

**GLA**ECONOMICS

**Annual Report 2004/05**



**Transport  
for London**

**MAYOR OF LONDON**

**LONDON**  
DEVELOPMENT  
AGENCY



### **About GLA Economics**

GLA Economics provides expert advice and analysis on London's economy and the economic issues facing the capital. Data and analysis from GLA Economics form a basis for the policy and investment decisions facing the Mayor of London and the GLA group. The unit is funded by the Greater London Authority, Transport for London and the London Development Agency.

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# GLA Economics Annual Report 2004/05

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# Foreword



**Ken Livingstone**  
**Mayor of London**

My vision for London – as a sustainable world city enjoying strong, long-term economic growth, social inclusion and equality of opportunity, and an improving environment – sets an ambitious programme for action. As this annual report shows, GLA Economics' work plays an invaluable role in developing and delivering this programme, helping to identify where action is needed, to shape policies, and then to monitor success.

I am particularly pleased that GLA Economics has established itself as an authoritative commentator on the issues of regional economics and development that have again this year been at the forefront of public debate. In an area much given to sweeping and simplistic statements, the evidence and analysis that the unit has been able to present has done much to ensure London's contribution to the United Kingdom's prosperity and wellbeing is properly understood. I was particularly pleased to launch its report *Growing Together: London and the UK Economy* at a fringe

meeting at the Deputy Prime Minister's Sustainable Communities Summit earlier this year. The report demonstrated clearly the interdependence of London and the rest of the UK and how the economic success of each is a precondition for the success of both. That the launch was organised jointly with Manchester City Council reinforced the message.

The unit has made a vital contribution in other areas central to my vision for London. It is increasingly clear that action is needed to improve London's environment, and to understand and address the

capital's wider environmental impact. As this report explains, GLA Economics' work in modelling the links between the economy and the environment and in analysing the environmental effectiveness of London has helped us understand the complex issues involved, and has pointed to the kind of practical steps that can be taken to achieve real change. Among other things, this work has shown that despite the common image of cities as dirty and polluting, by bringing people closer together and by making public transport more cost effective, they have sustainability benefits as well.

Another priority addressed by the unit is social inclusion. GLA Economics has taken a lead in implementing my manifesto commitment for a living wage in London. It has also made a significant contribution to our understanding of the position of women in the London economy. This work led to the publication

of a major report and a conference in January which revealed how far London has to go to ensure all its people can contribute to and benefit fairly from their city's success. More work is planned in this area, which will help us make sure that effective policies are put in place on issues like childcare and the labour market by working with partners like Jobcentre Plus and the Department for Work and Pensions.

Closer to home, GLA Economics has helped make sure that the GLA group has the coherent and robust data, projections and analysis it needs to inform policymaking and implementation. Perhaps the clearest example of this was the work it did on my second Economic Development Strategy, where GLA Economics helped produce a comprehensive evidence base providing key facts and figures about London and its economy, supporting the analysis and policies in the strategy. This was highlighted as

good practice by the Department of Trade and Industry.

The establishment of a satellite unit within the London Development Agency is another innovative step and will help the agency with data collection, programme and policy evaluation, and developing indicators.

This report outlines an impressive record over the last twelve months, and an ambitious programme for the next year. I look forward to another year of reports and analysis that supports the work of all of us concerned with our great city's future.



**Ken Livingstone**  
Mayor of London





**Bridget Rosewell**  
**GLA Economics**

Our third year of operation has seen an almost continuous stream of reports being produced, alongside seminars and workshops as well as the unit contributing to a variety of the GLA group's streams of activity across the spectrum.

At any one time, unit staff are likely to be involved in a huge variety of work areas. We may be helping the environmental team with the analysis of emissions and waste or sitting on the panel looking at the economic and business impacts of the congestion charge. We might be preparing evidence for the public inquiry into the Thames Gateway Bridge or discussing how to properly define the boundaries of cities to make international comparisons possible. We have investigated the extent to which a growing population increases employment as well as updating employment projections.

Staff have made contributions to the London Development Agency's Economic Development Strategy, to the study of Women in London's Economy and to the establishment of a living wage.

And then there are our own reports. A highlight was the *Growing Together: London and the UK Economy* report, launched at the Sustainable Communities Summit by the Mayor. Throughout the year we continued to produce both our monthly e-newsletter on the London economy, which is now received by over 2000 people, and our six-monthly forecast of the London economy.



We have focused on working more closely with our partners and funders. A satellite unit at the LDA has helped cement links with analysts there and is an added resource to the LDA's analysis and monitoring operations. We have been working with Transport for London to develop long-term scenarios and to think in more depth about the relationship between the economy and the provision of transport, as well as preparing specifications for looking at the impact of the western extension of the congestion charging zone.

Our external links have also developed. We have presented to the Government Office for London and to the Bank of England's regional meeting, as well as to a Department of Trade and Industry conference on regions, a conference on the

international economy and seminars for a variety of organisations. GLA Economics is becoming known as a high quality organisation capable of innovative and exciting work.

None of this would be possible without high quality staff. During the year, we have welcomed two new members of staff, Patricia Seex, who is based at the LDA, and Richard Prothero. Both have made excellent contributions to our work. Adarsh Varma, who specialised in environmental matters, took four months leave to complete his PhD. We have welcomed him back with open arms, but his place was ably filled by Justin Ram for that period. We are also very grateful to our placement students, without whom life would be much harder and we wish them luck as they move on.

Finally, we lost our marketing and publications manager, Eliza Croker, who returned to Australia. Her place has been ably filled by David Chappell, who manages a publications stream that is becoming even larger.

Thank you to all unit staff and everyone else inside and outside the GLA with whom we have worked over the last year.

**Bridget Rosewell**  
Consultant Chief Economist  
GLA Economics



# Introduction

The Mayor of London established GLA Economics in May 2002 to provide high quality analysis and information about the economic issues facing London. The Greater London Authority (GLA), the London Development Agency (LDA) and Transport for London (TfL) use GLA Economics' work to inform their policymaking and investment decisions. These three bodies jointly fund the unit. To further improve the effective use of economic analysis within the LDA, a GLA Economics satellite unit was established and based at the LDA.

GLA Economics undertakes a wide variety of analysis based on its funding bodies' requirements. This analysis ranges from the unit monitoring London's economy to informing the GLA group's planning and policymaking through to looking at environmental economics and exploring the economic effects of congestion charging.

This is the unit's third annual report and covers the period from April 2004 to March 2005. This report was commissioned to fulfil a requirement of the service level agreement between the funding bodies to clearly show what the unit has achieved in the previous financial year.

In this report we give a summary of projects that we have undertaken, a summary of the unit's finances and a guide to future projects.

## **Direction**

GLA Economics' funding bodies have a service level agreement governing the unit's work. A steering board, comprising representatives from the funding bodies, oversees GLA Economics' work. This group meets monthly and decides the unit's work programme and priority research areas. It has adopted the following mission statement and objectives for GLA Economics:

## **Mission statement**

'To provide economic analysis and a firm statistical, factual and forecasting basis for policy decision making by the GLA group'





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## **Unit objectives:**

- To collate and validate economic and related data.
- To analyse key variables and portray trends, drivers and the composition of London's economy.
- To provide a short and medium-term forecast for London's economy and a review of independent London forecasts.
- To target relevant audiences for the unit's work and disseminate the information as widely as possible.
- To establish working relationships within the GLA and GLA group with academic partners, government organisations and other appropriate partners that have a special research and business focus on aspects of the London economy.
- To provide analysis to inform policy development in the functional bodies.

# GLA Econo

## The unit's staff in 2004/05 were:

<b>Consultant Chief Economist</b> Bridget Rosewell	
<b>Senior Economists</b> Christopher Lewis Duncan Melville Matthew Waite	<b>Knowledge Manager</b> Margarethe Theseira
<b>Economists</b> Adarsh Varma Alan Freeman Alon Carmel Damian Walne Leticia Veruete-McKay Richard Prothero	<b>Marketing and Publications Manager</b> David Chappell
<b>Trainee Economists</b> Dahyana Zapata Sandeep Sankoli	<b>Administrator</b> Lucinda Cawood

The contract for the unit's consultant chief economist was re-tendered in summer 2004 using GLA Economics' framework agreement. Bridget Rosewell of Volterra Consulting Ltd. was successful in her bid and has been re-appointed as

the unit's consultant chief economist. Her contract now runs until the end of July 2006.

### **LDA satellite unit**

During 2004 the LDA established a satellite unit of GLA Economics to be based

in their building. The satellite unit enables better links between GLA Economics' work and the LDA's investment decision-making processes. The satellite unit's purpose is to increase the economic and research capacity within the

# GLA Economics Staff

LDA which is complementary to existing research programmes undertaken elsewhere in the GLA group. The LDA has funded two economists and a trainee economist for the satellite unit. One of these economist is based at the GLA in return for having a senior economist based at the LDA for part of the week.

## LDA Satellite Unit:

**Senior Economist  
(seconded from core  
GLA Economics staff)**

Matthew Waite

**Economist**

Patricia Seex

**Trainee Economist**

Seetal Billing

## In the coming year

The Mayor's manifesto stated that 'we will campaign against poverty pay in London working with trade unions, community organisations and responsible employers. We will establish a Living Wage Unit within the GLA to monitor the cost of living and levels of wages and salaries in London'. The GLA's Business Management and Appointments Committee in April 2005 approved a post for an economist to work on issues around the living wage.

From mid-2005 onwards, responsibility for the lead role on tourism evidence and intelligence in the Mayor's *Tourism Plan* is being transferred from the LDA to GLA Economics. This work will involve developing a

Londonwide economic impact model for tourism and developing a sustainable and coordinated research programme. A new/transferred post will be created to conduct this work and will be recruited in the coming year.



# Work Streams

The diverse work of GLA Economics is outlined in this section. Our major work streams for 2004/05 included monitoring the state of London's economy, sector studies, influencing government, environmental economics, transport economics, development economics and labour market economics.

## Monitoring the state of London's economy

### London's Economy Today

Policymakers need a timely interpretation of London's latest economic developments to inform their decision-making processes. GLA Economics collates a wide range of economic indicators covering London, the United Kingdom (UK) and international comparators.

Since August 2002, GLA Economics has been releasing a monthly electronic newsletter called *London's Economy Today*. This e-newsletter features the most up-to-date information available on the state of London's economy and each issue has an interpretation of the latest economic developments. As bus and

tube usage figures are a sensitive measure of economic activity and, in particular, employment activity in the city, they are included in each edition. Discussion articles are also included each month, often to give a preview to the latest research findings from GLA Economics.

Subscriptions to the e-newsletter have steadily increased and the e-newsletter is now emailed to around 2000 addresses per month.

### London's Economic Outlook

Twice yearly, GLA Economics produces *London's Economic Outlook: The GLA's medium-term planning projections*. This report contains the following:

- An overview of recent economic conditions in

London, the UK and the world economies with analysis of important events, trends and risks to short and medium-term growth.

- The consensus forecast – a review of independent forecasts indicating the range of views about London's economy and the possible upside and downside risks.
- The GLA Economics' forecast for output, employment, household expenditure and household income in London.
- An in-depth assessment of a topic of particular importance to London's medium-term future.

Over the last year the forecasts have included discussion articles on economic prospects in the medium term and London's



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international trade. These forecasts assist those preparing medium-term planning projections for London.

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## Headlines from London's Economy Today include:

- *Global growth to slow in 2005*
  - *Casino Royale*
  - *Atoms and DNA: Revising London's economy*
  - *Nappies and 'power suits'. Childcare issues for London employers.*
  - *Buses: Bringing benefit to town centres*
  - *Growth – onwards and upwards?*
- 

## Long-term employment projections

Long-term employment projections are essential to the GLA group when planning for transport, housing and other

services to meet the needs of Londoners. The long-term employment projections that underpin the Mayor's *London Plan* have been updated to include several new years worth of data. Volterra Consulting has updated London's sector forecasts. There are several alternative methodologies that can be used to project long-term employment data at the borough level. GLA Economics are working to combine three different approaches for long-term borough level employment projections based on trend projections, site capacity availability and transport accessibility measures.

In the previous 12 months, GLA Economics has established a forum to progress this work with representation from TfL, LDA and the GLA on the steering board to ensure that the agreed projections are the sole ones used within the GLA group. GLA Economics has overall responsibility for signing off

the employment and population projections to be used across the GLA group.

## Monitoring ethnic minority – owned businesses

The LDA and Business Link's *London Annual Business Survey* has enabled GLA Economics to improve the GLA group's understanding of the economic contribution of black and minority-owned businesses to London. GLA Economics has brought together data from the survey with official business statistics to provide an analysis of the contribution of black businesses to London's economy. This report was widely distributed to private sector contacts and demonstrates that the Mayor is committed to looking at the contribution of all businesses to London's economy.

## Representative firms

To ensure that the impact of different tax and other policy proposals on London businesses are better understood, GLA





Economics has begun work on identifying representative firms for London. Twenty representative firms for London have been identified based on an analysis of the number of employees in each industry sector across London and an analysis of the distribution of firm sizes across London. This firm data will be used to enhance our scenario modelling capacity.

### **Commuting patterns**

This project was commissioned by a consortium of the GLA, LDA, TfL, Corporation of London, Strategic Rail Authority, South East Regional Assembly, South East Development Agency, East of England Regional Assembly, East of England Development Agency, and the Association of London Government. The work was led by Cambridge Econometrics in collaboration with the WSP Group (Cambridge) and the London School of Economics (London).

Current and prospective commuting flows to 2021 were analysed for three Government Office Regions: London, the South East, and the East of England. The study developed, calibrated and then used a methodology and a model to provide detailed forecasts of future patterns of commuter travel and to identify the commuting implications for 2016 and 2021 of certain scenarios for policy, economic and transport developments.

The report outlining this research will be formally launched later in 2005.

### **Core cities**

The core cities group looks at a hierarchy of urban centres in the UK whose performance is not only key to regional growth and development, but also the delivery of national economic and social objectives. GLA Economics' consultant chief economist sits on the steering board for tendered research by the core cities group

and the GLA. The core cities are Birmingham, Manchester, Liverpool, Newcastle, Nottingham, Bristol and Sheffield.

### **London and the rest of the UK**

Work was conducted examining the relationship between the London and UK economies. There are two common and opposite views of London and its economic relationship with the rest of the UK. One view is that London's growth is at the expense of the rest of the UK. Alternatively London is simplistically portrayed as the one motor of UK growth, and the impression is given that the rest of the UK's economy is somehow entirely dependent on the economic activity that occurs within the capital. GLA Economics published *Growing Together: London and the UK Economy* which explored the relationship and concluded that both of the mentioned views are mistaken: the relationship between London and the rest of the UK is one of



mutual interdependency and mutual benefit.

GLA Economics analysed the economic growth in London and other parts of the UK and showed that these have moved in tandem for at least the last 20 years. The channels through which London influences the UK are numerous and this analysis looks at some important ones:

- Migration and commuting flows between London and other parts of the UK
- Trade and economic specialisation
- The benefits of London's world city status
- London's tax export which provides funding for public services in the rest of the UK.

The *Growing Together: London and the UK Economy* report was launched by the Mayor at a fringe meeting of the Delivering Sustainable Communities Summit in Manchester. A seminar presenting the results

of the report was given at the London School of Economics in February 2005.

### **International comparisons**

GLA Economics continues to develop a database of economic and social indicators for Europe's major cities. This database is used to benchmark London's performance against other cities.

GLA Economics have also analysed where and how much of London's goods and services are exported to the rest of the world. It is the first time that estimates have been provided of the trade flows of goods and services between London and the rest of the world.

### **Inward investment**

The UK is the favoured destination for inward investment in Europe. The business environment and its closeness to the continent provide a good basis for companies to grow and become successful. GLA Economics is particularly interested in investment into

London from Asia as this region has experienced some of the highest economic growth rates in the world.

To demonstrate the scale and impact of Chinese foreign direct investment (FDI) in London, GLA Economics published a report entitled *Enter the Dragon: An analysis of Chinese FDI into London*.

### **In the coming year**

For the international comparisons research, GLA Economics will seek to extend our existing database to include 11 more cities, such as Birmingham, Manchester and Dublin, by June 2005, and other cities including Athens and Rome by December 2005. In addition, GLA Economics will be seeking to develop a methodology to harmonise socio-economic definitions of cities (based on the US approach) in order to develop a consistent dataset covering both European and US cities.



London is a global city which has become more open and exposed to developments in the world economy. We will begin measuring economic transactions from the US to the rest of the world and how these transactions are being financed. This will allow us to assess how global imbalances can affect London's economy.

GLA Economics will be hosting seminars to share the key messages from the *Growing Together: London and the UK Economy* report. We will update figures for London's tax export using the latest available data. It is anticipated that GLA Economics will release updated borough level employment projections in autumn 2005.

We will extend our analysis of foreign direct investment into London to look at investment from India.

GLA Economics will continue work on identifying representative firms in London using business databases and official statistics. These firms will then input into modelling different scenarios.

#### *London modelling*

GLA Economics intends to work with academic partners to further develop urban modelling strategies. There is a major challenge to create suitable modelling strategies to properly capture the functioning of cities and why they exist. This requires access to the large amount of detailed information which exists within the Office for National Statistics (ONS) on aspects of the London economy but which are not yet in a useable format. ONS has as a strategic aim to bring such data into the public domain. However, the ONS requires active interest in its use in order to justify the appropriate allocation of resources.

While working for GLA Economics, Volterra Consulting will pursue both the modelling and data agendas during the course of their contract in order to improve and extend our understanding.

### **Sector studies**

#### **Creative**

In October 2002, GLA Economics published *Creativity: London's Core Business*, a comprehensive survey of employment and wealth creation in London's creative sector. The report adapted the methodology developed by the Department for Culture, Media and Sport (DCMS) to arrive at an approach suitable for London. In 2004, GLA Economics updated and extended the data that was published in *Creativity: London's Core Business*. It also revised the data to bring it inline with the latest official statistics.



### Higher education

London is a world centre for research, attracting nearly 25 per cent of all higher education research income in the UK. In April 2004, GLA Economics published *World City, World Knowledge: The economic contribution of London's higher education sector* – our first step towards measuring, assessing and improving the contribution that London's higher education institutions make to London's economy. The research provides a framework for assessing the benefits from higher education, and discusses the economic contribution that London's higher education sector makes to the UK and London economies. It estimates the direct impact of higher education, treating the sector as a conventional industry that generates income, expenditure and employment in the economy. It also estimates the contribution that the sector makes to human capital, namely skills and ability. In addition, this

report looks at knowledge spillover effects for the London and UK economies. It examines access to higher education by analysing trends in higher education participation and equality of access in London and the UK.

The report was formally launched in September 2004 at a well-attended conference, *London - The World's Knowledge Capital: The Higher and Further Education Conference*, hosted by the Mayor.

### Retail

London's retail sector employs 380,000 Londoners, is integral to the capital's tourism offer, has a major impact on the wider economy and raises a number of important policy questions in areas like land use and transport planning. As this is such a crucial sector for London, GLA Economics has dedicated a large resource into analysing various aspects of the retail sector and will be releasing a series of

working papers each focused on one of the aspects.

To oversee this core research, GLA Economics established a steering board that includes representatives from the London Retail Consortium, Skillsmart, the New West End Company, DTI, the Office of the Deputy Prime Minister, the LDA, TfL and the GLA. The steering board has met on five occasions.

In March 2005, we released *Retail in London Working Paper A: Retail in the West End*. This research looks at general statistics for the West End relative to other retail centres in London and the UK. It then analyses in detail the characteristics of consumers that shop in the West End, looking at why they chose that location, how they chose to travel to the shops and where they travelled from. This analysis provides a useful background from which to assess the competitiveness of the West End as compared to





other retail centres, and enables better identification of the key issues for the West End.

### **Construction**

This research area will identify whether the construction industry can meet the demands of London's expanding economy. The research explores the construction industry's make up in London, reviews its economic performance and considers the volume of construction demand in the capital. The research will identify the employment, business and resource constraints on London's construction industry and will assess future activity projections.

The steering board for this research has met twice in the previous year and has representatives on it from the GLA, LDA, TfL and DTI. The research is planned for completion and publication by summer 2005.

### **Tourism**

As a key sector in London's economy, GLA Economics has been monitoring London's tourism industry and included an article that highlighted the recovery in this sector in *London's Economy Today* issue 27. Responsibility for tourism statistics is being transferred from the LDA to GLA Economics. A planned programme of research for this sector has been developed including a Local Area Tourism Impact Model that GLA Economics have helped the LDA secure consultants to deliver.

We have also provided TfL with tourism forecasts to help estimate transport needs in London.

### **Housing**

Previous research by GLA Economics studied the relationship between housing attributes and prices. The *Valuing Greenness* report

showed that travel time, income support claimants and the locations of schools all significantly affect house prices.

In 2004, GLA Economics built upon this research by undertaking housing market analysis at a more geographically disaggregated level using postcode sectors. The housing market was analysed in terms of factors that affect both demand and supply, such as property and tenure type, demographic and social conditions, location, environment, and accessibility. Housing submarkets were then created on the basis of specific housing attributes to see what drives each submarket. The distinguishing characteristics of each submarket were then highlighted to enable better informed policy decision making.

The research was released as a report in April 2004 entitled *London's Housing Submarkets*. The report's findings were also





included in the draft evidence base of the *London Housing Strategy 2005* published by the GLA's housing and homelessness team. The final evidence base report along with the 2005 housing strategy will be published in June 2005.

### **Sector data**

This work will advise the LDA on an integrated strategy for producing and commissioning robust and comparable local area economic data. The data will enable better, more consistent monitoring of sectors and geographic areas in London's economy; will help select, monitor and evaluate different LDA projects; and will help achieve the aims and objectives set out in the Economic Development Strategy and other Mayoral strategies. Piloting improved data for the creative industries sector, GLA Economics has been working alongside the LDA to provide robust and comparable local area economic data. Trends

Business Research have been commissioned to deliver data on the creative industries using Dunn and Bradstreet data and to ensure consistency with Annual Business Inquiry data.

### **In the coming year**

The final report and database from Trends Business Research is due in summer 2005. If the pilot for the creative sector data is successful, this work will be expanded to investigate whether the same methodology and procedures can be applied across all London sectors. As the retail research continues, a series of working papers covering retail and leisure, retail and the labour market, retail and regeneration, small retailers, and grocery retailing in London amongst others topics will be released. The research into London's construction sector will be published in summer 2005.

GLA Economics will recruit a new post to work specifically on tourism statistics and intelligence by summer 2005. The planned work programme for tourism includes looking at employment and tourism statistics at a borough level, working with consultants and key stakeholders to develop the Local Area Tourism Information Model, reviewing the London overseas visitors survey, looking at the feasibility of creating a London Tourism Satellite Account and further developing a coordinated research programme for the sector.

## **Influencing government**

### **HM Treasury and DTI public consultation on productivity indicators**

In March 2004, Her Majesty's Treasury (HM Treasury) and DTI launched a consultation period about their proposal to develop a set of productivity indicators. The indicators would be used to track progress



towards increasing UK productivity growth and narrowing the productivity gap between the UK and other advanced economies. GLA Economics submitted a formal response during the consultation period.

GLA Economics expressed reservations about the proposal as it was difficult to summarise performance using just a simple set of indicators. The inclusion of some indicators and the exclusion of others may simplify the analysis but it is likely to produce an inaccurate view of productivity developments. This could result in misinformed policy development.

Rather, GLA Economics argued that it was better to come to a judgement based on all relevant evidence – rather than just a selection of a few indicators. It was noted that this method involved a degree of subjectivity, but this was preferable to using only a

selection of imperfect indicators.

Furthermore, GLA Economics did not support the development of a set of headline productivity indicators at the regional level. Rather, the DTI's six monthly review of regional indicators should be supplemented by an annual review of regional economic performance.

### **Public Service Agreement targets**

The Treasury Select Committee undertook an inquiry into regional productivity, including the government's progress towards achieving regional Public Service Agreement (PSA) targets.

GLA Economics wrote a submission to the committee's inquiry that reviewed the PSA targets and regional productivity measures, especially the quality of the data that underlies these measures. It considered regional differences in productivity and

output, the drivers of regional productivity, and the potential importance of regional spillovers. Finally, it assessed the regional distribution of public spending and taxation with particular reference to London.

We are waiting to see the extent our views and recommendations influence the committee's conclusions.

### **DfT's Economic impact report**

GLA Economics wrote a critical appraisal of the document *Guidance on Preparing an Economic Impact Report* prepared for the Department for Transport (DfT) by Steer Davies Gleave. The guidance describes how an economic impact report should be prepared by a transport scheme's promoters when seeking funding from the DfT in support of that scheme. The findings of this appraisal were shared at GLA Economics' *Bridging the Gap* seminar in July 2004 that was attended by



delegates from the DfT, Office of the Deputy Prime Minister, TfL, LDA, GLA, other government agencies and the private sector.

### **Implementation of the Allsopp Review**

The Allsopp Review of statistics for monetary and wider economic policymaking published its final report on 31 March 2004. The review put forward recommendations for improving the provision of economic statistics, particularly indicating two main changes needed in the UK's statistical system. Firstly, better regional data is required which involves changing the method for producing regional Gross Value Added (GVA) data from income-based estimates to production-based estimates. The second is that the core data systems, especially those for producing National Accounts, need to be re-balanced to provide proper detail and coverage of the service sectors. Both of these

changes were advocated by GLA Economics in their earlier submission to the review.

GLA Economics is represented on the steering board of the panel overseeing the implementation of the Allsopp Review's recommendations.

### **Prime Minister's Strategy Unit's report on London**

In July 2004, the Prime Minister's Strategy Unit published a report on London commissioned by the Prime Minister and Deputy Prime Minister. This study focused on the long-term issues facing London and its role as the UK's capital and as a world city.

Working alongside GLA colleagues, the Government Office for London and the LDA, GLA Economics are taking forward the recommendations from this report.

### **Lyons Review**

The Lyons Review is an independent study into the scope for relocating a substantial number of public sector activities from London and the South East of England to other parts of the UK. The GLA has submitted a formal response to this review.

### **Barker Review**

The Barker Review looked at issues underlying the lack of responsiveness of housing supply in the UK. In particular it considered the role of competition, capacity, technology and finance in the house building industry. The review also looked at the interaction of these factors with the planning system and the government's sustainable development objectives. Working with the GLA's housing and homelessness unit, we responded to the Barker Review's consultation. We also analysed the review's findings



and the potential impacts of the housing targets for London. The GLA submitted a response to the recommendations arising from the Barker Review that included sections informed by the work of GLA Economics.

### **In the coming year**

A substantial work area for GLA Economics is likely to be the GLA's Case for London submission to HM Treasury's anticipated Spending Review 2006.

The *London Plan* is due to be updated; GLA Economics will be feeding in economic analysis and forecasts for London's economy used within this update.

GLA Economics will provide the evidence base for the GLA's submission to the Lyons Review of Local Government Finance, will monitor the review's outcome and will comment on any of the review's recommendations that impact on London.

The Barker Review recommended setting affordability housing targets in each region. GLA Economics will be assessing the suitability of the framework for regional affordability targets as set out in two consultations papers that arose from the Barker Review.

## **Environmental economics**

### **GLA Economy-Environment Model**

GLA Economics commissioned Enviros Consulting Ltd to develop a model to assess and quantify the impact of London's economic growth on the environment. The model projects the impacts of population, tourism and economic growth on a range of environmental indicators such as air pollution, waste and greenhouse gases. The results cover historic performance from 1990 and projections until 2016. The model is an initial step towards

identifying and better understanding the linkages between London's economy and environment.

## **Financial services and climate change**

GLA Economics researched some of the latest developments in the financial community and environmental policy that encourage businesses to be more sustainable in their activities. The financial services sector can play a key role in promoting new environmental business in London. This sector has the potential to provide monetary incentives to direct finances towards sustainable green economic activity; to encourage 'green investment funds'; and help investors, lenders and insurers account for climate risk in their decision-making criteria.

Initially, the interest of financial companies in climate change revolved around insurers' concerns about damages caused by extreme weather





events. However, recently the financial services sector has made a radical shift towards services and products to reduce carbon dioxide (CO<sub>2</sub>) emissions and encourage investment in environmentally friendly technologies.

This shift is mainly due to the emergence of markets that price carbon such as the UK and the European Union's emissions trading schemes. These markets and other financial initiatives such as the carbon fund, are some of the main drivers for financial services playing an increased role in promoting sustainable business practices.

The results from this research were published as *Current Issues Note 3: Financial services and climate change* which explored the financial services sector's role in promoting new environmental business in London with respect to climate change.

### **Environmental effectiveness of cities**

It is often considered to be a truism that cities are dirty, smelly and polluted and that the environment would be improved if they did not exist. Yet since the dawn of civilisation we have created cities and cities provide opportunities for economic and social activities which cannot be found elsewhere. The Mayor's strategy is to make London a sustainable city and to enable it to continue its economic success. To understand how to combine these ambitions, we need better to understand the tradeoffs that are involved between environmental effectiveness and London's economic success.

GLA Economics has made a first attempt to make estimates of the environmental effectiveness and efficiency of English regions. The initial analysis supports the view that London performs well. London does this by bringing together many

people to live and to create an average income that is higher than the national average. London uses fewer resources and degrades the environment less on average than would be possible elsewhere.

The higher usage of public transport in London leads to lower per capita and per output emissions from transport than in other English regions. There is also an indication from road transport, that as new vehicles become more fuel efficient, higher incomes in London mean that the fleet is newer on average and therefore there are environmental benefits to be gained earlier. The findings from this report have been presented at a GLA Economics working group meeting and will be published to coincide with *Sustainability Week* in June 2005.





## In the coming year

### *GLA Economy-Environment Model*

GLA Economics have commissioned Enviros to suggest ways for further developing GLA's Economy-Environment Model to represent the finer points of policy analysis required by the GLA. A workshop will be held in April 2005 to obtain feedback from stakeholders for areas that they see as requiring further development. The consultants are due to submit their report by June 2005.

### *Greening regional economies*

We will be participating in an Environment Agency led project that aims to help non-economists and regional policymakers understand the real drivers of economic change and how they impact on our environment. The project is largely externally focused, working with Regional Development Agencies and

Regional Assemblies to help them develop strong networks and relationships to build capacity and develop evidence-based policy to promote sustainable consumption and production, and will also encourage shared learning across the country. GLA Economics believe that with our previous and ongoing work with the GLA Economy-Environment Model, this project will be very useful for validating and discussing our findings with people working on similar issues.

### *Environmental effectiveness*

On the 15 June 2005, GLA Economics will host a seminar to discuss the findings of the environmental effectiveness of cities report. We will be inviting a range of public and private sectors' stakeholders.

### *Environmental impact of four London issues*

This research examines the economy-environment relationship of four economic

sectors (food, commuting, tourism/international travel, and financial and business services) for London. The research looks at the environmental impact of each sector using the GLA Economy-Environment Model and previous research by Brook Lyndhurst into environmental footprint methods.

### *Financial services and climate change*

Since we were unable to commission further research in this area, it was decided that we along with the GLA's sustainability team will host a workshop looking at the role financial services can play to mitigate and adapt to climate change. GLA Economics will be facilitating the workshop and overseeing a consultant to publish the workshop's findings.



## Transport economics

### Congestion charging

GLA Economics continues to work with TfL to implement a research programme on the economic and business impacts of the congestion charge. This includes in-house research, managing external consultants, and using several data sources. GLA Economics' consultant chief economist chairs two groups concerned with scheme's economic and business impacts. The first group is the Congestion Charging Economic and Business Impacts Steering Group which consists of relevant GLA and TfL officers and manages the research programme. The second group is the Business Reference Group which consists of representatives from London's major trade organisations (London First, London Chamber of Commerce and Industry, Confederation of British Industry, and others). The role of this group is to discuss research and findings and to advise the steering group.

In addition, GLA Economics is working for TfL on the expected economic impacts of any western extension of the congestion charge.

GLA Economics has been working with Professor Bell from Imperial College to look at the impacts of congestion charging on London's retail sector. This research will be published in spring 2005.

### Economic effects of transport delays

London's transport system has seen notable improvements over the past four years. However, the process of building a 21st century transport system for a 21st century world city has only just begun. There are still significant costs associated with using London's transport system and these need to be reduced further if London is to fulfill its growth potential. GLA Economics and TfL jointly commissioned Oxford Economic Forecasting to provide an estimate of the economic

losses imposed on current travellers to London's centre by delays on the transport system.

### Crossrail

GLA Economics is working with TfL and the GLA's transport division to encourage the government to support the business case for Crossrail. GLA Economics regularly participates in meetings with HM Treasury and Cross London Rail Links about Crossrail developments, advises on alternative funding mechanisms, and supports London Business Board discussions on financial support for Crossrail.

GLA Economics continues to review the assumptions about London's economy that are used within Crossrail analysis.

### Thames Gateway Bridge

GLA Economics has provided economic analysis to TfL and LDA for use in the regeneration statement for the Thames Gateway Bridge's public inquiry.



The regeneration statement is part of the planning applications submitted to the London boroughs of Greenwich and Newham.

### **Jubilee Line extension**

GLA Economics participated in the steering group for two TfL research projects about the Jubilee Line extension and commented on the reports discussing changes in land and property value attributable to the extension.

### **Motoring costs index**

A relatively small piece of work requested by TfL involved creating a motoring costs index for London. This index was devised using household expenditure data from the ONS over the period 1994/95 to 2002/03.

### **Cross-River Tram**

GLA Economics commented on the Cross-River Tram's economic impact assessment that was commissioned by TfL.

## **In the coming year**

### *Crossrail*

GLA Economics will continue to support the business case for Crossrail by providing essential economic analysis.

### *Thames Gateway Bridge*

GLA Economics has written the proof of evidence for the regeneration implications of the Thames Gateway Bridge. GLA Economics' consultant chief economist will act as an expert witness for the public inquiry which is due to commence in June 2005.

### *Parking*

The economic impact of different levels of parking supply will be assessed. This will be analysed within different land use contexts, for example outer London town centres and within the congestion charging zone.

### *Light transit schemes*

GLA Economics will continue to comment where required on the

business case for different light transit scheme proposals such as West London Trams and Greenwich Waterfront Transit.

### *Road space usage*

This analysis will assist strategy and policy evaluation by modelling modal share on roads and will develop research around road space mix.

### *Trends in off-peak travel*

This analysis will inform revisions to the transport strategy by considering trends in off-peak travel by weekday/weekend, journey purpose and mode. This analysis is dependent on TfL providing the necessary data for GLA Economics to analyse.

### *Scenario analysis*

To inform revisions to the transport strategy, GLA Economics will work with TfL to develop a scenario analysis of London's economy including examining long-term prospects for energy prices and likely scenarios for the evolution



of the market over the next 20 years.

## Development economics

### Economic Development Strategy

In January 2005, the LDA launched the *Economic Development Strategy* (EDS). This strategy analyses the challenges facing London and sets out agreed targets for concerted action from the public, private and voluntary sectors in London that will make a direct impact on the lives of individual Londoners and businesses. Meeting these targets will strengthen the capital's position as a world city.

GLA Economics has been heavily involved in creating the EDS' evidence base and helping shape the strategy.

The DTI highlighted the evidence base used within the EDS as good practice.

### LDA targets framework, funding formula, and corporate and business planning

The government sets targets that each of its departments aim to achieve. These targets filter down to each regional development agency. In addition, the EDS outlines a number of 'indicators of success' which require monitoring in order to assess the EDS' impact. The LDA has to manage the relationship between these two sets of indicators or targets in devising its corporate plan (which illustrates the LDA's own targets).

GLA Economics are helping the LDA manage this relationship by advising on whether targets are meaningful and/or measurable, commenting on proposed targets by DTI/HM Treasury, and monitoring performance against the targets. In addition, earlier in the year GLA Economics was involved in work on DTI's funding formula for the Regional Development Agencies which

directly impacts on the LDA's resources. This included analysis and advice on potential changes to the funding formula.

GLA Economics has helped develop effective output targets for the corporate plan and tailor each LDA directorate's corporate plans to the EDS' objectives.

### Annual London Business Survey

In July 2003, Business Link for London and the LDA commissioned a survey investigating factors that affect the competitiveness and productivity of businesses within a representative cross-section of London firms. This process was repeated in 2004 and GLA Economics have been involved in analysing the results of this survey ensuring that the GLA group have the most up-to-date information on which to base policy making decisions.





### **Business closures**

As identified in the EDS, London has higher start-up and closure rates for businesses than any other UK region. GLA Economics is helping investigate the main factors behind the higher rates of business closures in London, and specifically the reasons for the lower survival rates (three-years) of businesses in London as identified in the EDS.

### **Olympics**

The DCMS and the LDA have commissioned work to clarify the potential benefits, costs and risks associated with mounting a bid and staging the Olympics in London in 2012. The DCMS and LDA are project managing this work with GLA Economics providing on-going support.

### **In the coming year**

#### *London economic development snapshot*

In association with the LDA, GLA Economics will be providing analytical input to the six monthly

report on the EDS' objectives and indicators of success.

#### *Rationale for public sector intervention*

Similarly to the Rationale Outcomes Appraisal Monitoring Evaluation Feedback framework used for policy assessments in central government, we intend to develop some guidance on the rationale for public policy intervention with regard to the London economy. This work is seen as a first step potentially followed by training or workshops for GLA group staff.

#### *LDA corporate and business planning process*

GLA Economics will be involved in the next round of the Corporate and Business Planning process, helping to set effective output targets and ensuring that the work of the various LDA directorates is focused on the EDS' objectives.

#### *Creative London evaluation*

This work advises the LDA's

creative sector team about appraising investment proposals from Hubs within the creative London project. It will work to ensure that evidence conforms to the DCMS Evidence Toolkit framework for the creative industries, which underlies the GLA and LDA's creative industry data strategy. The work will also involve advising the creative sector team about monitoring and evaluating the investment programme.

#### *Sub regional economic analysis*

This work will help establish baseline data on London's sub regions to help prioritise actions identified in the EDS at the sub-regional level and to inform the sub-regional development frameworks following the publication of the *London Plan*.

#### *Equalities strategy*

GLA Economics will help build the evidence base on which the LDA will develop its equality strategy.





## Labour market economics

### Women in London's Economy

One of GLA Economics' major research areas in 2004 was analysing issues surrounding women working in London's economy. The research analysed trends in women's employment and how London differs from the rest of the UK; the differences between male and female employment within London; the components of the gender pay gap for London; women in senior positions in London businesses; and differences between male- and female-owned businesses.

This report was launched by the Mayor at the first *Women in London's Economy* conference held in January 2005.

### London's workforce employment series

The GLA maintains its own set of data for measuring the number of jobs in London.

Workforce employment data is an important resource that underpins many of the GLA group's planning decisions and is used as a basis for other important data, such as estimates of London's economic output. In September 2003, GLA Economics issued a report which is a guide to the GLA's data, explaining the sources and where they can be found, and why the GLA maintains its own series separate from ONS. In 2004, the figures for the GLA's workforce employment series were updated and are available to download from GLA Economics' extranet site.

### Living Wage Unit

In his 2004 election manifesto, the Mayor pledged to establish a Living Wage Unit to look at the issue of a realistic living wage for London.

GLA Economics is researching the issue and considering at what threshold is the poverty wage in London. Two main

approaches to calculating a living wage are under consideration. One approach, developed by the Family Budget Unit, estimates basic living costs and calculates the wage required to meet those costs. The second approach is based on the distribution of incomes and the widespread definitions of poverty as a percentage of median income.

A report outlining the initial findings of this work was released in March 2005.

### In the coming year

*Women in London's Economy*  
*Women in London's Economy* is anticipated to be an annual publication. Research will therefore continue in this area and will consider where future job opportunities in London are likely to be; will analyse the benefits of employers offering part-time and flexible working; and will consider the types of jobs and industries that women



have worked in over the past three decades and what lessons can be learnt from this.

#### *Living Wage Unit*

The first report from this unit was released in March 2005 giving both a poverty threshold wage for London and a living wage for London. A living wage includes a secure margin above the poverty threshold wage to ensure that the person involved does not fall to the level of poverty wages. The results of GLA Economics' analysis will be presented at a conference on poverty at the end of May 2005.

GLA Economics will recruit an economist to help the unit fulfil the work required to further develop the living wage and monitor issues surrounding its introduction within the GLA group.

#### *Skills and employment issues at the LDA*

As skills and employment are key issues for the planned

development of the Thames Gateway area, GLA Economics will be supporting the LDA to formulate the Thames Gateway Skills and Employment Strategy.

#### *Poverty and worklessness*

GLA Economics will provide the newly formed Social Inclusion and Health Policy Team, chaired by Neale Coleman from the Mayor's office, with expert economic input. The evidence base will support the LDA's policy formation and help implement recommendations from the Prime Minister's Strategy Unit's report, *The London Project*.

Following the publication of *The London Project*, GLA Economics will work with colleagues in the GLA and the Government Office for London to further investigate the reasons for the high rates of worklessness in London. This will include focusing on key groups in the London labour market who suffer high rates of

worklessness such as women with children, people of black or minority ethnic origins, and people with no or low levels of qualifications. It will also include a review of the evaluation literature on the effectiveness of different sorts of policies in helping individuals to move from welfare into work.

#### *Older person's strategy*

GLA Economics will help provide the evidence base for the GLA's older person's strategy. We will support research currently underway by the King's Fund and provide analysis that sets out the importance of employment in this sector within the wider London context. We will continue to maintain a watching brief on the emerging strategy.

#### *Migration related issues*

Migration issues have once again risen up the political agenda. GLA Economics will continue to maintain a watching brief on migration related issues.





# Widening Audience

GLA Economics is committed to ensuring that its information is as widely available to interested stakeholders as possible. Throughout 2004/05, GLA Economics used several methods to achieve this goal.

## **External presentations**

As a result of the GLA's submission to the Spending Review 2004, Bridget Rosewell, the unit's chief economist, was invited to present to the DfT about London's economy and transport needs.

Bridget also makes frequent presentations on London's economy to London First, the Government office for London, the LDA board, the Bank of England, and other regional and national stakeholders.

GLA Economics has also presented to the Learning Skills Council researchers meeting about employment projections on two occasions over the previous year. We have presented to the London School of Economics Gaia society about congestion charging, to

academics and students at the London School of Economics about the links between London the UK economy, and to the London Network for Higher Education and Business about creative industries.

## **Seminar series**

In April 2004, we held a seminar to launch the GLA's Economy-Environment Model. At this seminar, we presented the environmental impact of London's population, transport and economic growth. The audience was primarily those with an interest in environmental issues from the GLA and LDA.

In the summer of 2004, GLA Economics hosted a further two seminars. The first, *Bridging the Gap*, looked at transport accessibility and included

presentations from Bridget Rosewell (GLA Economics' consultant chief economist) about the case for crossrail, Paul Ormerod (Volterra Consulting) about accessibility and regeneration associated with the Thames Gateway Bridge; and Christopher Lewis (GLA Economics) about economic impact report guidance. The seminar was oversubscribed and attended by 60 delegates representing central government, local government and the private sector.

The second seminar, *Capital Impact*, looked at London's role in the international economy. This seminar included presentations from Experian Business Strategies describing work that they did for GLA Economics about modelling London's impact on the UK and



# the

the world; John Ross (GLA) discussing London's relationships with Russia and China; Damian Walne (GLA Economics) discussing London's trade with the rest of the world; and Alan Freeman (GLA Economics) discussing how to measure and compare world cities.

This seminar had an audience of more than 100 people and included representatives from the central government, local government, private sector and higher education.

## **Working group meetings**

During 2004/05, GLA Economics continued to host bi-weekly meetings for staff in the GLA, LDA and TfL that cover the latest on global and local economies, present new economic indicators and include a short presentation from GLA Economics or an invited guest speaker.

## **Mailing list**

Our mailing list continues to grow and has increased

by 25 per cent over the past year to a total of 2500 people. We continue to develop targeted mailing lists for different publications so that our material reaches the most relevant audiences.

## **Media coverage**

GLA Economics works closely with the GLA's media team to promote the unit's work. The media often uses the key findings in GLA Economics' reports as stories in their own right or as background information to other stories. Key publications such as *Women in London's Economy* and *Growing Together: London and the UK Economy* have received considerable media coverage. *Women in London's Economy*, for example, received coverage in the print media (including The Guardian, Evening Standard and the Independent), online media (including Bloomberg.com, ChamberOnline.co.uk and BBC News Online) and radio media (Capital FM and LBC News).

All GLA Economics' publications and events are promoted in the unit's flagship publication, *London's Economy Today*, a monthly e-newsletter sent to around 2000 readers.



Our speaker list between April 2004 and March 2005 was as follows:

<b>Speaker</b>	<b>Organisation</b>	<b>Title</b>
Matthew Waite	GLA Economics	Grocery retailing in London
Alan Freeman	GLA Economics	GLA Economics spring 2004 forecast
Alon Carmel	GLA Economics	Tourism satellite account
Leticia Veruete-McKay	GLA Economics	The economic contribution of London's higher education sector
Adarsh Varma	GLA Economics	Housing sub-markets
Margarethe Theseira	GLA Economics	Women in London's economy
Matthew Waite	GLA Economics	Retail and the West End
Bridget Rosewell	GLA Economics	Revising employment projections
Andrew Burrell	Experian Business Strategies	Regional planning service
Alan Freeman	GLA Economics	London's Economic Outlook – September 2004, Medium-Term Forecast
Matthew Waite	GLA Economics	Business start-up and closure rates in London
Andrew Barry-Purssell	Greater London Authority	Casinos
Martin Davies	Experian Business Strategies	Convenience goods and floor space needs in London
Jonathan Riches		
James Sloan	LDA	London skills picture
Stephen Gifford	Oxford Economic Forecasting	The economic effects of transport delays in central London
Alon Carmel	GLA Economics	Black-owned businesses in London
Justin Ram	GLA Economics	The environmental effectiveness of cities
Alon Carmel	GLA Economics	Congestion charging economic and business impacts update
Damian Walne	GLA Economics	Olympic impact study
Amer Hirmis	DTZ Pinda	Economic impact of foreign direct investment into London
Richard Marsh	Consulting and	
Chris Cobbold	Think London	
Mark Hardwick		
Keith Blakemore	LDA	London Annual Business Survey (LABS 2004)
Adarsh Varma	GLA Economics	GLA Economy-Environment Model
Matthew Waite	GLA Economics	Calculating London's living wage
Damian Walne	GLA Economics	Laying the foundations – London's construction industry



### **In the coming year**

GLA Economics intends to host its second international conference in autumn 2005 called *The Dynamic City*. The conference will look at how the economics of cities, and our policies towards them, are changing. The conference will explore challenges that are common to most cities and looks at the innovative strategies that cities are adopting to respond to these challenges. Speakers will be drawn from across the world and will look at issues of infrastructure and finance, planning and regeneration, innovation and economic growth.

Most of all, the conference will explore what it means to be a Dynamic City in the 21st century.

# Knowledge Management

GLA Economics has continued to develop systems and process to enable the unit to produce their analysis and reports within the required timeframes and budget.

## **Framework agreement**

The framework agreement for consultants and academics to provide economic, statistical and forecasting services for GLA Economics was established in August 2003. This agreement will run initially until August 2006 and enables us to work in a responsive and timely manner with consultants. Consideration is being given as to how best to continue with the framework after August 2006.

## **Staff training**

Staff have attended a time management training session and a project management course. This training helps staff better manage their workloads and helps them apply the GLA's project management methodology to their research programmes.

Our knowledge manager successfully applied to join the GLA's first leadership course which covered a range of management areas including managing oneself, relating to others and leading the business.

As we are heavy users of Microsoft Excel, a number of economists attended an Advanced Excel training course to allow better and more efficient use of the software.

Our knowledge manager has taught the trainee economists basic Geographic Information Systems (GIS) software skills, enabling them to draw maps of economic data and do basic spatial querying.

Our marketing manager went on a desktop publishing course

to look at ways of improving our monthly e-newsletter, *London's Economy Today*. The longer-term plan will be to release all of our publications using advanced desktop publishing software to improve overall visual appearance.

## **GLA Economics' extranet**

The GLA has introduced a content management system that enables us to update the data resources held on the extranet. Data held on the extranet includes indicators used in *London's Economy Today*; a bibliography of over 500 pieces of published economic development and business support research since 2000; and the GLA's definitive workforce employment series for London containing employee jobs, self-





employment, and total workforce employment.

#### **Library resources**

We continue to maintain both a physical library resource and electronic document resources.

#### **GIS as a corporate resource**

The GLA continues to progress the use of GIS as a corporate tool. A GIS officer has been employed to help move this initiative forward. He has begun to collate the data resources from around the GLA into a single location and has continued to work with the technology group to enable the data to be stored on a central GIS server. GLA Economics are on this project's steering board and continue to push for the development of a meta-database for geographic datasets and improving access to the GLA's various data resources.

#### **GLA research work**

The GLA has a statutory obligation to consult the London boroughs at least once a year on its research plans. GLA Economics has sent representatives to these meetings to give an overview of the current work and planned activities of the unit. In order to keep the audience of GLA Economics informed, we maintain a research register that gives a brief overview of areas of research that GLA Economics are involved with.

GLA Economics sits on the steering board for a GLA wide project that will provide a central database of research activities from throughout the GLA and its partner organisations.

#### **GLA Economics business plan**

As demands on the unit increase, it has become necessary to prioritise areas of research as not all of the

requests on the unit can be met with existing resources. A new process has been implemented that allows our funding bodies to raise areas that they want analysed and reach agreement about which are the priority areas while giving sufficient reserve capacity for the unit to provide a responsive service.

#### **In the coming year**

Our administrator will be attending a PowerPoint course to enable her to better use this software. Our trainee economists will be attending a presentation skills course. Those who have not attended the Advanced Excel course will be given the opportunity to participate in the training sessions.

# GLA Econ Publicatio

GLA Economics aims to share its research and analysis with as broad an audience as possible. All GLA Economics publications are available via the GLA website on [http://www.london.gov.uk/mayor/economic\\_unit](http://www.london.gov.uk/mayor/economic_unit)

## E-newsletter

*London's Economy Today* is the unit's monthly e-newsletter featuring the most up to date information on the state of London's economy. For more information about *London's Economy Today* please see page 10. To join the mailing list, please call 0207 983 4922 or email [glaeconomics@london.gov.uk](mailto:glaeconomics@london.gov.uk).

## Reports

### **A Fairer London: The Living Wage in London, March 2005**

In his 2004 election manifesto, the Mayor pledged to establish a Living Wage Unit to look at the issue of a realistic living wage for London. This publication is the unit's first report which provides an analysis of the factors around calculating London's living wage.

### **Time is money: The economic effects of transport delays in Central London, February 2005**

*(Commissioned work by Oxford Economic Forecasting)*

This report examines the economic cost to Central London of delays arising from inefficiencies in the transport system. The quantifiable economic cost of these transport delays to Central London employees and businesses is estimated to be £1,190 million per annum.

### **Ready for Business: The contribution of black businesses to London's economy, February 2005**

This report demonstrates that black businesses play an integral and growing role in London's business community. They have a total turnover of almost £4.5

billion a year and provide around 70,000 jobs.

### **Growing Together: London and the UK Economy, January 2005**

There are two common and opposite views of London and its economic relationship with the rest of the UK. One view is that London's growth is at the expense of the rest of the UK. Alternatively London is simplistically portrayed as the one motor of UK growth, and the impression is given that the rest of the UK's economy is somehow entirely dependent on the economic activity that occurs within the capital. Both views are mistaken. This report uses empirical evidence to demonstrate that the relationship between London and the rest of the UK is one of mutual interdependency and mutual benefit.

# Economics Publications

**More residents, more jobs?  
The relationship between  
population, employment and  
accessibility in London,  
January 2005**

*(Commissioned work by Will  
Cook, Volterra Consulting)*

This report examines the relationship between population, employment and accessibility in London. It concludes by noting that an increase to the resident population of 1000 people will have an increase of 230 jobs in the local area (for areas of low accessibility).

**Women in London's Economy,  
January 2005**

Women in London are less likely to be in employment than men in London or women elsewhere in the UK. This report describes the current position of women in London's labour market and analyses the type of work that women do, the gender pay gap and women-owned businesses. This report is available as a full report and a summary document. A Technical Appendix

is also available entitled:  
*The gender pay gap in London  
and the United Kingdom – A  
discussion of the methodology  
used in Chapter 2.4 of the Women  
in London's Economy report.*

**Enter the Dragon – An  
analysis of Chinese FDI into  
London, December 2004**

Compared to other European cities, London receives a high share of FDI from the world's Chinese economies. This report identifies and examines the trends in Chinese FDI and compares the amount of Chinese FDI that is received by London, the rest of the UK and Europe. Benefits of FDI are noted as being increases in employment, output and efficiency.

**GLA Economics Annual  
Report 2004, August 2004**

GLA Economics Annual Report 2004 covers the period from 1 April 2003 to 31 March 2004. It outlines the unit's many achievements over what has been a very busy year and

provides a unique insight into the state of London's economy.

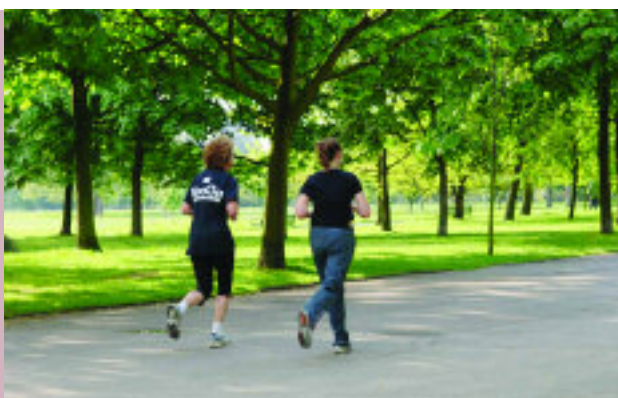
**World City, World  
Knowledge: The economic  
contribution of London's  
higher education sector,  
April 2004**

There are more than 340,000 students in London, studying at 41 higher education institutions. This report examines how higher education contributes to the London and UK economies. It also estimates the value of investment in higher education in terms of the human capital it generates.

**Lone Parents in London,  
April 2004**

*(Commissioned work by Stephen  
McKay, Personal Finance  
Research Centre, School of  
Geographical Sciences,  
University of Bristol)*

Lone parents in London are less likely to be in paid work than those living in other parts of Britain. In order to help understand why, GLA Economics



and the Department for Work and Pensions jointly commissioned a quantitative analysis of the differences in paid work.

#### **London's Creative Sector: 2004 Update, April 2004**

This report updates and extends *Creativity: London's Core Business*, published in October 2002. It confirms that London is the UK's creative capital. London's creative sector is growing faster than any major industry except Financial and Business Services, and it accounted for between a fifth and a quarter of job growth in London between 1995 and 2001.

#### **The GLA's Economy-Environment Model, April 2004**

*(Commissioned work by Enviro Consulting)*

GLA Economics commissioned Enviro Consulting to develop a model that would assess and quantify the impact of London's

economic growth on the environment. The model projects the impact of population, tourism and economic growth on a range of environmental indicators such as air pollution, waste and greenhouse gases.

#### **The GLA's Economy-Environment Model: Summary of Findings, April 2004**

This report provides an initial step towards a framework within which the GLA's Economy-Environment Model can be used to analyse economic-environmental issues in London. It contains calculations on emissions for waste and energy use per person. An initial assessment of the environmental impact of the reduction in vehicle kilometres due to the congestion charge is also provided. The report covers only some key results from the model and is not the final or exhaustive output of the model.

#### **London's Housing Submarkets, April 2004**

London's housing market has been grouped into five submarkets – Central, Crowded House, Pleasant Crescent, Suburban London and Leafy Retreat. This new report expands on the work in *Valuing Greenness* and analyses the submarkets in terms of factors that affect demand and supply of housing, such as property and tenure type, demographic and social conditions, location, environment and proximity to public transport.

### **Forecasts**

#### **London's Economic Outlook: Autumn 2004. The GLA's medium-term planning projections, October 2004**

*London's Economic Outlook* assists in policy planning by providing a snapshot of London's economy over the next three years. This LEO forecasts that London household





spending will peak in 2004 at three per cent and is expected to remain below GVA growth at 2.6 per cent in 2005 and 2006 as consumers adjust to the impact of interest rate rises.

**London's Economic Outlook: Spring 2004. The GLA's medium-term planning projections, April 2004**

The forecast for London's economy predicts that growth will continue at around three per cent through to 2006. London's jobs reached 4,570,000 – the highest since the GLA's dataset began in 1971. This strong jobs growth is expected to continue into 2004 and then moderate. Finance and business services will be the strongest performing sector, in terms of jobs and economic growth.

**Working papers**

This series has a more technical focus than other GLA Economics reports and includes development of a methodology

or application of an existing method to a new area. As we are expecting a series of retail related working papers we have set up a sub-group for these.

**Retail in London Working Paper A: Retail in the West End, March 2005**

The West End is the UK's largest retail area. Despite having several advantages over other retail centres, the West End faces several specific problems related to transport and not having a centralised, co-ordinating, 'management' body that can make improvements on behalf of local retailers.

**Working Paper 11: Working London – Employment projections for London by sector, November 2004**

This working paper provides employment projections for London as a whole and for twelve key London sectors. London's total employment growth is projected to be 194,000 between 2002 and

2007. The best performing sectors are 'other sectors', 'hotels, bars and restaurants' and 'business services'. The worst performing London sectors are 'manufacturing' and 'construction'.

**Working Paper 10: GLA Economics' submission to the Treasury and DTI consultation on productivity indicators, September 2004**

This working paper is GLA Economics' response to the HM Treasury and DTI's consultation exercise regarding their proposal to develop a focussed set of productivity indicators for the UK. GLA Economics said that they had reservations about the proposal as it was difficult to summarise performance using just a simple set of indicators. Rather, GLA Economics argued that it was better to come to a judgement based on all relevant evidence.



### **Working Paper 9: Measuring and Comparing World Cities, May 2004**

Working Paper 9 studies the economic performance of 27 European cities estimated by seven different sources. It finds that estimates of even the most basic indicators, such as productivity, diverge so much that no estimate can be relied on.

### **Working Paper 8: Submission to the Treasury Select Committee Inquiry into Regional Productivity, April 2004**

This working paper considers the government's Public Service Agreement target relating to regional policy. It includes the GLA Economics submission to a Treasury Select Committee that is exploring this issue.

### **Working Paper 7: Defining and Analysing London's Housing Submarkets, April 2004**

This working paper contains the statistical basis behind the GLA Economics report *London's Housing Submarkets*. It divides London's housing market into five submarkets based on structural, accessibility and household characteristics. It then looks at the benefits of analysing London's housing as a distinct set of submarkets compared to the overall housing market.

### **Current issues notes**

#### **Current Issues Note 3: Financial services and climate change, July 2004**

This note examines some of the latest developments in the

financial community and environmental policy that encourage business to be more sustainable in their activities. The note looks at the financial services sector's unique position in promoting new environmental business in London.

#### **Current Issues Note 2: Appraisal of the Department for Transport's Guidance on Preparing an Economic Impact Report, July 2004**

To assist organisations prepare an economic impact report for a transport scheme when seeking funding from the DfT, the document *Guidance on Preparing an Economic Impact Report* was produced. This note critically examines the guidance document and notes that it has several shortcomings.





# Financial

## Financial summary 2004/05

The provisional net expenditure figure for GLA Economics during financial year 2004/05 is £321,875

The final net budget for 2004/05 is £447,096

Therefore the net underspend for 2004/05 is £125,221

The original gross expenditure budget for 2004/05 was £1,350,845

During the year TfL and LDA have been invoiced based on a budgeted spend of £1,025,000 with the GLA contributing the remaining £325,845

The split of the gross budget is shown below:

	Gross budget	% share
TfL contribution =	£512,500	38
LDA contribution =	£512,500	38
GLA contribution =	£325,845	24



# Report

The gross expenditure budget for 2004/05 was revised from £1,350,845 to £1,472,096 to reflect the carry forward of £120,172 agreed from 2003/04

(£46,220 each from LDA and TfL and £27,732 from GLA). There was also a £3,000 virement from Technology group within the GLA and a downward salary

budget adjustment to reflect the the lower than budgeted for pay award.

Based on the provisional final underspend figure of £125,221 the overpayments made by LDA and TfL are:

2004/05	GLA Underspend	Percentage contribution underspent	Surplus	Percentage of budget underspent
TfL	£125,221	38%	£47,584	9.3%
LDA	£125,221	38%	£47,584	9.3%
		<b>Total</b>	<b>£95,168</b>	

It has been agreed that the monies owed would be carried over for use in financial year 2005/06. The GLA's share of the underspend of £30,053 (24%) is a ringfenced fund for the use of GLA Economics.

# Financial State

	Actual £	Budget £	Variance £
<b>Expenditure</b>			
Employee Pay	520,352	576,060	(55,708)
National Insurance	59,521	54,830	4,691
Pension	63,859	75,028	(11,169)
Allowances	3,089	1,042	2,047
Employee Temps	30,896	3,350	27,546
<b>Staff Costs – Pay</b>	<b>677,717</b>	<b>710,310</b>	<b>(32,593)</b>
Travel	1,399	1,000	399
Hotels/Lodgings	351	1,000	(649)
Subsistence	543	1,000	(457)
Conferences & Seminars	4,319	5,000	(681)
<b>Staff Costs – Non Pay</b>	<b>6,612</b>	<b>8,000</b>	<b>(1,388)</b>
Catering Charge	2,511	2,000	511
Publications Printing	21,566	20,000	1,566
Publications Design	15,295	35,000	(19,705)
Stationery	529	1,000	(471)
Books	658	1,000	(342)
Data Purchase	32,046	50,000	(17,954)
Consultancy	278,510	308,814	(30,304)
Couriers	448	1,000	(552)
IT Hardware – Purchase	3,850	2,972	878
IT Software – Purchase	32,494	32,000	494
Corporate Subscriptions	29,889	50,000	(20,111)
<b>Supplies and Services</b>	<b>417,796</b>	<b>503,786</b>	<b>(85,990)</b>
Operational Buildings Charge	250,000	250,000	-
<b>Service Charges</b>	<b>250,000</b>	<b>250,000</b>	<b>-</b>
<b>Total Expenditure</b>	<b>1,352,125</b>	<b>1,472,096</b>	<b>(119,971)</b>

# ment 2004/05

	Actual £	Budget £	Variance £
<b>Income</b>			
Fees and Charges	(1,030,250)	(1,025,000)	-
Other income	(5,250)	(5,250)	(5,250)
<b>Total Income</b>	<b>(1,030,250)</b>	<b>(1,025,000)</b>	<b>(5,250)</b>
<b>Net Expenditure</b>	<b>321,875</b>	<b>447,096</b>	<b>(125,221)</b>



## Abbreviations

CO <sub>2</sub>	Carbon dioxide
DCMS	Department for Culture, Media and Sport
DfT	Department for Transport
DTI	Department of Trade and Industry
EDS	Economic Development Strategy
FDI	Foreign direct investment
GIS	Geographic Information Systems
GLA	Greater London Authority
GVA	Gross value added
HM Treasury	Her Majesty's Treasury
LDA	London Development Agency
ONS	Office for National Statistics
PSA	Public Service Agreement
TfL	Transport for London
UK	United Kingdom
US	United States of America



## Other formats and languages

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### Chinese

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### Vietnamese

Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

### Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό κατά ή ταχυδρομικά στην παρακάτω διεύθυνση.

### Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

### Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਜ਼ਰੂਰੀ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਲਿਖਤਾ ਕਰੋ:

### Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

### Bengali

আপনি যদি আপনার ভাষায় এই নথির প্রতিলিপি (কপি) চান, তা হলে নীচের কোন্ নম্বরে বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

### Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے ہیں، تو براہ کرم نیچے دیے گئے نمبر پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

### Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

### Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી વાચાણમાં જોડતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

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