

# Tracking pay and employment for low-income Londoners

September 2020

## Creeping dangers loom for capital's workers amid sluggish post-lockdown economic climate

Our latest Peabody Index Bulletin, which is currently tracking the economic impact of Covid-19 among low-income Londoners, has found the capital experiencing a slower economic recovery from lockdown than the rest of the UK. Our findings show that London has experienced a higher rate of job losses and a slower increase in job vacancies since June.

The government's Job Retention Scheme and other employment support packages have saved many from hardship. Yet, as these schemes are phased out, there are serious concerns about the long-term impact on those with low incomes. In London, the sectors which are growing look likely to fail to match the loss of jobs in sectors such as retail and hospitality roles. Our survey of more than 1,000 Peabody residents finds that just 13% of those who have lost their job since March 2020 have found a new one.

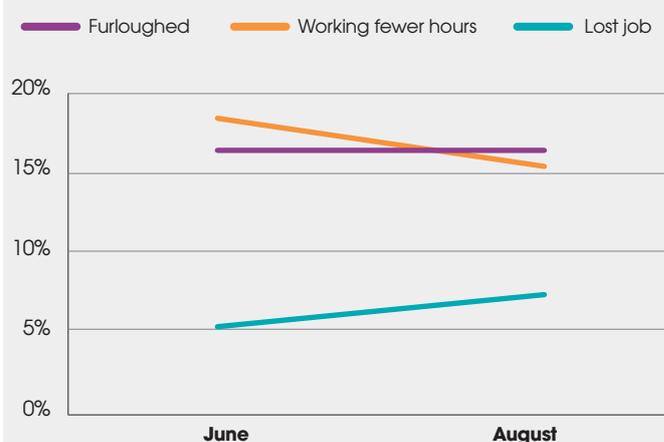
We are especially concerned about the threat of widening inequality in London, highlighting the need for the government's Levelling Up agenda to apply to areas within cities as well as across regions. Our latest data show increasing unemployment and hardship among social housing residents as they face rising costs of living and a higher inflation rate compared with other households in the capital. As such, we're looking into how best to prepare the London economy for its post-lockdown recovery. Although employment support schemes saved many from hardship during the initial lockdown, targeted support will be needed longer term.

To prevent widening inequality, we're asking the government to join our support for:

- Pivoting the Job Retention Scheme towards a sector-focus, increasing help for specific occupations where new jobs are increasingly scarce.
- A co-ordinated reskilling programme, focusing on those not covered by the Kickstart Scheme and sectors where job losses are concentrated, such as hospitality and retail.

## Index measures – updated for each bulletin

**Figure 1** Change in employment trends  
(Source: Peabody working age resident survey, 2020)



### 38%

of our working residents have either lost their job, been furloughed or are working fewer hours as a result of the lockdown. The proportion furloughed has remained stable at 16%. The number working fewer hours has declined, but increasing numbers have lost their job.

### 18%

of our residents report being in a desperate financial situation. Those who have lost their job are almost four times more likely to report being in a desperate financial situation compared with those who have been furloughed.

### 0.4%

Inflation in cost of living for London social housing residents in August, down from 0.7% in June 2020. This is higher than the 0.1% seen for other London households and 0.2% seen across the UK as a whole.

### 14%

of our residents fear someone in their household will lose their job in the coming months.

## About the Index

London leads progress in the UK in many areas, but its dynamism can make it a challenging place for low-income residents to cope financially. Since 2018, we've tracked the employment and pay of low-income Londoners. We've now adopted measures to track changes as the lockdown eases and this is the second bulletin tracking residents who have been furloughed or lost their job.

This bulletin was produced in partnership with the Social Market Foundation, which provides analysis of public data (see [www.smf.co.uk](http://www.smf.co.uk) for the full report). To support this analysis, we've surveyed 1,012 of our social housing residents of working age to learn how their employment status and pay have been affected by the pandemic. Our research has helped us identify key themes and practical policy solutions.

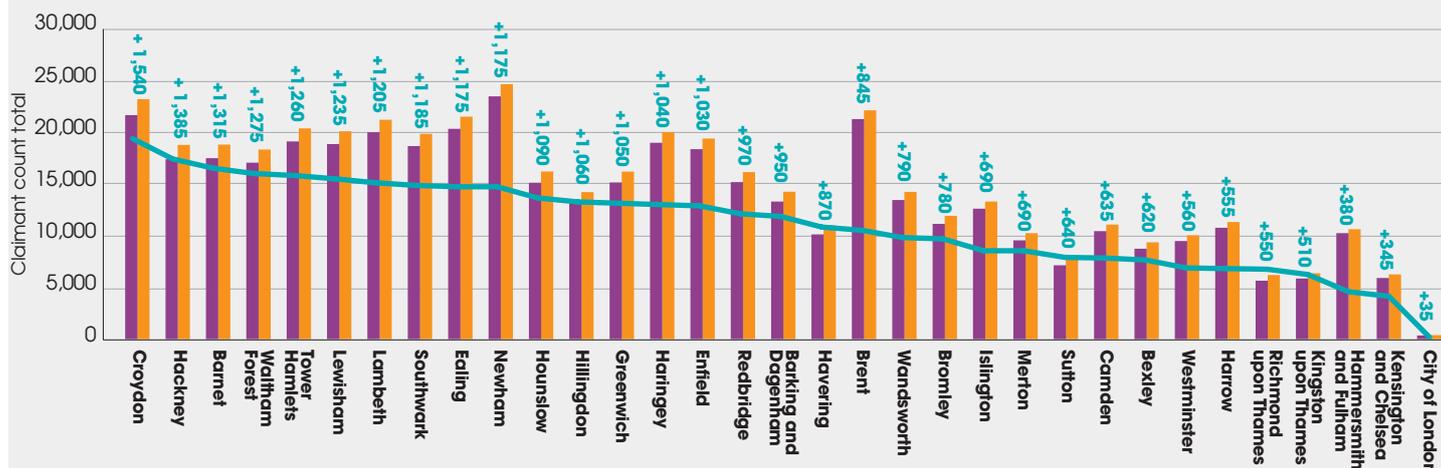
## London's sluggish recovery

London is recovering from the initial lockdown period more slowly than other areas of the UK. Between June and August, the unemployment claimant count in London increase by a further 6.5%, greater than the 5.3% seen across the UK as a whole. This amounts to a further 2,440 individuals out of work in the capital. We also see a continuing trend of certain areas of London being hit harder. As shown in Figure 2, Croydon Hackney, Barnet saw the highest unemployment increase between June and August, strongly suggesting the government's Levelling Up agenda must address need within cities as well as across regions.

Job vacancy recovery has been more fragile in London compared with the rest of the country. Current job vacancies are down 49% since lockdown began, compared with 34% in the rest of the country. Among our residents, just 13% who have lost their job since lockdown began have since found a new job.

**Figure 2: Unemployment count change from June to August 2020 by London borough (Source: NOMIS 2020)**

June 2020 August 2020 Change from June to August



## Certain sectors, those under 40 and minorities most affected

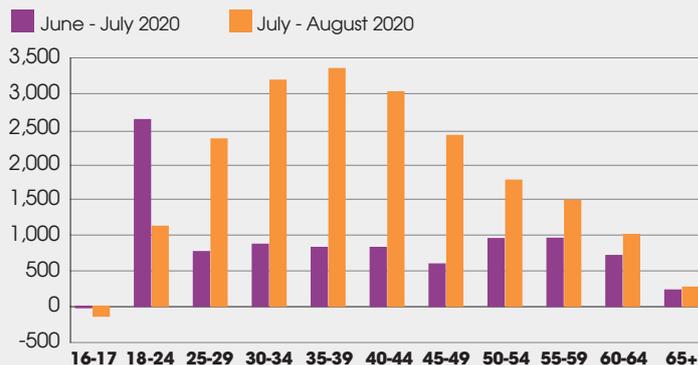
We are concerned for the future of those sectors with high rates of staff that were still on furlough in August such as entertainment/recreation (41%), hospitality (29%) and administration and support services (18%). Our resident survey shows that unsurprisingly part-time workers and those in non-essential sectors were more likely to be furloughed and put on fewer hours compared with full-time and essential workers.

Between March and August, the claimant count measure of unemployment in London has increased the most by those aged 18-29 (by 97,695). However, the most recent data suggest this picture might be changing. Between July and August, claimant count data show those in their 30s have seen the greatest increase in joblessness in London. This may be due to younger people increasingly seeking shelter in education, choosing to study rather than seek work in a very challenging jobs market.

With unemployment rising among older age groups as well as the young, more support will be needed to help them find work. The Government's Kickstart scheme provides opportunities to those up to age 24, inevitably leaving many older workers without access to help.

For minority ethnic groups too, there is a disproportionate economic impact. Our survey shows that those of African and Caribbean descent were less likely to be furloughed but were then 56% more likely to have lost their job compared with those of European descent. This may be due to higher representation of minority groups in affected sectors. We will continue to explore factors linked to this disparity.

**Figure 3: Change in claimant count in London, by age group (Source: ONS SMF analysis)**



## Danger ahead for the furloughed masses

The rising rate of unemployment among our residents calls into question the futures of those currently furloughed. Our analysis shows that the furlough scheme has kept thousands out of the disastrous circumstances that can unfold in such situations. But 7% of our residents have now lost their jobs since lockdown ended, up from 5% in June. Alarming, those who have lost their jobs are four times more likely to report having desperate financial circumstances and five times more likely to have applied for Universal Credit since lockdown compared with other social housing residents. While the Government's Eat Out to Help Out scheme saw cost of living inflation fall back in August, the end of the scheme could see inflation picking up again in the autumn. Pay is already low, with 34% of our working residents earning below the London Living Wage. If those currently on the Job Retention Scheme lose their jobs in the coming months, it is likely to increase hardship and transfer government spending from Job Retention to Universal Credit.

“I have got myself a holiday job, but it will only last for the next few weeks and I don't know what I'm going to do afterwards”

“Losing my job is a possibility, as there are staff at my work who have never returned from being furloughed”

### Policy ask

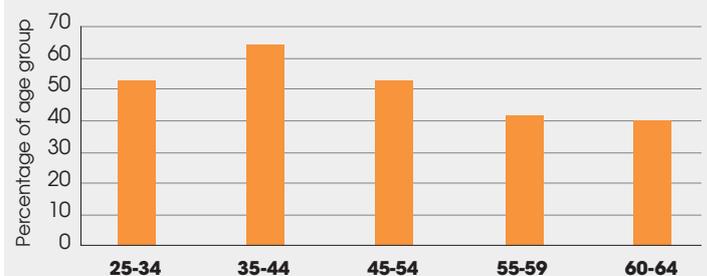
The Job Retention Scheme should pivot towards a sector focus, including additional long-term help for lower-skilled sectors where job losses are highest.

## Reskilling residents towards new job sectors

Analysis of job vacancies from the website Adzuna shows that vacancies in London are concentrated in high-skilled sectors such as IT, teaching, accounting/finance and healthcare. Given the mismatch between sectors showing job losses and vacancies, there is a pressing need for effective reskilling programmes to help our residents face the challenging post-lockdown economy.

More than half (52%) of our residents expressed interest in a reskilling programme, and those who had recently taken part in a reskilling programme were 50% more likely to do so again. Figure 4 below shows the highest level of interest in reskilling programmes currently lies among those aged 35-54 who are likely to be in the middle of their careers. This suggests that reskilling programmes still needs to reach out to younger adults rather more proactively in a bid to address areas with the most job losses.

**Figure 4:** Interest in reskilling among Peabody social residents (Source: Peabody resident survey, August 2020)



### Policy ask

More funding for reskilling programmes is essential to ensure matches between lockdown job losses and availability in London. These programmes should be especially targeted at those not covered by the Kickstart Scheme and those coming from sectors that experienced the highest levels of unemployment during lockdown. They should also consider how to cater for those with long-term financial commitments and family care needs.

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