further distances to higher-skilled office jobs, which is reflected by the fact that proportions of self-containment in the office sector are lower with the exception of CLF, which possesses the borough in which many office jobs in London are clustered.

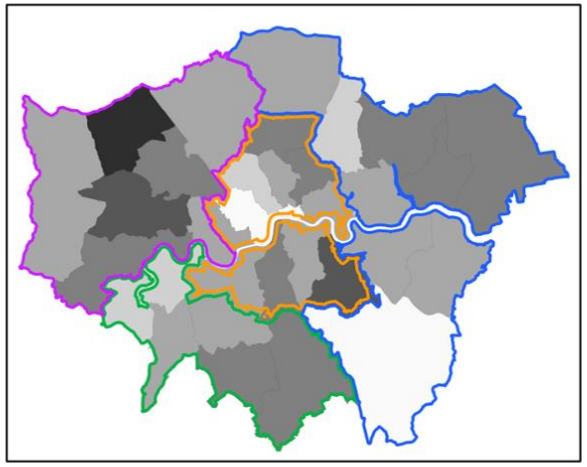
Self containment rates by SRP and key industries.

'Self containment' refers to the extent to which local jobs are undertaken by local residents. For example, a 60% self-containment rate in borough 'x' across all industries, would suggest that 60% of all jobs situated within SRP 'x', i.e. the SRP within which that borough is located, are taken up by residents of borough 'x'. The remaining 40% are therefore taken up by residents of other surrounding areas, including surrounding SRPs.

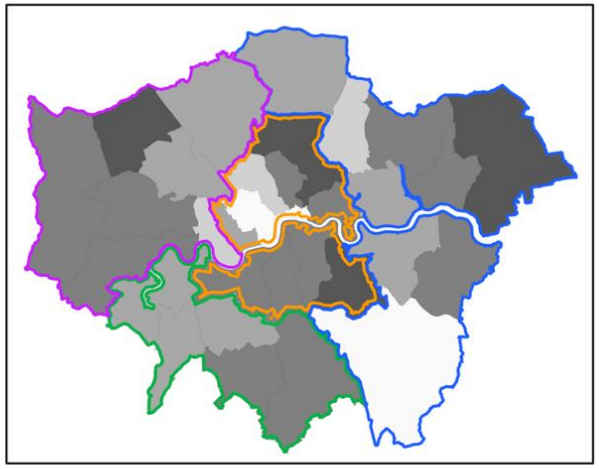
All Industries



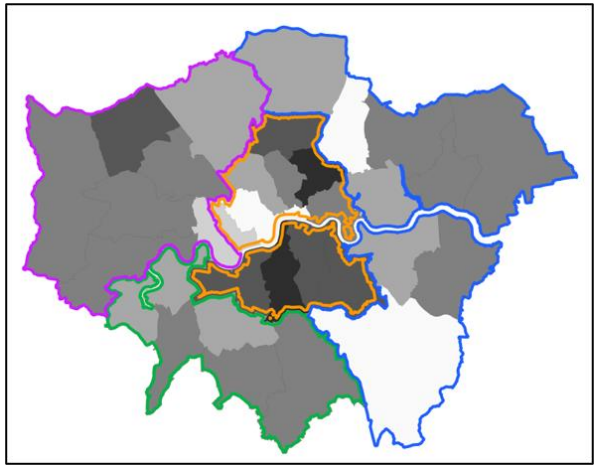
Transport & Storage



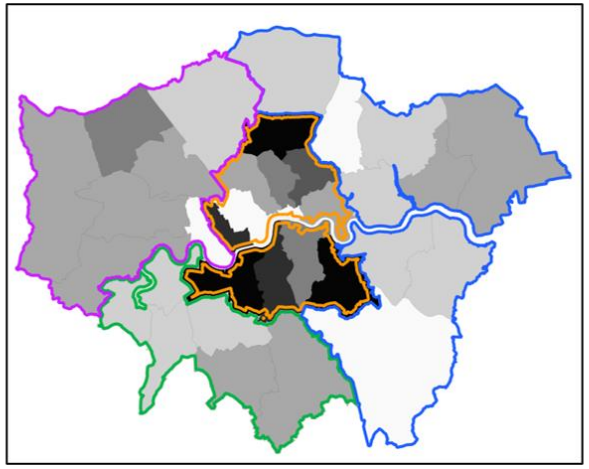
Public Admin



Distribution, Hotels & Restaurants



Office-based



WLA

LL

CLF

SLP

Self containment take-up rates

(% of SRP residents who also work within the SRP)

- 0% - 10%
- 10% - 20%
- 20% - 30%
- 30% - 40%
- 40% - 50%
- 50% - 60%
- 60% - 70%

A few things to note:

Bromley, City of London and Westminster* have the lowest self-containment take-up rates, below 10% for all industries.

- Bromley ranging between 2.1% - 4.4%.
- City of London and Westminster ranging between 5.9% - 7.8%.

**City of London and Westminster are grouped into one local authority since the data is 2011 census data.*

Source: ONS, 2011. The Census – Location of usual residence and place of work by industry (safeguarded data).

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Volterra

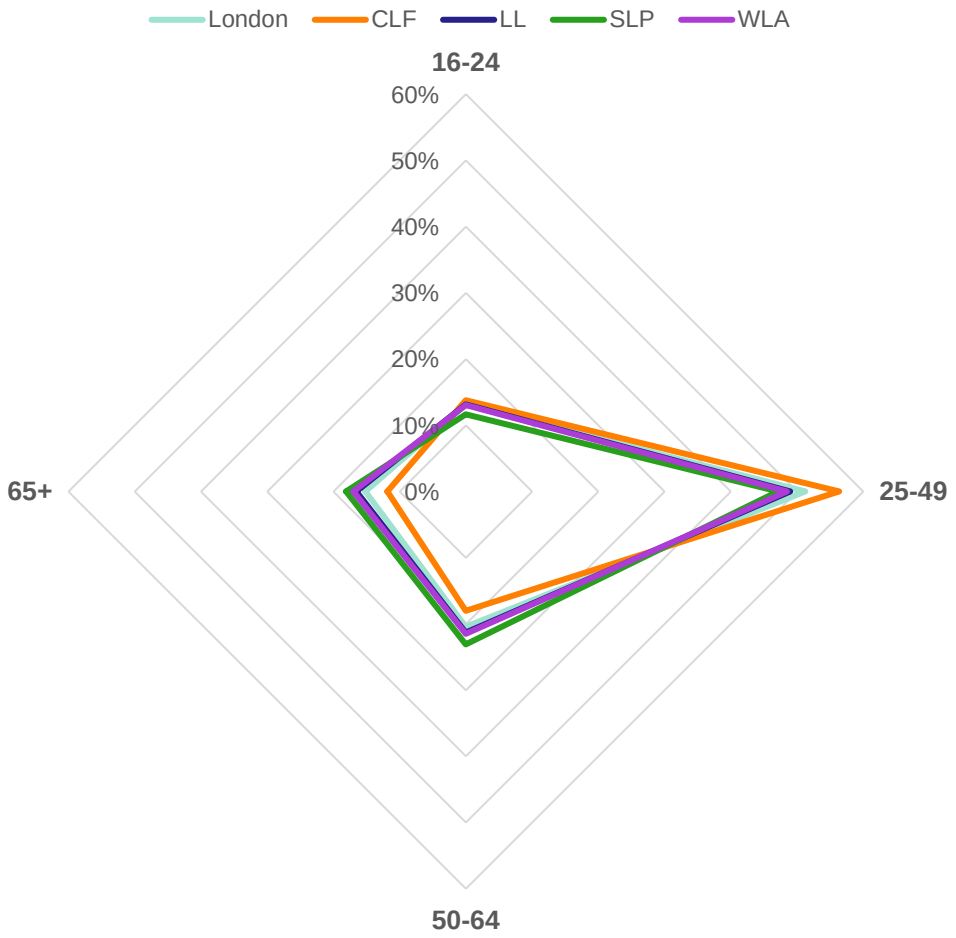
Borough-level workforce analysis highlights significant variation across London.

Building on the maps presented in the previous slide, it is clear that the self-containment proportions for each SRP are driven by:

- **WLA:** Highest self-containment overall of all SRPs. Part of the reason for this lies in the transport and storage industry (31%). Self-containment in the transport industry is driven by Harrow (52%)**,** Ealing (43%) and Hounslow (35%) residents, a large proportion of which likely work at Heathrow. In contrast, there are limited opportunities for office sector work in the WLA, with only 10% of Hammersmith and Fulham residents in the office sector working within the WLA.
- **CLF:** High rates of self containment across all industries apart from transport and storage, but particularly in the office sector relative to other SRPs where 28% CLF residents also work within the CLF boundary. Lewisham has the second-highest overall rate (52%) of all London boroughs, and the highest rate in the office sector particularly (69%). This is likely due to Lewisham's relative highly skilled population working in office jobs in central London.
- **LL:** Only 22% of LL residents also work within the LL boundary, highlighting the limited workplace opportunities available to LL residents within LL itself. The office sector, in particular, has a very low level of self-containment (13%). It is likely residents of LL boroughs commute into CLF boroughs for office work, such as residents of Waltham Forest, where only 7% of office working residents work within LL. The anomalies of LL boroughs in terms of self-containment are Barking and Dagenham and Havering, which rank 9th and 10th for self-containment across all industries respectively (35% for each). Havering has a particularly high level in the public admin, education and health sector (41%). The LL borough with the lowest self containment rate is Bromley (4%), followed by Waltham Forest (10%).
- **SLP:** SLP has an average overall self-containment rate (26%), which is mostly driven by the self-containment rates across all industries of Sutton (35%) and Croydon (29%) residents. Self-containment is highest in the distribution, hotels and restaurants industries (31%).

Age and gender profiles are broadly similar across the SRPs.

Borough case study: Whilst the age and gender profiles are broadly similar across the SRPs as a whole, there still exists some significant variation within London. **Havering**, for example, has the largest ageing population in London with 23% of its residents being aged 65 or over. This is in stark contrast with **Newham**, which only has 10% of its population aged 65+. 57% of Newham's population is aged 25-49, compared to only 42% of the corresponding age group in Havering. These two LL boroughs are therefore likely to be vulnerable in their own ways – Newham's young working population may experience larger initial unemployment impacts as a result of COVID-19, but Havering's ageing population may be at greater risk of long-term unemployment once the recovery begins.



CLF: The highest proportion of mid-aged residents, the group most likely to be in work, with 56% of the population made up of 25-49 year olds.

LL & WLA: Distributions very similar to London.

SLP: The highest proportion of older people (65+) of all SRPs. Also has the highest proportion of 50-64s.

London has a much larger proportion of middle aged 25-49 age group category (53% males, 50% females), compared to the national average for that age group (41% males, 40% females).

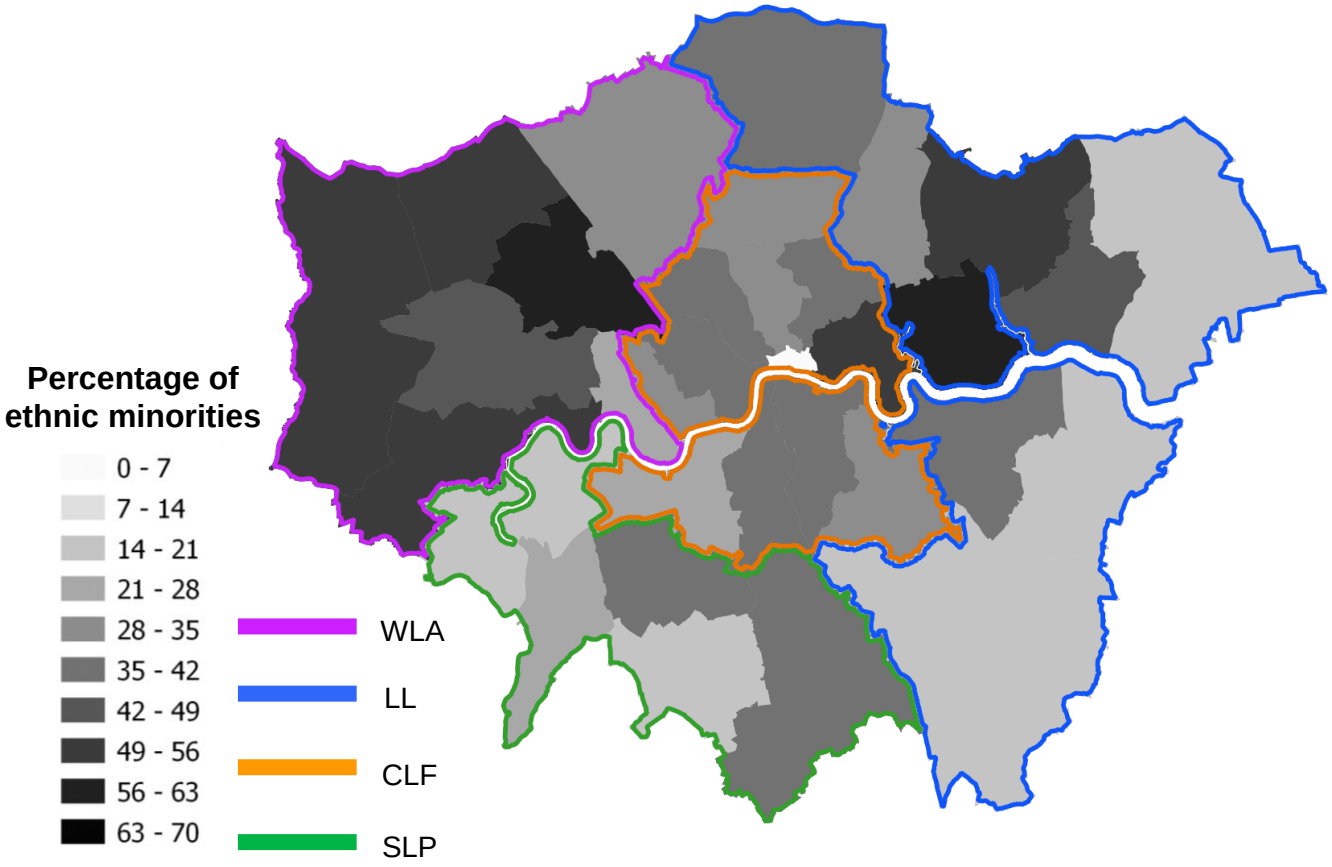
Age	Gender	London	CLF	LL	SLP	WLA
16-24	Male	13%	13%	14%	12%	14%
	Female	13%	14%	12%	11%	12%
25-49	Male	53%	**58%**	50%	48%	50%
	Female	50%	**55%**	48%	47%	47%
50-64	Male	20%	18%	21%	**23%**	21%
	Female	21%	18%	22%	**23%**	22%
65+	Male	14%	11%	15%	**17%**	15%
	Female	17%	13%	18%	**19%**	19%

Source: ONS, 2020. Population estimates, Jan 2019 - Dec 2019.

Volterra

The presence of ethnic minorities varies significantly by borough.

Borough case study: Whilst the map below shows that only 28% of SLP residents are from ethnic minority backgrounds, Job Entry Targeted Support (JETS) programme data received from SLP suggests that approximately 47% of participants are BAME. This reflects stakeholder engagement feedback received from **Kingston upon Thames**, who are concerned that COVID-19 is causing a differential impact on employment opportunities for BAME residents in the borough. This is reflected in the unemployment forecasts for SLP, where the peak unemployment rates for ethnic minorities is forecast to be more than double (13.5%) the forecast peak rate for white residents (6%).



Source: ONS, 2020. Annual Population Survey, Jan 2019 - Dec 2019.

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It is a well known fact that London is a diverse city. Yet levels of diversity vary significantly by borough. As the map shows, generally the western and north-eastern London boroughs have a higher prevalence of residents from ethnic minorities.

Within **WLA boroughs**, **Brent** has the highest representation of ethnic minorities (60%). Ethnic minorities, when combined, account for a greater proportion of the overall population when compared to that of the white population.

Within **LL boroughs, Newham** has the highest representation of ethnic minorities (61%).

CLF generally has a lower proportion of residents from ethnic minorities than LL and WLA, although **Tower Hamlets** is the exception with 51% of the population from ethnic minorities.

The other two London boroughs where ethnic minorities represent over 50% of the population are Hillingdon and Harrow.

Overall, **WLA** has the **highest representation of ethnic minorities (46%)**, whilst **SLP has the lowest proportion** of residents from ethnic minority backgrounds (28%).

London has more than double the percentage of residents from ethnic minority backgrounds (37%) than the percentage across England (14%).

Volterra

Working residents by occupation highlight why LL boroughs are more likely to suffer from in-work poverty. The SRP has a higher proportion of residents working in the lowest paid occupations, including elementary occupations and sales and customer service occupations.

Occupation (SOC)	London	CLF	LL	SLP	WLA
Managers, directors and senior officials	**14%**	14%	12%	14%	14%
Professional occupations	**27%**	**30%**	22%	25%	27%
Associate prof & tech occupations	**18%**	**22%**	15%	18%	16%
Administrative and secretarial occupations	**9%**	7%	10%	10%	9%
Skilled trades occupations	**7%**	5%	**10%**	8%	6%
Caring, leisure and other service occupations	**7%**	6%	7%	7%	8%
Sales and customer service occupations	**6%**	5%	7%	6%	6%
Process, plant and machine operatives	**5%**	3%	7%	3%	5%
Elementary occupations	**8%**	7%	**9%**	7%	9%

Professional occupations seems to be the most popular occupation throughout the SRPs and London as a whole (27%).

CLF residents are more likely to be working in skilled occupations such as professional (30%) or associate professional & technical (22%).

LL has the highest proportion of residents working in low-skilled elementary occupations (9%), but does have an above average proportion of residents working in skilled trades (10%).

SLP and **WLA** residents are broadly in line with the London averages, in terms of occupational splits.

London has a higher proportion of residents working in high skilled occupations: managers, directors and senior officials (14%), professional occupations (27%) and associate professions and technical occupations (18%), than the national average (12%, 22% and 15% respectively).

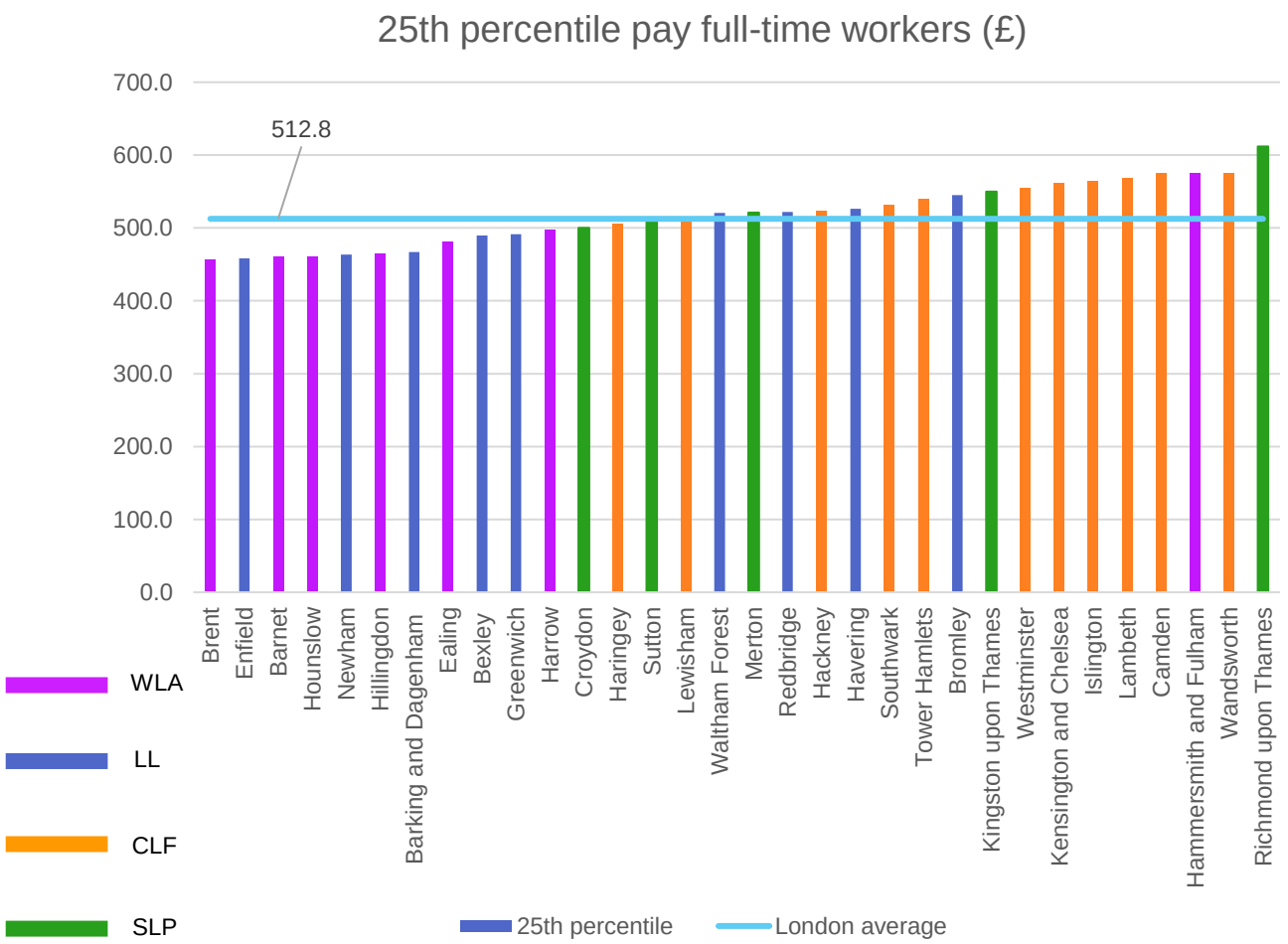
Volterra

Source: ONS, 2020. Annual Population Survey, Jan 2019 – Dec 2019.

Note: Columns may not sum to 100% due to rounding

K&C and Richmond have the highest absolute levels of wage inequality, although Bexley appears to have the largest relative wage inequality.

Borough case study: As shown in the main report (slide 23), **Barking and Dagenham** residents receive the second lowest median wage of any boroughs in London after Hounslow. Low median pay is often linked to other underlying characteristics that place residents at a disadvantage such as lower skills and more elementary-type occupations. Combining these factors highlights why Barking and Dagenham residents could be at risk of becoming unemployed in this recession. This is reflected in the unemployment forecasts for the borough, where the LFS rate is estimated to peak at 12.6% in September 2021.



Source: ONS, 2020. Annual survey of hours and earnings, resident analysis - 2020.

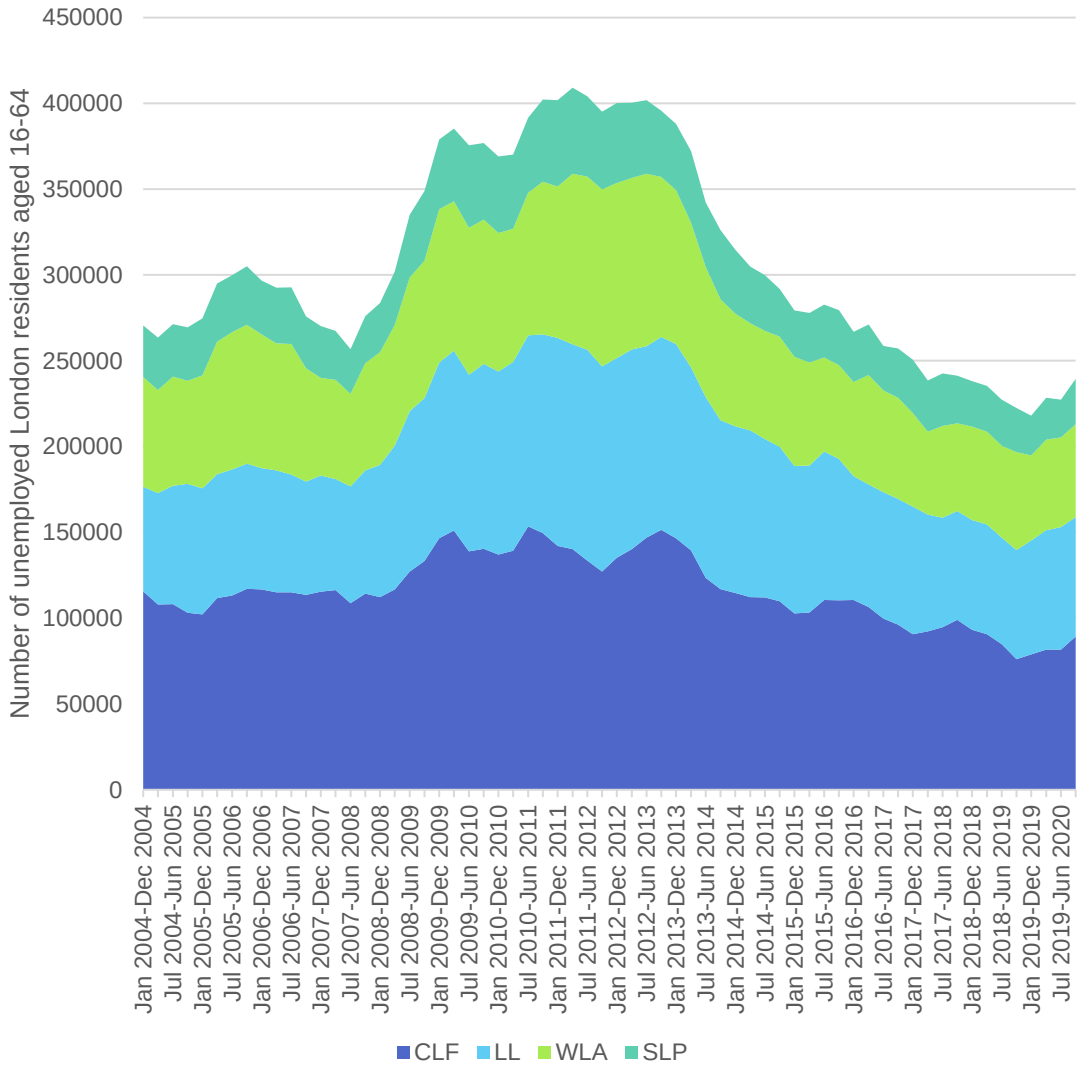
Difference between median pay and 25th percentile pay (and ranks)

Borough	Absolute difference (£)	Relative difference (ranks)	Borough	Absolute difference (£)	Relative difference (ranks)
Kensington and Chelsea	332	-5	Haringey	195	-1
Richmond upon Thames	281	0	Hackney	193	3
Islington	279	-3	Camden	192	7
Westminster	260	-4	Hillingdon	190	-3
Bromley	260	-5	Lambeth	189	5
Tower Hamlets	255	-5	Brent	183	-5
Bexley	241	-11	Merton	182	2
Harrow	230	-7	Lewisham	180	2
Wandsworth	219	5	Croydon	176	2
Waltham Forest	212	-5	Havering	164	8
Hammersmith and Fulham	208	6	Newham	162	1
Kingston upon Thames	204	2	Barnet	157	1
Redbridge	197	1	Ealing	152	3
Greenwich	197	-1	Sutton	143	7
Southwark	196	2	Barking and Dagenham	142	5
Enfield	195	-6	Hounslow	136	3

Appendix B – Historic unemployment (identifying disproportionate trends)

Note: This appendix should not be viewed as a standalone document. It provides more detailed information on historic unemployment characteristics that supplement the most relevant analysis presented in the main report.

Prior to COVID-19, unemployment in London was steadily reducing over time. LL boroughs have, however, gradually accounted for a larger proportion of total unemployment over time, highlighting persistence effects in this SRP.



Source: ONS, 2020. Annual Population Survey, Jan 2004 – Sep 2020.

The total number of unemployed people in London has gradually reduced over time, apart from during the aftermath of the 2008 recession – in absolute terms at the height of the last recession **there were over 400,000 unemployed Londoners**, 190,000 more than in December 2019 (or just over double).

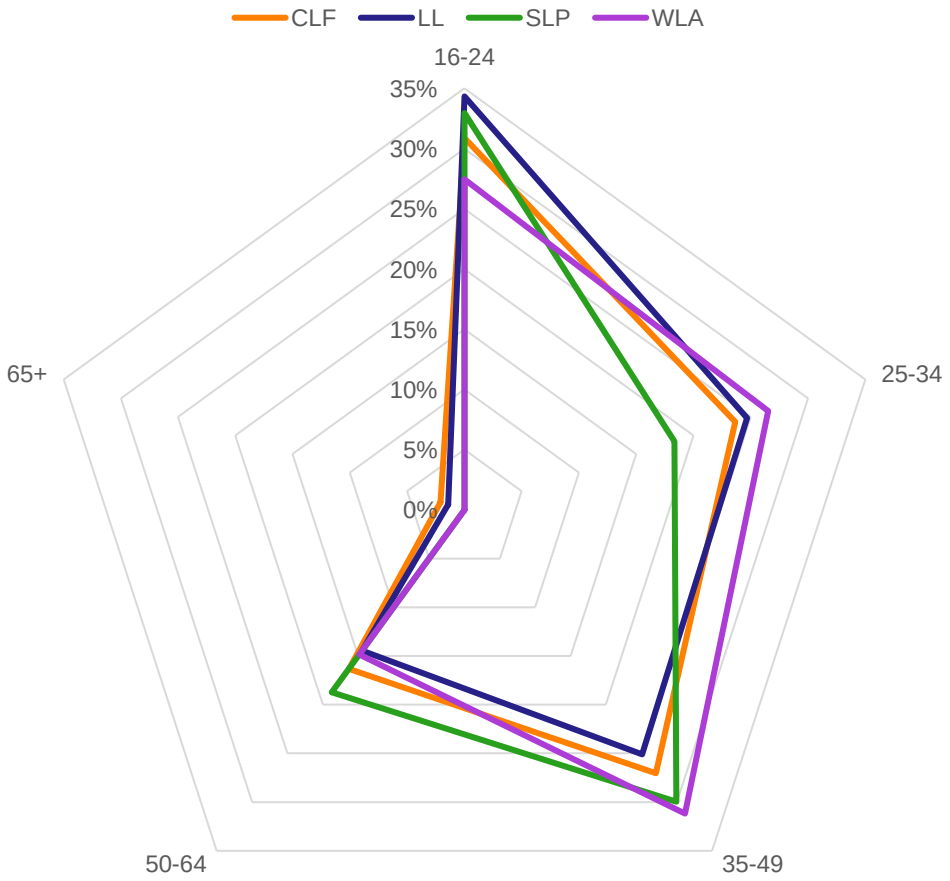
Unemployment levels have not yet reached the heights of the previous recession in the UK, although much of this difference could be due to the Government's Coronavirus Job Retention Scheme (CJRS).

- **CLF:** home to by far the highest absolute number of unemployed Londoners - at its peak in the 2007/08 recession, it was home to 44% of London's unemployed residents. This has been reducing over time, with the most recent data showing that 37% of London's unemployed live in CLF boroughs.
- **LL:** conversely, the proportion of London's unemployed residents residing in LL has been rising over time – from 23% in 2006/07 to 29% in 2019/20.
- **WLA:** historically, the numbers of unemployed Londoners living in WLA were very similar to LL, but in contrast to the LL proportions rising, WLA proportions have stayed broadly the same over time (21%-26% of London's total).
- **SLP:** the proportion of unemployed Londoners living in SLP has remained consistently low – ranging from 10% to 13%.

Volterra

Unemployment rates amongst London's youth population remain the highest of all age groups.

Borough case study: Stakeholder engagement received from **Merton** indicates that there is significant concern around rising numbers of youth unemployment in the borough. This demographic, which are generally forecast to experience higher unemployment rates as a result of COVID-19, could be the driving force behind the finding that Merton is forecast to have the highest peak unemployment rate of all SLP boroughs (10.6% in September 2021).



Source: ONS, 2020. Annual Population Survey, Oct 2019 – Sep 2020.

Youth (16-24) unemployment represents just under a third of unemployed Londoners. It is the largest age group in most SRPs, but particularly so in LL (34%) and SLP (33%).

In WLA, the absolute numbers of unemployed people in 35-49 age category is the highest, unlike all other SRPs. This is a noticeable problem in WLA, with more people aged 35-49 unemployed than youth unemployment.

Unemployment in older groups is evidently a more pronounced problem in CLF, with 2% of all unemployed residents being over 65.

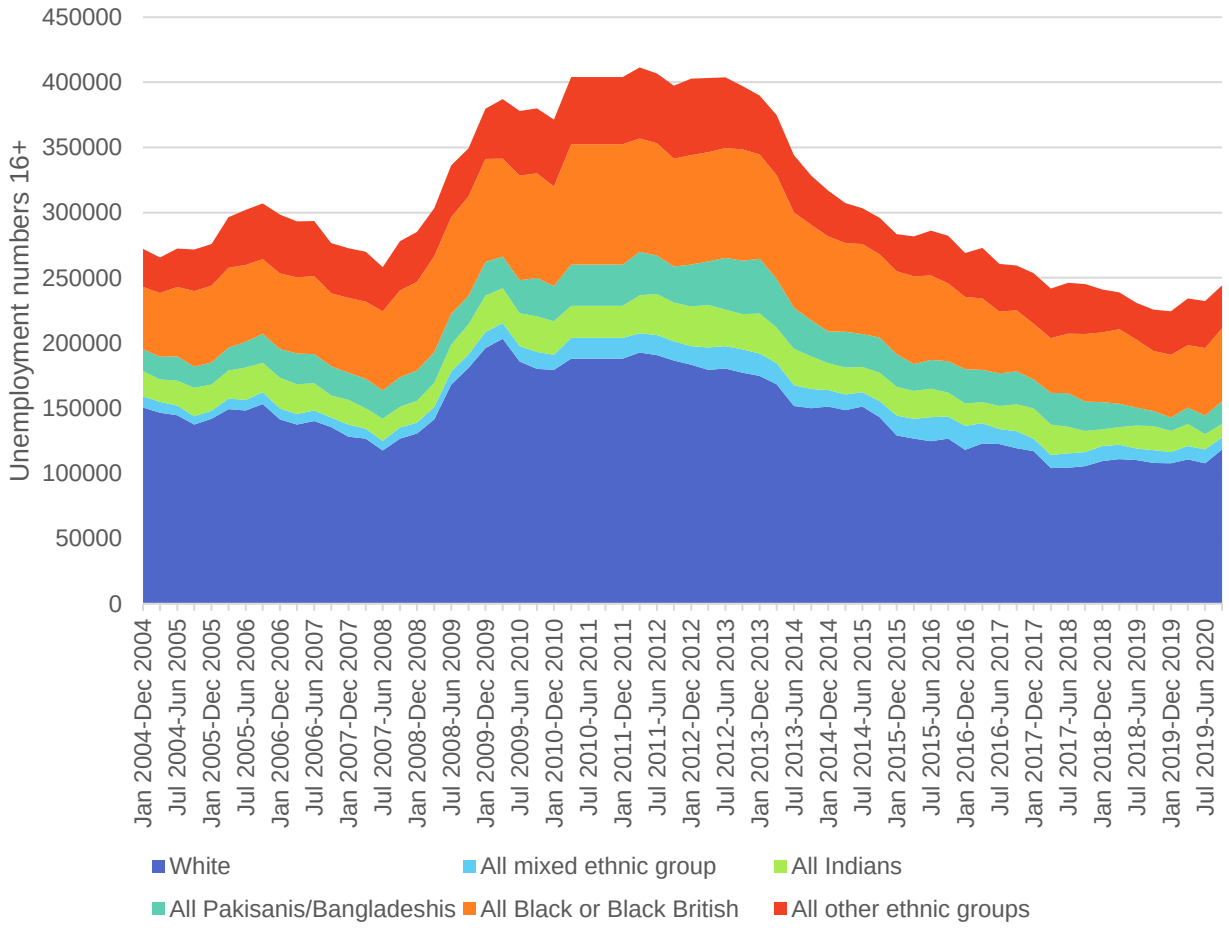
SLP has almost as many aged (35-49) unemployed as those aged (16-24).

Age	London	CLF	LL	SLP	WLA
16-24	76,000	28,200	24,200	8,800	14,800
25-34	58,200	21,600	17,400	4,900	14,300
35-49	67,200	24,700	17,700	8,000	16,800
50-64	38,000	14,900	10,200	5,000	8,000
65+	5,100	1,900	1,000	N/A	N/A

Source: ONS, 2020. Annual Population Survey, Oct 2019 – Sep 2020.

Volterra

Whilst white ethnicity represents the single group with the highest absolute unemployment numbers, more people from all ethnic minority groups are unemployed than white Londoners.



White Londoners have historically been and continue to be the largest sub-group of unemployed Londoners. However, when combining all ethnic minority subgroups, they exceed the quantum of white unemployed Londoners. In the last recession, the number of unemployed white Londoners peaked at 203,000, and the number of unemployed ethnic minority Londoners peaked at 224,000.

When looking at unemployment rates, however, the disproportionate trends start to show further. Whilst the highest unemployment rate for white Londoners was 7.2% (April 2009-March 2010), unemployment rates for ethnic minorities peaked at a much higher rate of 14.5% during April 2011-March 2012.

This peak for ethnic minorities was driven by very high unemployment rates historically amongst Londoners from Black or Black British and Pakistani/Bangladeshi ethnicities.

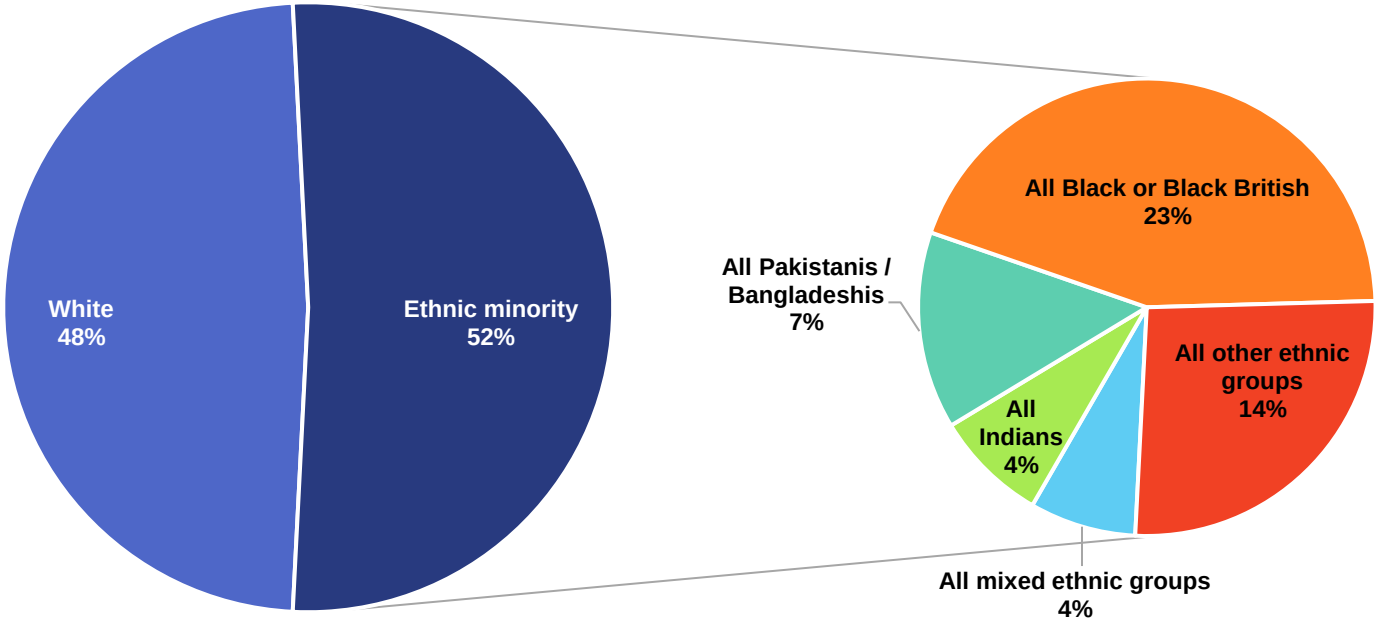
At this peak of the last recession, unemployed ethnic minorities made up 53% of unemployed Londoners. The peak for unemployed ethnic minority Londoners was around one year after the general peak unemployment rate, and this was driven by a markedly higher rate in WLA boroughs, where two-thirds of unemployed residents were from ethnic minorities.

Volterra

Source: ONS, 2020. Annual Population Survey, Jan 2004 – Sep 2020.

Taking October 2019 – September 2020 as a snapshot, it is clear black or black British residents were driving the higher numbers of ethnic minorities who are unemployed.

Percentage of unemployed Londoners by ethnicity (age 16+)



Ethnic minority is the broad category encompassing all smaller ethnic groups, including all Black or Black British, all Pakistanis/Bangladeshis, and all Indians to name a few.

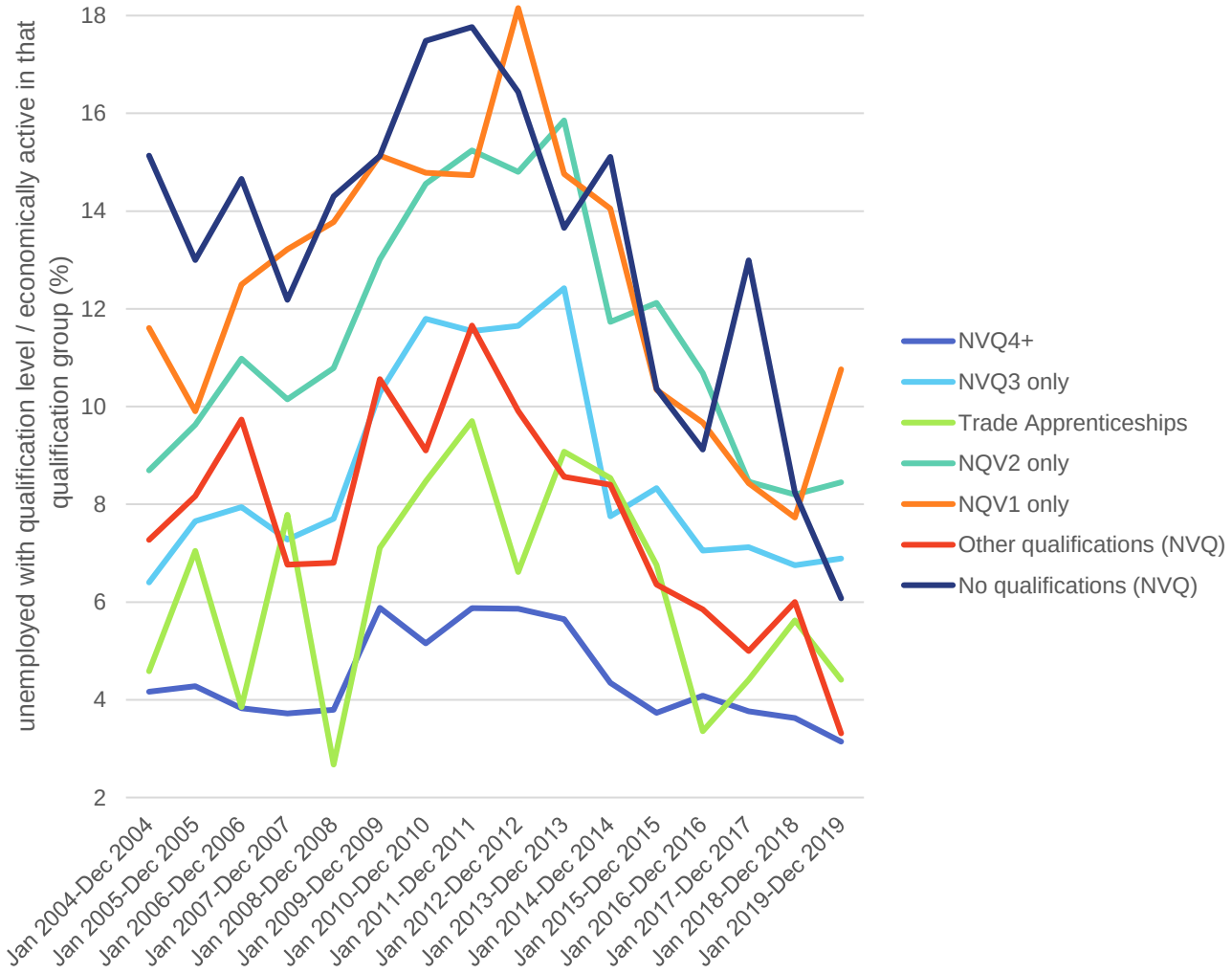
There is a slightly higher percentage of unemployed ethnic minority Londoners in the most recent quarter.

Within the broad ethnic minority category, Black or Black British have the highest percentage of unemployed Londoners (23%).

Source: ONS, 2020. Annual Population Survey, Oct 2019 – Sep 2020.

Volterra

When looking at relative unemployment rates as a proportion of that sub-group of the population, rates across London are highest for residents with lower levels of qualifications.



A proxy methodology is used to estimate unemployment rates by qualification level. The **calculation** used for the graph presented here is as follows (NVQ4+ used as example):

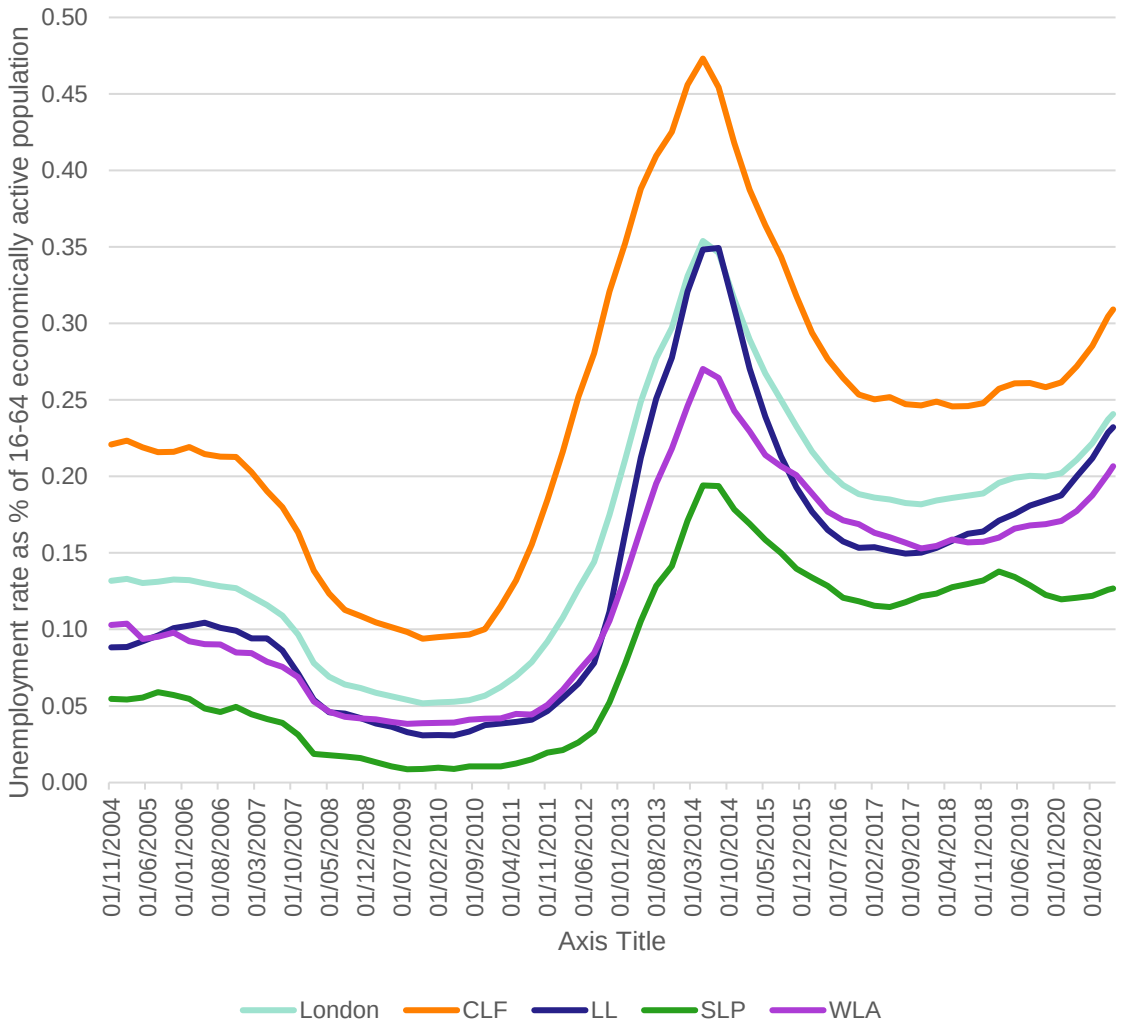
- Economically active with NVQ4+ - number employed with NVQ4+ = number unemployed with NVQ4+.
- (Number unemployed with NVQ4+)/(**NVQ4+ only** economically active population) = unemployment rate for NVQ4+ as **a proportion of economically active with NVQ4+ qualification**.

This relative measure of unemployment by skill level shows that:

- Relative unemployment rates are persistently higher for London residents with few or no qualifications (up to NVQ2+).
- The relative unemployment rate is typically lowest for residents with NVQ4+ qualifications.
- Residents with trade apprenticeships also typically have below average unemployment rates.

Source: ONS, 2020. Annual Population Survey, Jan 2004 – Jun 2020. Volterra calculations, 2021.

Whilst all other durations of unemployment have gradually decreased over time, long-term unemployed residents remain a key issue for the SRPs.



The long-term unemployed rate was calculated by dividing JSA count data by the total number of economically active people aged 16-64 in each SRP.

Note that this a proxy rate – there are some inconsistencies in time periods used for the two datasets:

- Quarterly data from JSA is compared to average annual data from the APS
- For Q4 2020, we assume the number of economically active remains the same as Q3 2020.

CLF has the highest longer term unemployment rates of the SRPs, with SLP the lowest. Boroughs with the highest long-term unemployment rates include:

- **CLF**: Hackney had a long-term unemployment rate of 0.6% towards the end of 2020, whilst Lambeth's and Islington's rates were narrowly behind at 0.4%.
- **LL**: Barking & Dagenham had a long-term unemployment rate of 0.4% in 2020.
- **WLA**: Brent and Ealing had a long-term unemployment rate of 0.4% in 2020.

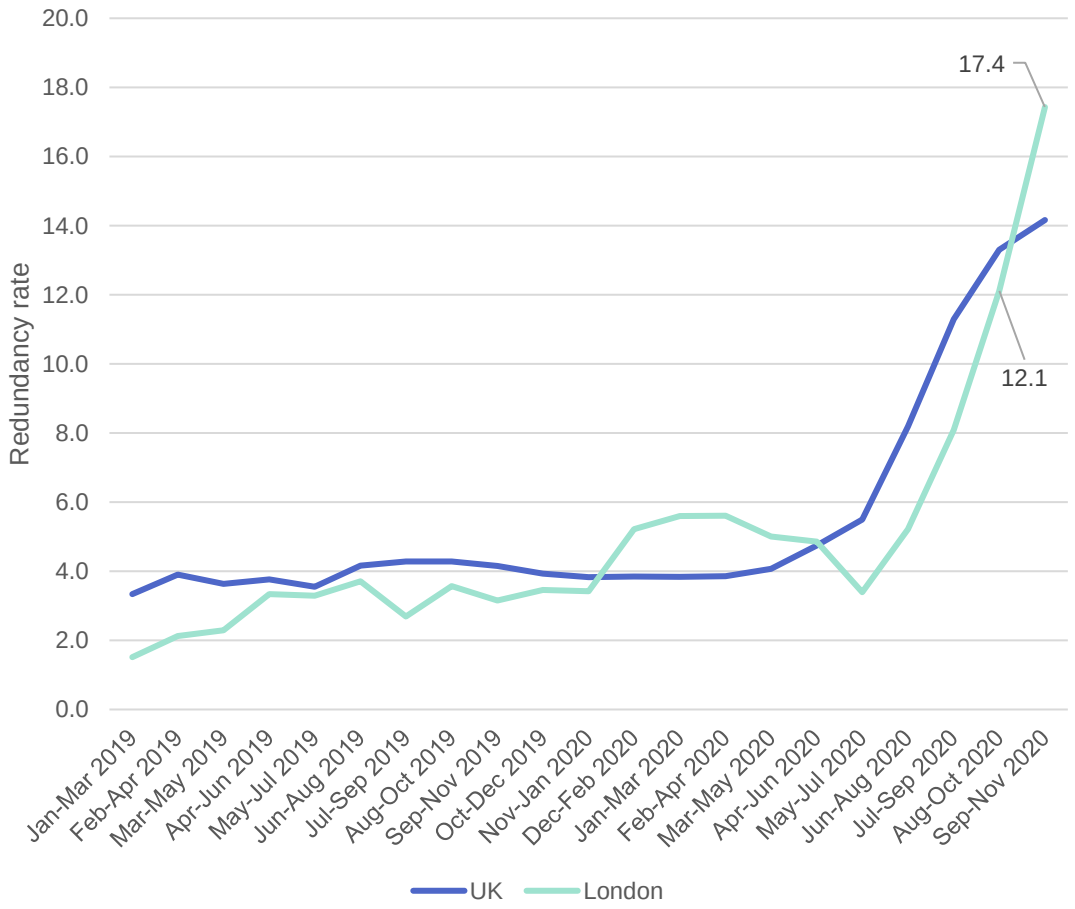
Volterra

Source: ONS, 2020. Annual Population Survey, Jan 2004 – Sep 2020. ONS, 2020 Jobseeker's Allowance, Nov 2004 – Dec 2020.

Appendix C – Differential unemployment impacts (2020)

Note: This appendix should not be viewed as a standalone document. It provides more detailed information on differential unemployment impacts that supplement the most relevant analysis presented in the main report.

In the latter half of 2020, the redundancy rate in London began to rise substantially above the national average. As shown on the next slide, job postings in London have substantially decreased over the same period.



Redundancy rate = the ratio of the redundancy level for the given quarter to the number of employees in the previous quarter, multiplied by 1,000.

Effective measure of total redundancies per 1,000 workers.

In recent months, the redundancy rate recorded in London has started to ramp up, increase from 12.1 in Aug-Oct 2020 to 17.4 in Sep-Nov 2020.

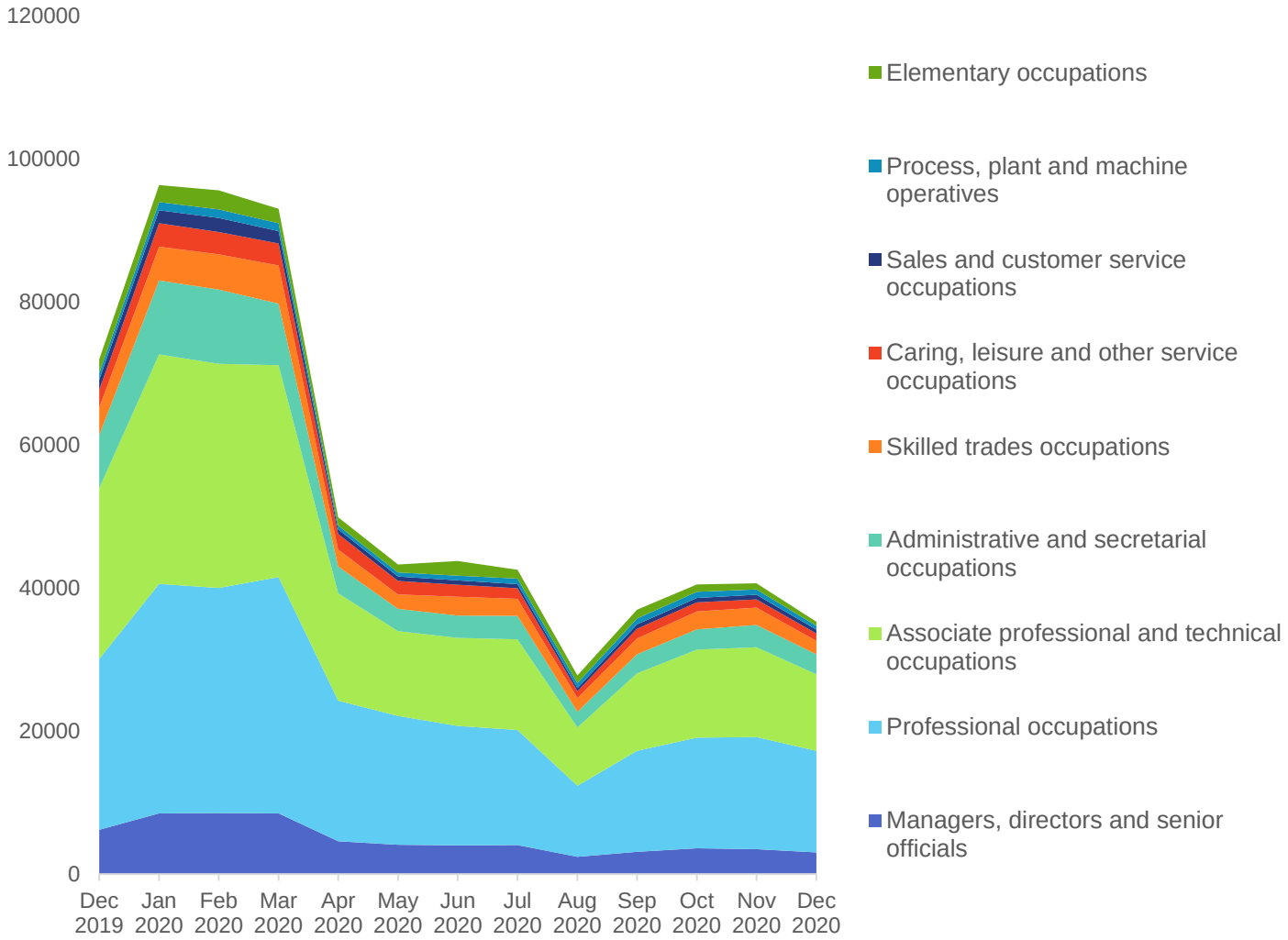
This concerning trend could be a reflection of the Government's lower amount of support given to employers in later iterations of the CRJS, meaning employers are increasingly having to make more employees redundant.

Source: ONS, 2020. Redundancy rates by region of residence for those 16+

Volterra

Job postings have significantly declined across all occupations in London since the emergence of the COVID-19 pandemic, highlighting the lack of employment opportunities for unemployed Londoners.

Total Unique Job Postings in London (Dec 2019 – Dec 2020)



Source: Emsi, 2020, Job Posting Analytics

Pre-lockdown figures show that the total number of unique job postings in London stood at approximately 72,000 at the end of 2019, rising up to 93,000 in March 2020.

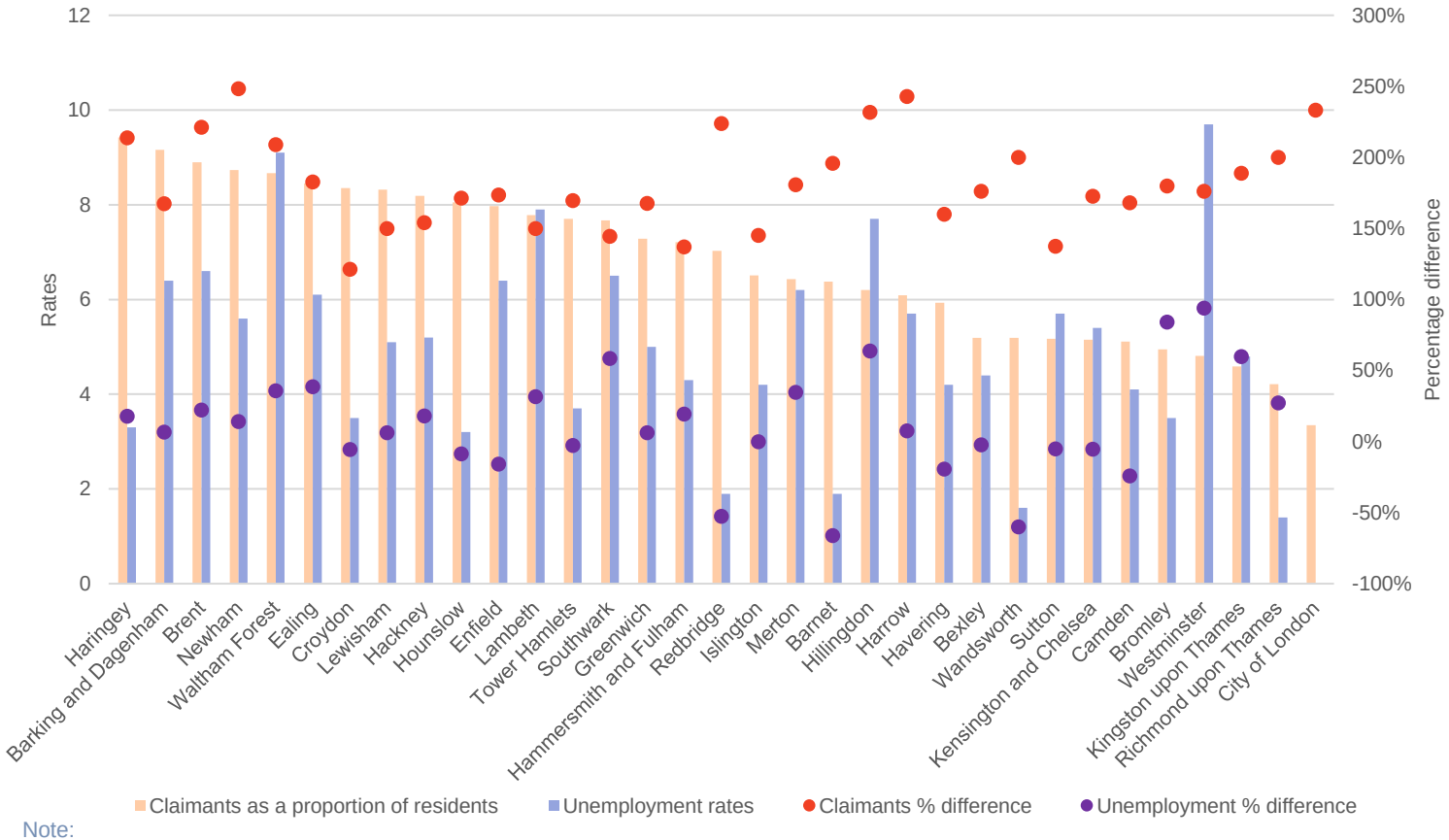
However, the introduction of the 1st national lockdown at the tail-end of March saw unique job-postings fall substantially as economic activity came to a sudden halt. In fact, unique job postings in the capital fell by 62% between March 2020 and December 2020, equivalent to approximately 58,000 postings.

In absolute terms, the worst-hit occupation in London was **associate professional and technical occupations**, with job postings in this category declining by approximately 19,000. Relatively speaking, **elementary occupations** (the lowest skilled category) had the most significant reduction by 70%.

Volterra

This rise in redundancies, coupled with less jobs being available, has led to large rises in the number of claimants recorded across London.

During COVID-19: claimants as a proportion of residents and unemployment rates, and the percentage differences from before and during COVID-19: claimant rates percentage differences and unemployment rates percentage differences



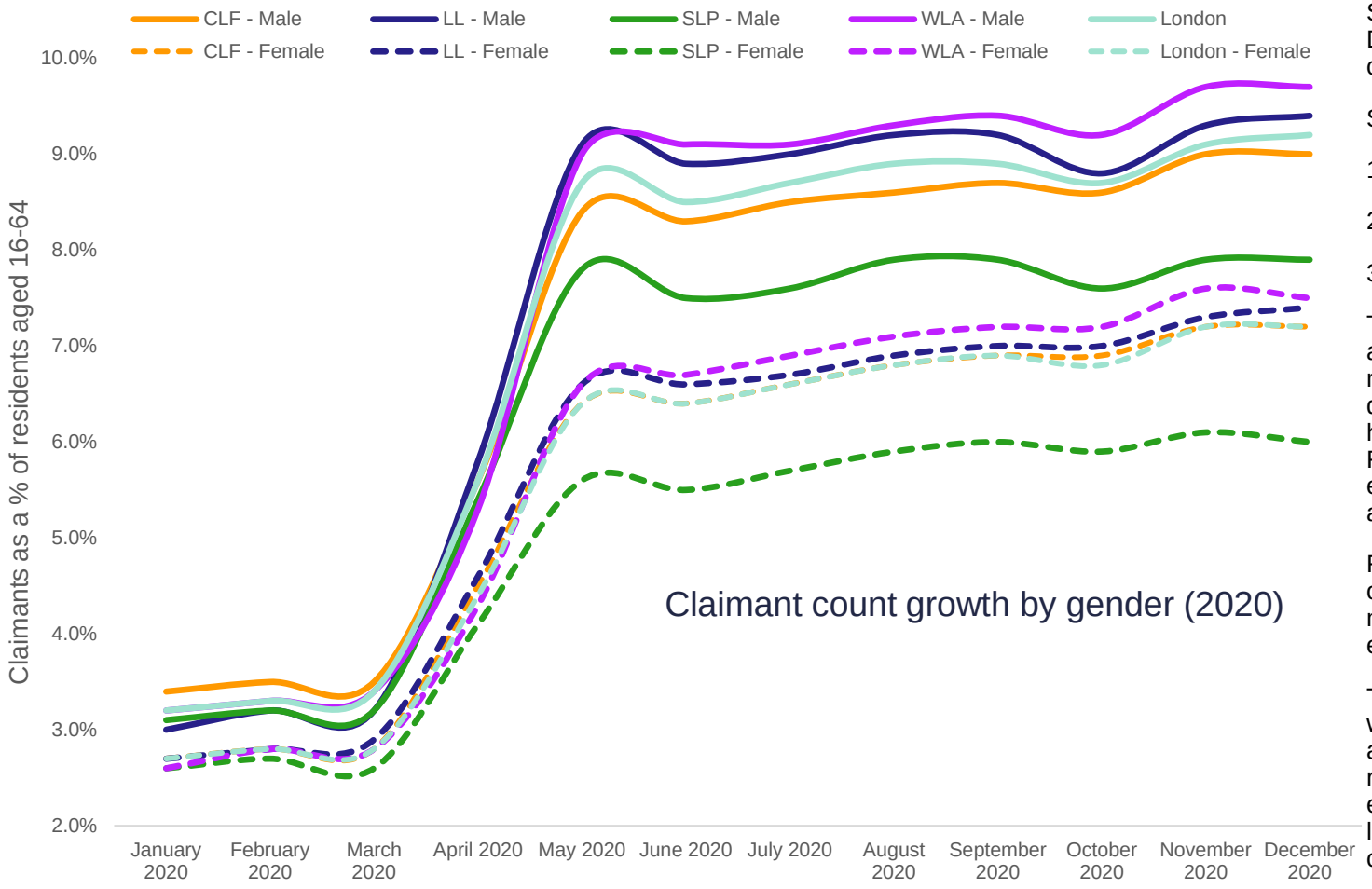
Note:
Claimants as a proportion of residents: Average from March to December 2020, aged between 16-64
Unemployment rates: from October 2019 to September 2020, aged between 16-64
Claimants % difference: the percentage difference from December 2019 to December 2020, aged between 16-64
Unemployment % difference: the percentage difference from January – December 2019 to October 2019 – September 2020, aged between 16-64.

- **Newham** (LL) **experienced the largest percentage increase** (248%) in the **number of claimant**s from December 19 to December 20. **The average claimants as a proportion of residents was one of the highest boroughs** (8.7%) from March to December 2020. (The total December ONS claimant count was the largest from all boroughs 26,650).
- From October 2019 to September 2020, **Waltham Forest** (LL) was **the second highest borough for LFS unemployment rates** (9.1%), a 36% change from January to December 2019. The average claimants as a proportion of residents was also one of the highest (8.7%) from March to December 2020.
- **Haringey** (CLF) **had the highest levels of claimants as a proportion of residents** aged 16-64, on average 9.4% over March to December 2020. In December, the proportions of claimants reached the highest rate of 11.3%, which is a 214% increase from this time last year. A total of 21,015 ONS CC claimants above the age of 16 in December 2020.
- In CLF, **Westminster experienced the largest percentage increase**, where the **unemployment rate** from January to December 2019 **almost doubled** (94% increase). The unemployment rate was the highest in London (9.4%) in October 2019 to September 2020. **Lambeth is home to the highest number of unemployed residents** (15,900) in London. The LFS unemployment rate is in the worst three for boroughs in London (7.9%). This amounts to a 32% increase from January to December 2019.
- **In WLA, Harrow experienced the largest percentage increase in claimant residents due to the pandemic** (243% increase). The average claimants as a proportion of residents was (6.1%) not as high as other boroughs in the SRP, from March to December 2020. For instance, **Brent has one of the highest average claimants as a proportion of residents** in London (8.9%), a 221% increase in claimants from the previous year.
- **Hillingdon** (WLA) **experienced the largest percentage increase** (64%) in LFS **unemployment rates** from January to December 2019 and has the **highest LFS unemployment rate** (7.7%) **in WLA**.
- **In SLP, Richmond upon Thames had the highest increase in claimant residents**, doubling the number of claimants from the previous year. Yet, the average levels of claimants as a proportion of residents was (4.2%) not as high as Croydon (8.4%), over March to December 2020. **Croydon has one of the highest total claimant residents** in London, (23,155 in December 2020), however, this is only a 121% increase (the **lowest percentage increase** in London) from Dec 19.
- Merton (SLP) is the highest borough in SLP for the LFS unemployment rate (6.2%), a 22% increase from January to December 2019.

Volterra

Source: ONS, 2020. Claimant count by sex and age, Dec 2019 to Dec 2020. *Source: ONS, 2020. Annual Population Survey, Jan 2019 to Sep 2020.*

Across all SRPs, the male claimant rate is materially higher than the corresponding female claimant rate – this is likely due to the industrial make up of each gender and the differential impacts of COVID-19 on different industries



Claimant count rates for both males and females across **WLA and LL** remain higher than the London average from May 2020 onwards.

All regions display **wide disparity between male and female** claimants. In particular, SLP demonstrates the largest difference in claimants, on average (March to December 2020) the rate for male claimants was 1.3 times higher than the female claimant rate.

Since April 2020, the biggest differentials by borough exist in:

1. Bexley (LL), where the rate for males was 1.44 times higher;
2. Havering (LL), where the rate for males was 1.40 times higher; and
3. Croydon (SLP), where the rate for males was 1.38 times higher.

These differences may stem from the industrial makeup and popularity of sectors amongst different genders. Agriculture, forestry, fishing, mining energy & water, manufacturing, construction and transport and communications are heavily male dominated.[1] These industries require hands-on manual labour in which working from home may not be feasible and therefore putting these industries more at risk. Females have a much higher proportion of their workforce in public administration, education and health, (more than double the proportion of males). These industries appear to be relatively secure and least affected from the pandemic.

For both genders, the SRPs present two decreases in claimant count growth, the first occurring towards the end of May, which may be the resulting effects from the 1st national lockdown ending, as businesses began to reopen and the SEISS was extended.

The second decrease in claimant count occurred towards the end of September, which may be a result of the Chancellor's announcement on the Job Support Scheme as a replacement to the furlough scheme, (people who work reduced hours will receive Government help to top up their wages to two-thirds of their full-pay) and the extension of help for self-employed people, longer repayment periods for business loans and an extension to the temporary reduction in VAT for hospitality and tourism companies.

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Source: ONS, 2020. Claimant count by sex and age, Dec 2020.

[1]: Source: ONS, 2020. Annual Population Survey, Oct 2019 – Sep 2020.

Appendix D – Baselining and forecasting methodologies

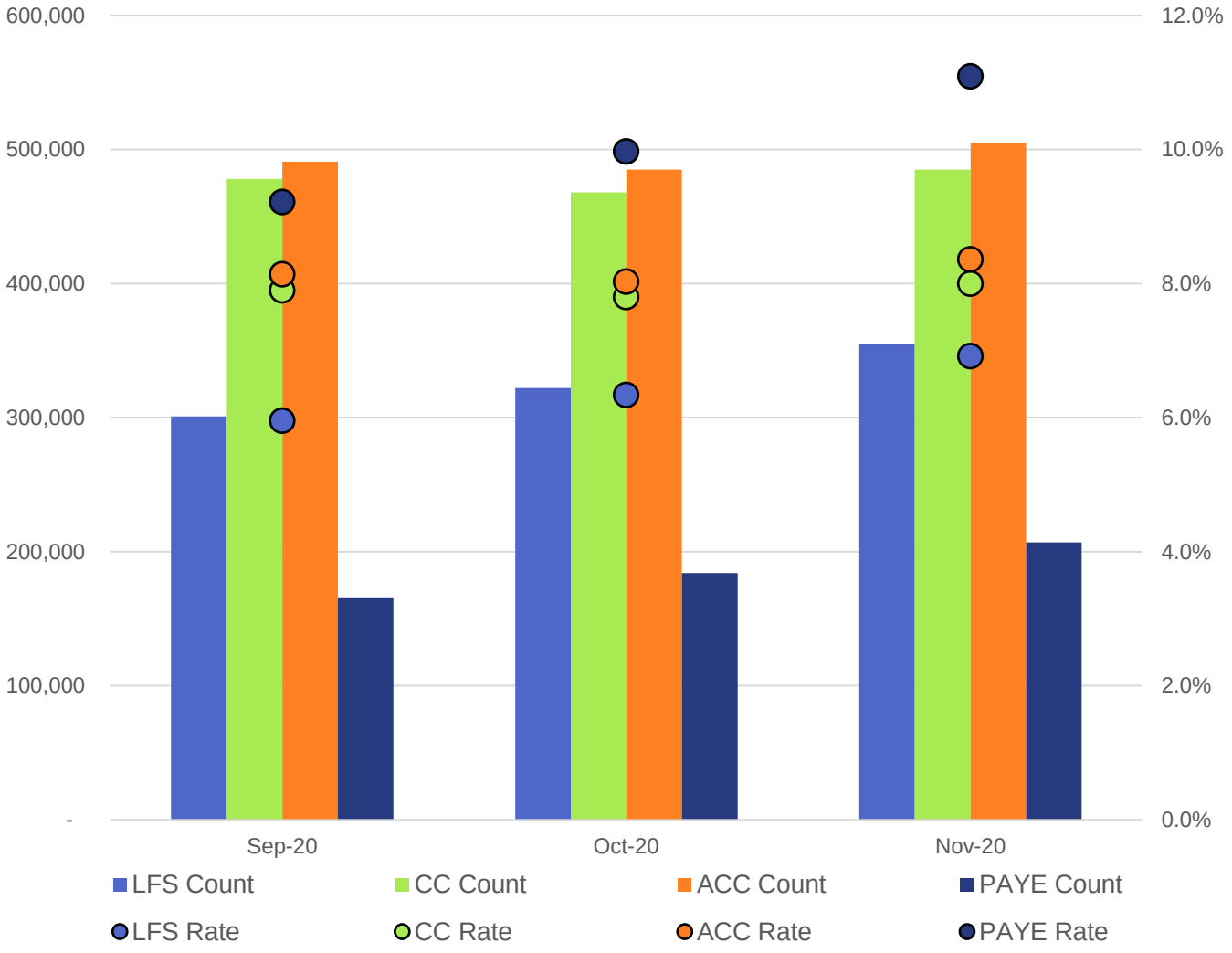
Note: This appendix should not be viewed as a standalone document. It provides more detailed information of baselining and forecasting methodologies that supplement the core methodology presented in the main report.

There exist multiple direct/indirect indicators of unemployment, all with varying definitions.

We refer to two main indicators in this report. First, the 16-64 unemployment rate, consistent with the ONS Labour Force Survey. Second, we also refer to the 16-64 Alternative Claimant Count (ACC) rate.

Indicator	Definition	Formula (if applicable)
Direct Indicators		
Unemployment rate	The percentage of economically active people who are unemployed on the ILO measure. Economically active refers to those aged 16-64 and who are active in the labour force	**No. of unemployed (ILO)** ÷ **No. of economically active**
Alternative Claimant count rate	The percentage of working age residents who are either (i) claiming Jobseeker's Allowance; (ii) those who claim Universal Credit with the searching for work conditionality; and (iii) 'additional claimants' (which includes people who are not in work but previously claimed housing benefit only, people who previously claimed Child Tax Credit but are not earning more than the UC earnings threshold, and people who are the partners of a claimant of Employment and Support Allowance or Income Support but do not having caring responsibilities, a disability or a limitation on their ability to work.	**No. of claimants** ÷ **Residents aged 16-64**
Indirect Indicators		
Employment rate	The number of people in employment as a percentage of those who are working age. This measure is intrinsically linked to the unemployment rate, and thus tends to coincide with changes to unemployment levels.	**No. of employed** ÷ **Residents aged 16-64**
Job postings	This indicator measures the number of job advertisements recorded over any specified time period. The indicator helps gauge the demand for labour across various occupation types. The underlying data is generally sourced directly from online recruitment websites. (e.g., ONS utilizes Adzuna)	-
Job vacancies	Vacancies are defined as positions for which employers are actively seeking recruits from outside their business. The estimates are based on the Vacancy Survey; this is a survey of businesses designed to provide estimates of the stock of vacancies across the economy.	-

LFS vs. Claimant Count (CC & ACC) vs. PAYE data inference – London.



Sources: ONS, 2020. Claimant count by sex and age, Nov 2020; DWP, 2020, Alternative Claimant Counts; ONS, 2020. Labour Force Survey, Sep 2020 – Nov 2020; HMRC, 2020, Earnings and employment from PAYE RTI.

As of November 2020, the LFS unemployment rate for London (which is based on the ILO measure for unemployment) stood at 6.9%*, equivalent to 355,000 unemployed people. Whilst this is regarded as the standard measure for unemployment, other measures have been examined to avoid underestimating the extent to which unemployment has worsened during this crisis.

For example, the claimant count (CC) and alternative claimant count (ACC) which both measure the no. of people claiming universal credit and JSA, suggest that unemployment is severely high. November 2020 figures for CC and ACC reveal that respectively, 485,000 (8.0%) and 505,000 (8.4%) residents are said to be receiving unemployment benefits across London.

Furthermore, PAYE estimates on the number of pay-rolled employees in London, implicitly suggest that unemployment is much higher than previously stated. Between November 2019 and November 2020, the number of employees on regular payroll in the capital fell by 207,000. This would be equivalent to an implied unemployment rate of 11% (4.2 percentage points higher than the LFS rate).

*Note: Although this graph has not been updated during the revision of this work, due to ACC data not being released, the LFS unemployment rate for London has since risen to 7.4% for the period November 2021-January 2021.

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The DWP's 'Alternative Claimant Count' measure is made up of three categories of residents. JSA only forms an increasingly small proportion of total claimant count numbers and hence is not a reliable measure of total unemployment.

Area	Jobseeker's Allowance		Universal Credit searching for work		Additionals		Total CC
	Number	% of total	Number	% of total	Number	% of total	
London	42,800	8	423,200	84	38,900	8	504,800
CLF	15,800	9	154,600	84	13,700	7	184,100
SLP	4,600	9	45,000	85	3,400	6	53,000
WLA	10,400	9	101,200	84	9,400	8	121,000
LL	11,900	8	122,400	83	12,300	8	146,700

The ACC measures the number of people claiming unemployment related benefits.

Before 2013, prior to the introduction of Universal Credit (UC), this was simply the number of people claiming JSA.

The searching for work group includes those who are not working or have very low earnings and hence are required to seek better paid work.

The Alternative CC models what the CC would have been if UC had been rolled out fully since 2013.

'Additionals' are defined as 'modelled' claimants who would have been searching for work under UC had it existed over the entire time period from 2013.

DWP 'Alternative Claimant Count' figures are typically higher than figures reported by the ONS. This difference will reduce as UC is rolled out.

Alternative CC = ONS CC + Additionals – claimants on the health journey pre-work capability assessment

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Source: DWP, 2020. Alternative claimant count, November 2020.

Unemployment rates by borough differ depending on the metric used.

Significant disparities exist dependent on the metric for specific boroughs, for example, **Westminster and Croydon**.
Croydon (SLP) has low unemployment rates, but the highest percentage of claimants.
Westminster (CLF) has high unemployment rates, but a low percentage of claimants.

Key characteristics of example boroughs

Variables		Croydon	London	Westminster
Age[1]	Younger (16-49)	58%	64%	66%
	Older (50+)	42%	36%	34%
Qualifications[2]		5th least qualified borough		3rd most qualified borough
Occupation[3]	Highly skilled	50%	58%	73%
	Lower skilled	29%	25%	17%
Industry[4]	High risk (e.g. distribution, hotels and restaurants)	17%	15%	9%
	Low risk (e.g. office jobs)	23%	27%	39%
Earnings[5]		£67	£715	£815

[1]*: Source: ONS, 2020. Population estimates, Jan 2019 - Dec 2019.*

[2,3]*: Source: ONS, 2020. Annual Population Survey, Jan 2019 – Dec 2019.*

[4]*: Source: ONS, 2020. Labour Force Survey 2019.*

[5]*: Source: ONS, 2020. Annual survey of hours and earnings, resident analysis - 2020.*

Croydon has a lower proportion of younger residents (58%) than London (64%) and Westminster has a higher proportion of younger residents (66%).

As shown in our analysis, the younger age category is more likely to be unemployed, therefore since Westminster has a larger younger population, this may explain the higher unemployment rates and similarly for Croydon having a smaller younger age category population, the unemployment rates are lower.

Yet. Croydon is the 5th least qualified borough and Westminster is the 3rd most qualified borough. Westminster has a larger proportion of highly skilled occupations (73%) than London (58%). Meanwhile Croydon has a larger proportion of lower-skilled residents (29%) than London (25%).

Westminster has a larger office-based workforce (39%) than London (27%), whilst Croydon residents are 23%.

Westminster residents are highly skilled, more qualified and have better-paid jobs, this may suggest that the workforce is better supported financially, which explains the lower number in claimant residents.

However, Croydon residents are in lower-skilled occupations, are less qualified and earn less than the London average, so residents may need more financial support, which could explain the high number in claimant residents.

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Baseline employment data is split into two groups. Whilst both are used in this report, the focus is placed on residence-based data.

First, data (e.g. the Business Register and Employment Survey) are available at the workplace level, i.e. where people work. This data helps to gauge the sectoral make-up of an area and the productivity of the area's workforce.

Next, data such as the Annual Population Survey is available at a residence level, i.e. data are recorded where people live. This allows for analysis of employment opportunities amongst an area's residents. It is also helpful to match these employment characteristics to the area's demographic characteristics.

Whilst most employment forecasts would typically focus on a workplace level, this report places the emphasis on **residence-based** forecasts. This decision was made following consultation with LC and the SRPs. In these meetings, it was clear that a major concern was that the eventual economic recovery in London would be partly led by high-skilled commuters travelling into work, with London's lower skilled or disadvantaged residents being left behind. The forecasts in this report therefore focus on these groups of residents, to ensure likely unemployment patterns for them are understood, and ultimately hopefully that they are not left behind.

Another reason for the focus on residence-based metrics is that this report's findings are intended to inform recommendations for policy interventions and work programmes which could help people get back into work – these are typically planned and delivered at a residence-based geography.

For forecasting purposes, it is important to consider both long-term unemployment trends in London, as well as the specific impacts of the COVID-19 pandemic itself

The flowchart below outlines our approach to establishing the most up-to-date baseline possible ahead of producing the unemployment forecasts in this report.

Identifying disproportionate trends:

- This report first focuses on analysing historic trends within demographic and unemployment data.
- From this analysis, this report determines areas (boroughs or SRPs) where there is a higher representation of a particular group – such as ethnic minorities or residents working in low skilled occupations – within the given population.
- As a result of higher representation, the areas may be more likely to experience the specific unemployment impacts than the general London population.

Identifying differential impacts due to COVID-19:

- Next, this report analyses the most recent data (2020) since the COVID-19 pandemic began, to establish groups of the London population who may have greater sensitivity to COVID-19 impacts.
- For example, it is well established that lockdowns have had a more pronounced impact on unemployment in certain industries, compared to long term trends, such as transport, retail and accommodation & food. London residents previously employed in these industries have therefore likely experienced differential unemployment impacts from COVID-19.

Inferring the impact on unemployment trends:

- Finally, this report brings together this long-term historical data and consideration of differential impacts that have occurred over the last year.
- Combining this analysis with the feedback from SRPs that we have received through stakeholder engagement, we identify the specific priorities for individual SRPs and boroughs.
- We then produce general short-term and medium-term forecasts, as well as specific unemployment forecasts for these priority areas and groups.

Forecasting methodology – SRP and borough level

London:

It should be noted that the impacts of Brexit are implicitly included within all forecasting scenarios at the London, SRP and borough level. This is because our forecasting scenarios rely on public sector forecast assumptions from the BofE, HMT and OBR as a basis, which all factor the macroeconomic implications of Brexit into their employment and output forecasts.

The unemployment forecasts for both the SRP and the individuals boroughs are calculated by making adjustments to the overall London forecasts, for the three scenarios.

With regards to the denominator, we use the OBR UK-level estimates of scarring on GDP as a result of labour supply impacts to estimate the economic scarring that will occur in London. The OBR predicts that labour supply impacts, through a higher equilibrium unemployment rate, a smaller population and higher economic inactivity, will lead to a 1% of scarring of GDP over the medium term. We take the London proportion of economically active population and GDP to estimate the reduction that will occur on London's economically active population as a result of labour supply scarring.

SRPs:

The all London forecasts are disaggregated to a SRP level by utilising both the historic LFS distribution of unemployment, as well as the more up to date ACC distribution of claimants in London. Taking the most recent LFS distribution as a starting point, we project forward the distribution to peak using the emerging distribution of claimants recorded in the ACC data. Naturally, there is not a one to one correlation between the LFS and ACC data. We adjust down the ACC-based projection based on the correlation between the two measures, to account for uncertainty.

In estimating the different rates of recovery post-peak for each SRP, we combine commuting patterns data with job postings data (pre-Covid). This reversion to pre-Covid trends of job postings, combined with Census data on where people who take these jobs are likely to reside, allows us to vary recovery rates by SRP. This analysis suggests that recovery rates in CLF boroughs will be the fastest, whilst LL boroughs are likely to experience the most persistent unemployment effects. Note that due to changes in working patterns we do not assume an immediate reversion to pre-Covid job postings; instead we assume a slower reversion that occurs over a 12-month period.

It is noted that the economic recovery in London is expected to be led initially by high-skilled jobs, whether that be in the workplace or working from home. Before COVID-19, this would be expected to have a 'ripple' effect on the local economy, creating supporting low-skilled jobs in industries such as retail and accommodation & food. Changing patterns of work as a result of COVID-19 (i.e. shift to home-working) could shift the sectoral (e.g. to warehousing/distribution) and geographic (e.g. a greater proportion of jobs in outer London) distribution of low-skilled employment. The unemployment forecasts in this report broadly assume a slow return to pre-COVID job distributions in London (i.e. a high concentration in central London). If there were any major long-term shifts in working patterns, with central London accounting for a much lower proportion of total jobs, then we would expect our recovery rates to change slightly. Namely, the recovery rate for CLF residents would likely be slower at the expense of faster recovery rates in other SRPs, although this impact is expected to be relatively immaterial.

Finally, note that London's furloughed residents who are expected to become unemployed are disaggregated into SRPs based on the January distribution of the CJRS.

Boroughs:

The same disaggregation method is used to forecast total unemployment at the borough level. We take a weighted average starting distribution of unemployment across the boroughs utilising data from the LFS and the ACC.

We then adjust recovery rates based on combining commuting patterns data with job postings data, and utilise the January distribution of CJRS counts to disaggregate furloughed workers who are expected to become unemployed by borough.

Forecasting methodology – disaggregations

Age:

The distribution of age unemployment is based on a weighted average of the historic LFS and more recent ACC data, which shows a disproportionate rise in the number of young claimants. The slope utilises recent trends to forecast rise to peak, before reverting slowly to the historic trend. Furloughed workers by age category is available at the UK level and hence this is taken as a proxy for London when disaggregating the furloughed workers who are anticipated to lose their jobs. This is considered to be a small weakness in the methodology given that this does not account for specific furlough impacts on age groups with London or the SRPs themselves.

Gender:

Similar to age, we take a weighted average of the historic LFS and more recent ACC data, applying a 2020 monthly trend through time, to forecast the distribution of unemployment by gender. Data on the gender of furloughed workers is available at the London level – 51% male and 49% female in January 2021 – and hence we utilise this proportion to disaggregate furloughed workers who are expected to become unemployed in the lower and core scenarios.

Ethnicity:

Historic LFS unemployment data is only available at 16+ level, so we convert the denominator based on the most recent ratio at the London level. We calculate the distribution of unemployment by ethnicity utilising historic LFS data and more recent monthly JSA data. JSA data is a relatively small sample so the distribution may not be as robust as the age and gender disaggregations, both of which utilise ACC data. Furlough by ethnicity data is not available and hence we proxy for the distribution through combining ethnicity by industry and furlough by industry data.

Disability:

It was not possible to forecast an up to date distribution of unemployment by disability as no data exists beyond the historic LFS, i.e. there is no disaggregation available in the JSA or ACC data. As such, we assume the most recent LFS distribution holds constant throughout the forecasting time period when looking at unemployment disaggregated by disability. This is considered a reasonable assumption given that the Disability at Work's recent paper titled 'Disability and the Economic Cycle – Implications for a COVID-19 recession' found that no disproportionate unemployment effects occurred on disabled residents during the previous recession in the UK.

Qualifications:

Unemployment by qualification was estimated through a proxy methodology, looking at the difference between employment counts and economically active counts at the appropriate geographies. As this proxy methodology is considered more unreliable than official ONS data, we use a 3-year average to determine the historic distribution. To estimate the more recent distribution of unemployment by qualification (post-COVID), we combine data on the loss of workforce jobs by industry with ONS data on levels of qualifications in each industry at the UK level (2015, Industry by level of highest qualification held). With respect to furlough, we combine the ONS data on qualification by industry with data on furlough by industry to estimate the distribution.

Disclaimer

USE OF SAFEGUARDED DATA: ONS, 2011. The Census – Location of usual residence and place of work by industry (safeguarded data). ONS VML agrees that the figures and descriptions of results in the attached document may be published. This does not imply ONS' acceptance of the validity of methods used to obtain these figures, or of any of the analysis of the results.

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