

Healthy Place

Employment and Cost of Living

Introduction

At the start of the pandemic, wages plunged followed by a slow recovery, though not in line with the rate of inflation, which is the highest it has been in 30 years¹. Between March 2022 and April 2022 there was a 6.6% increase in the National Living Wage from £8.91 to £9.50². However, the increase is not sufficient for the majority to meet the rising cost of living.

According to Ofgem, global fuel prices have seen a roller coaster of activity. Beginning in 2008, fuel prices continued to rise leading up to the pandemic, which saw a drop in demand, followed by an escalation in demand between April 2021 and March 2022³. This has led to a knock-on effect on the cost of essentials increasing in price. Irrespective of their employment status, employed, retired or part-time, fuel costs will represent the most notable impact on households due to its prominence in world supply chains.

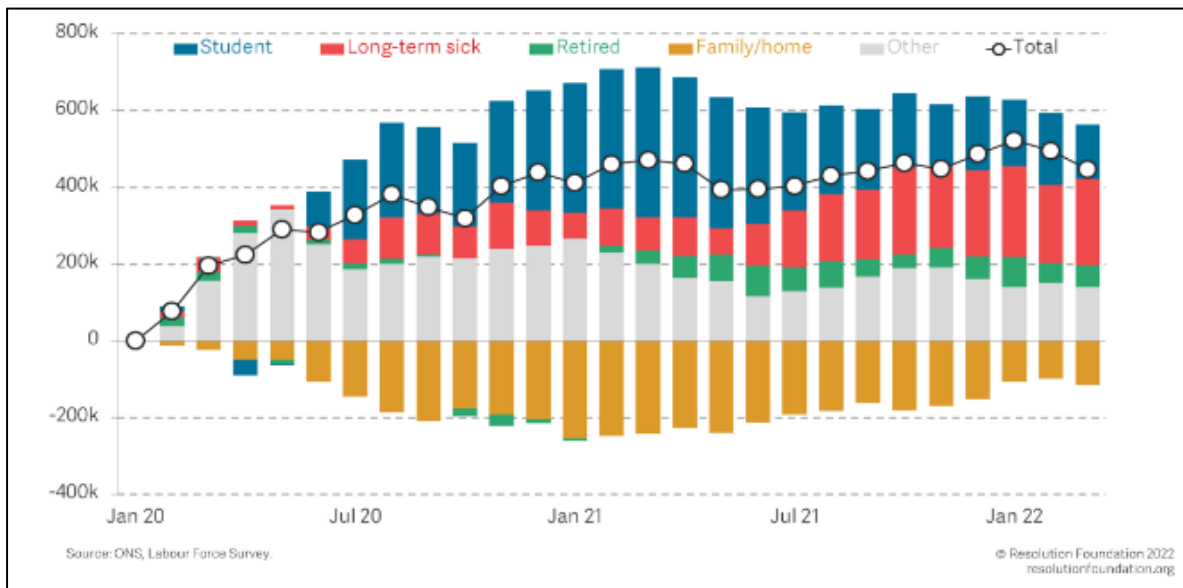
Employment or the ability to access an income to live, is an essential determinant of health and wellbeing. Whether someone is employed or unemployed, the means of accessing resources, and being in a secure job with good working hours, improves health and wellbeing directly and indirectly⁴. For example, having enough income to afford healthy food can lead to healthier weight and lower risk of cardiovascular disease, and being stressed due to unemployment can increase the risk of mental health problems.

The pandemic has heightened industry vulnerabilities and led to profound differences in the experience of work across the working population. With the recent surge in inflation and knock-on effect for food and energy prices, it is vital to understand how this will impact Merton's residents. Deprivation is an associated risk factor surrounding cost of living and employment which will be explored further in this chapter.

Employment

The months following the pandemic saw a rapid employment recovery, however as of June 2022 ONS data show vacancies were at a record high, which has increased wages, above what they were prior to the pandemic, but below inflation⁵. Employment inactivity which rose dramatically during the pandemic and has improved due to more students joining the workforce, while the drop in participation in those aged over 50 has not recovered (Figure 1).

Figure 1: Cumulative change in economic inactivity to January 2022 by reason, UK. Source: Resolution Foundation⁵.



As of June 2022, 118,600 Merton residents aged 16 years and over were in employment (Table 1)⁶. The employment rate for those aged 16-64 years was 80.9%. As of June 2022, 4.3% of people were estimated to be unemployed in Merton, which is lower than London but higher than Great Britain, with East Merton having higher rates of unemployment⁷. In Merton 2021/22 the proportion of the working age (aged 16-64 years) population claiming out of work benefits, a representation of unemployment in Merton, was lower in West Merton at 3.3% (2,057 adults) in comparison to 7.3% (5,396 adults) in East Merton.

Table 1: Employment and unemployment (Jul 2021-Jun 2022). Office for National Statistics⁶.

Please note: Numbers are for those aged 16 and over, % are for those aged 16-64.

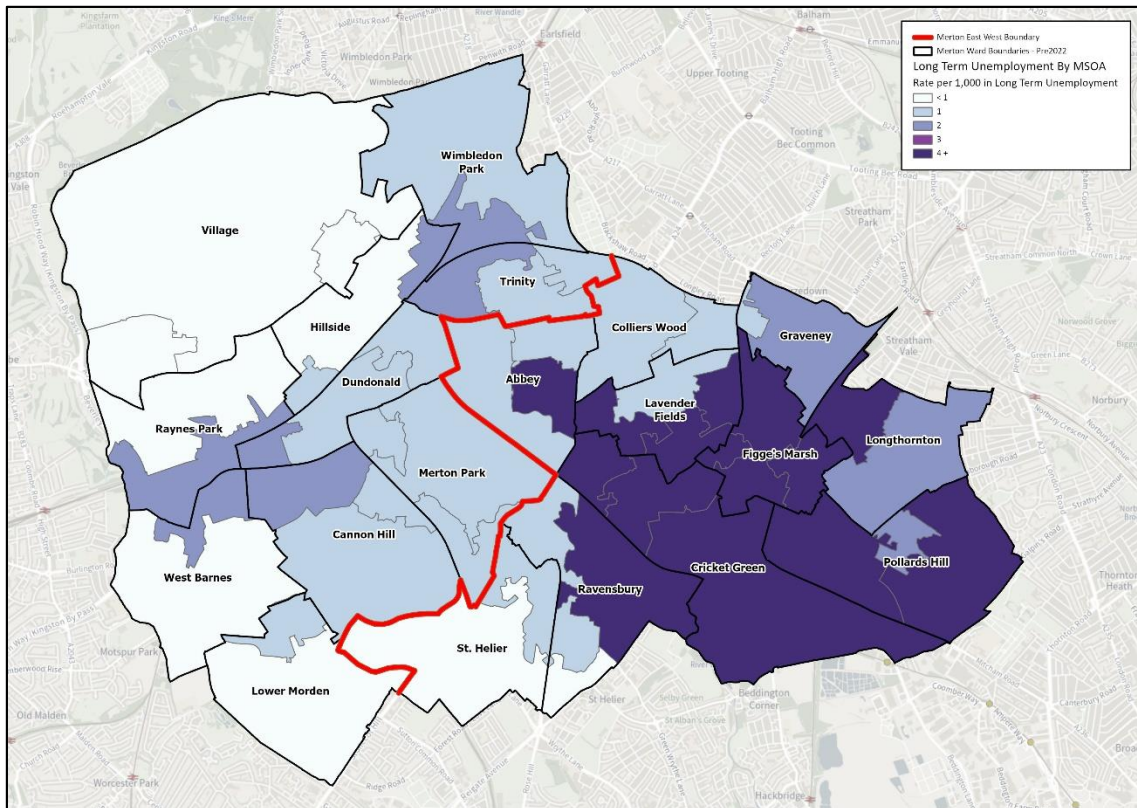
*Unemployed numbers and % are for those aged 16 and over, % is a proportion of economically active.

	Merton (Numbers)	Merton (%)	London (%)	Great Britain (%)
All People				
Economically Active	121,900	83.3	79.7	78.6
In Employment	118,600	80.9	75.8	75.5
Employees	100,900	70.2	64.3	66.0
Self Employed	16,900	10.5	11.3	9.2
Unemployed (Model-Based)	5,300	4.3	4.7	3.8
Males				
Economically Active	64,400	87.2	83.8	82.4
In Employment	63,700	86.2	80.0	79.1
Employees	51,300	71.2	65.8	67.1
Self Employed	12,000	15.0	14.0	11.8
Unemployed	NA	NA	4.5	3.9
Females				
Economically Active	57,500	79.3	75.4	74.7
In Employment	54,800	75.6	71.6	71.9
Employees	49,600	69.1	62.7	65.0
Self Employed	4,900	5.9	8.5	6.6
Unemployed	NA	NA	4.9	3.7

Post-Covid there has been a return to those having to work onsite rather than from home. Unemployment rates in the UK are low, but underemployment (where people are not working as many hours as they would like) remains above pre-recession levels⁸. Underemployment data is not available for Merton but as of December 2021, 24,370 Merton residents aged 16 to 64 years were economically inactive (not working and not seeking nor available to work), representing 17.4% of the population aged 16–64 years.

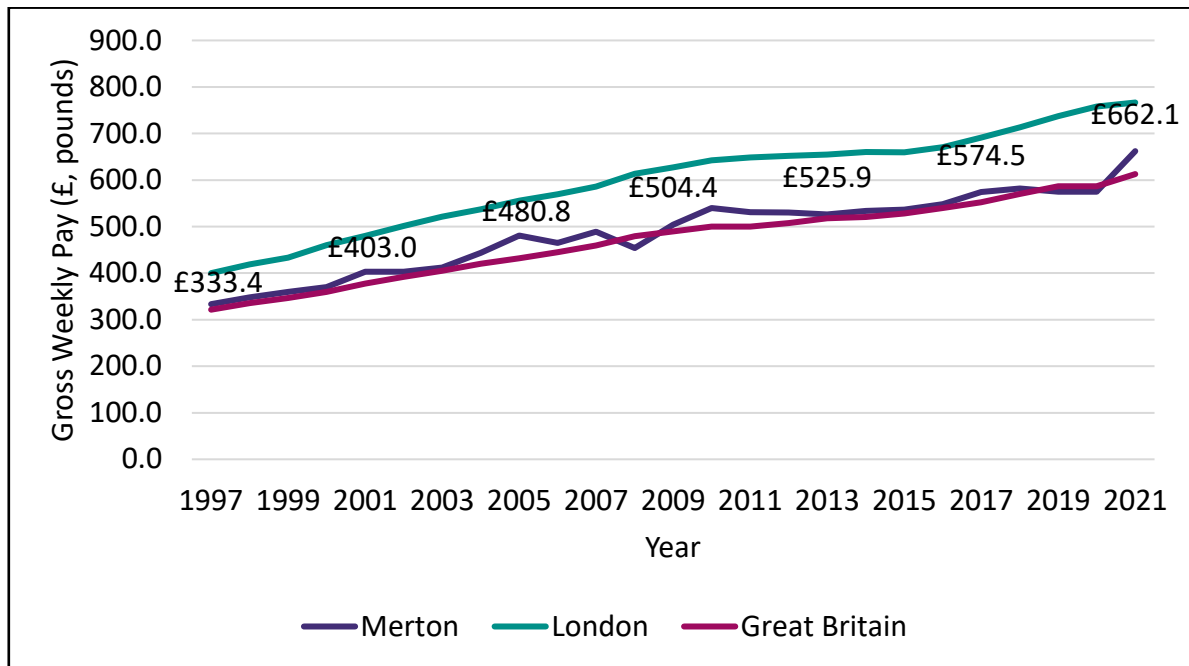
Figure 2 below shows the distribution of long-term unemployment in the borough, with the East especially the South-East having higher rates.

Figure 2: Long-Term Unemployment- rate per 1,000 working age population, 2019 to 2020, OHID⁹.



While the gross weekly earnings of full-time workers continue to increase for Merton as shown in Figure 3 below, another trend to consider is in-work poverty which has risen over 20 years in the UK. A large part of this is driven by low wage growth, rises in housing costs and reductions in benefits¹⁰.

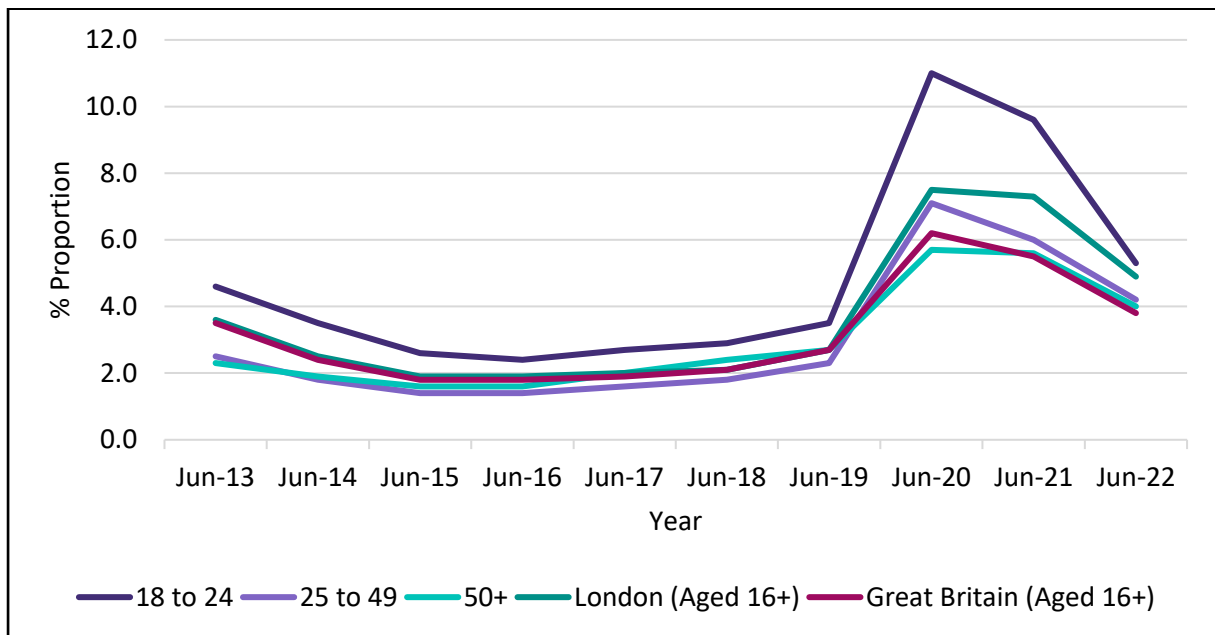
Figure 3: Median Gross weekly earnings (£, pounds) of Full-time Workers in Merton including London and Great Britain comparisons, between 1997 to 2021, NOMIS¹¹.



Benefit claimants

Figure 4 below shows the increase in proportion of Universal Credit and Jobseeker's Allowance claimants across age groups during the COVID pandemic, and it appears that the proportion of benefit claimants is now decreasing across age groups, in line with the data for London and Great Britain, although across all age groups the proportion of claimants was higher in June 2022 than in June 2019. 4.1% of the working age population were receiving unemployment benefits in June 2022¹². The proportion of those claiming benefits is assumed to be closely linked to levels of unemployment, as unemployment levels have decreased following the COVID-19 pandemic, those dependent on benefits has simultaneously decreased as ex-claimants return to work¹³.

Figure 4: Proportion (%) of benefit claimants (Universal Credit and Jobseeker’s Allowance) by age group in Merton including London and Great Britain persons comparisons between June 2013 and June 2022, NOMIS¹⁴.



Cost of living

In London, the cost of living was already a challenge before the pandemic: the median weekly pay of jobs in London were 5.9% below 2010 levels in 2019.¹⁵ Inflation in the UK has risen to over 10%, higher than over the last 30 years¹⁶. The price pressures due to the high rate of inflation are likely to affect incomes and spending across a broad range of goods and services. As lower income households spend a greater share on food and fuel, the cost of living crisis will widen existing inequalities.

Findings from the Opinions and Lifestyle Survey indicate that almost 9 in 10 (88%) of surveyed 16+ year olds across Great Britain reported greater costs of living in the last month; this has increased over time in the last 7 months¹⁷ (see Figure 5 below). Meanwhile, the cost of food and non-alcoholic beverages as measured by the Consumer Price Index has increased particularly in the last six months of available data up to April 2022¹⁸ (see Figure 6 below).

Figure 5: Proportion (%) of 16+ year olds reporting increasing costs of living in Great Britain, Nov 2021 to May 2022, ONS¹⁷.

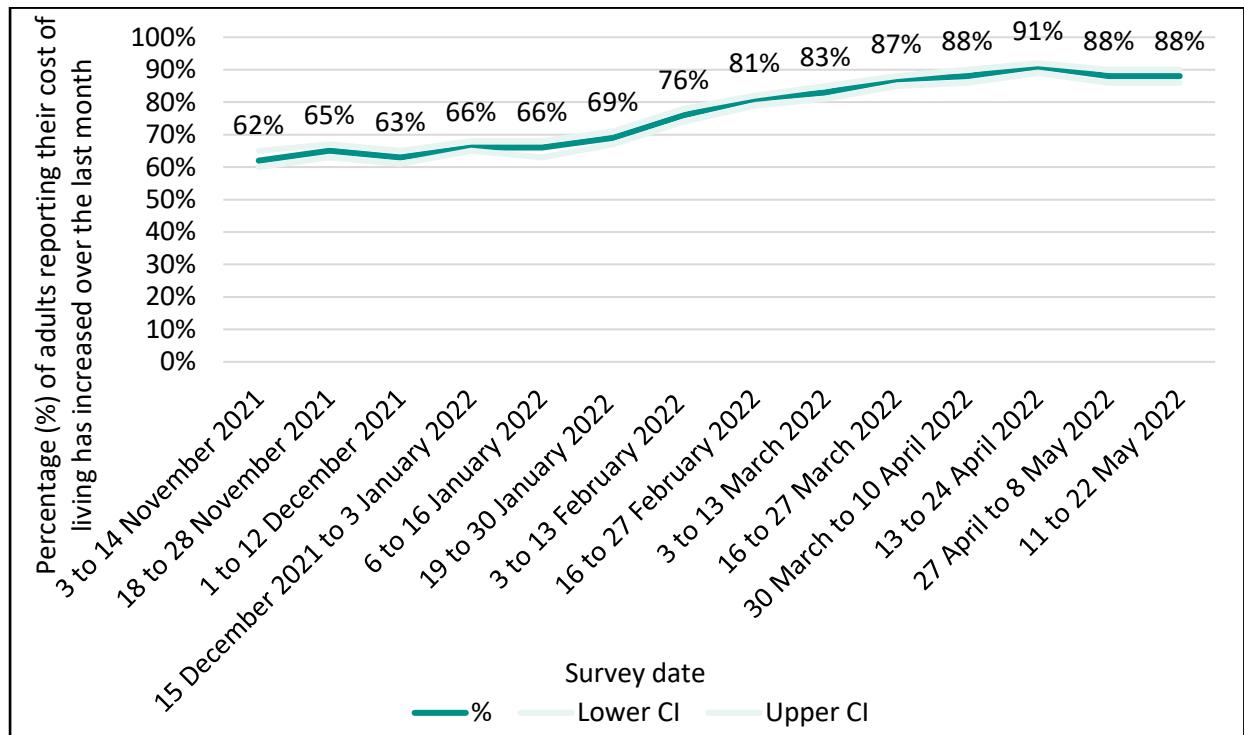
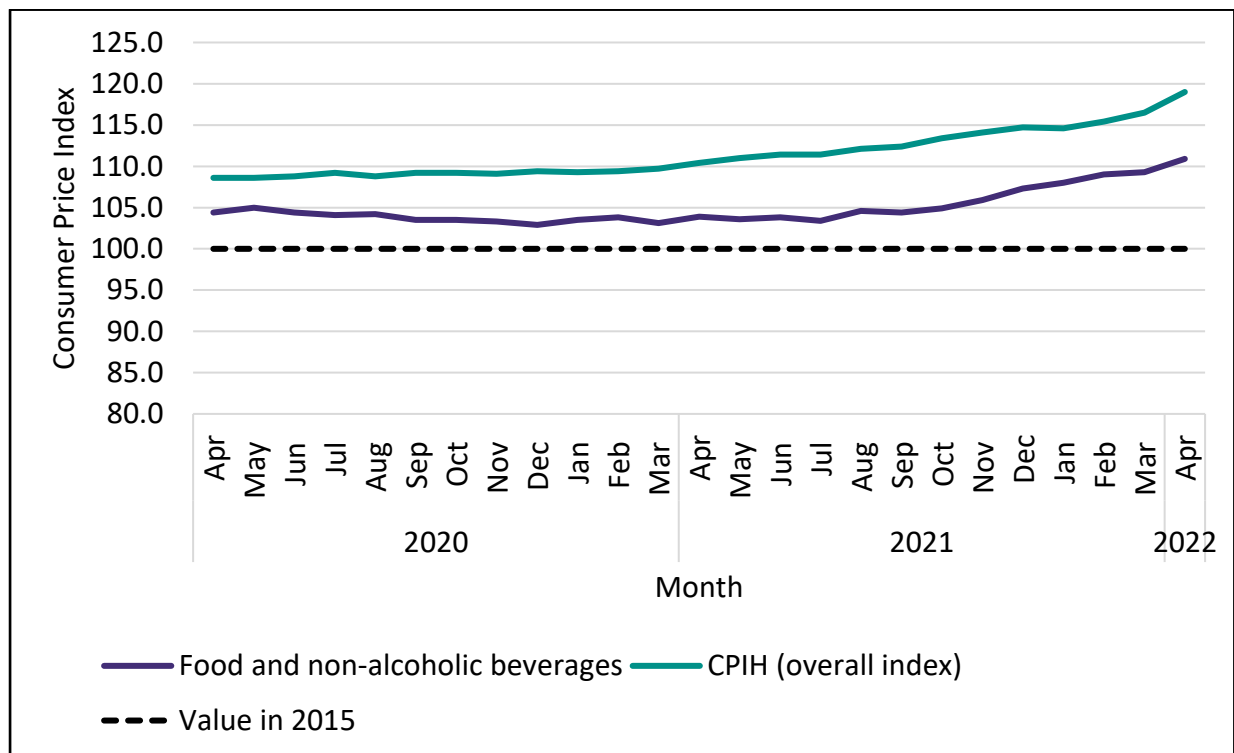


Figure 6: Consumer price index for food and non-alcoholic beverages in the United Kingdom, April 2020 to April 2022¹⁸. Please note: CPIH – Consumer Prices Index including owner occupiers' housing cost.



Service User and Resident Views

The GLA commissions polling of Londoners¹⁹. In June 2022 in Outer London, 16% of people said they were struggling financially, with 35% buying less food and essentials and 40% buying less energy, fuel, or water. Additionally, 83% of Londoners said their cost of living had increased over the previous 6 months²⁰. Data from February 2022 showed that around four in ten had fallen behind on rent or mortgage payments, with 72% worried about the cost of living in the coming 12 months and private renters among those most concerned about the cost of living²¹.

Recommendations

- Analysis of census data around employment when data becomes available.
- Continued monitoring of cost-of-living impacts on Merton residents and their health.

Further Information

- Childhood adversity
- East & West Population Characteristics & Differences in Merton

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