GLAECONOMICS

London's Economy Today

Issue 267 | November 2024

Bank of England cuts interest rates

By **Gordon Douglass**, Supervisory Economist
and **Sixia Zhang**, Economist

The Bank of England (BoE) cut interest rates again in November, with the Bank Base Rate being cut from 5.0% to 4.75% (Figure 1). This is the second cut in interest rates by the BoE this year.

Alongside this decision the BoE published its November 2024 Monetary Policy Report, which sets out its thinking around the performance of the economy underlying their Monetary Policy Committee's decision on interest rates. This noted three key judgments. First that "four-quarter GDP growth is expected to pick up to almost 1¾% in the first part of the forecast period, before falling back slightly". Secondly that "a margin of economic slack is projected to emerge during 2026 in part reflecting the overall tightening in the stance of fiscal policy assumed in the Budget". And thirdly "second-round effects in domestic prices and wages are expected to take somewhat longer to unwind than they did to emerge". Given this the BoE expects inflation to rise over the next year to around 2¾% before dropping back to the target rate of 2% after that.

UK inflation picks up sharply in October

Despite the BoE cutting interest rates, data from the Office for National Statistics (ONS), published this month, showed that Consumer Price Index (CPI) inflation rose sharply in October. CPI inflation increased from 1.7% in the year to September to 2.3% in the year to October (Figure 2). The ONS observed that the largest upwards contribution to inflation came "from housing and household services, mainly because of electricity and gas prices; the largest offsetting downward contribution came from recreation and culture".

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Datastore

The main economic indicators for London are available to download from the London Datastore.

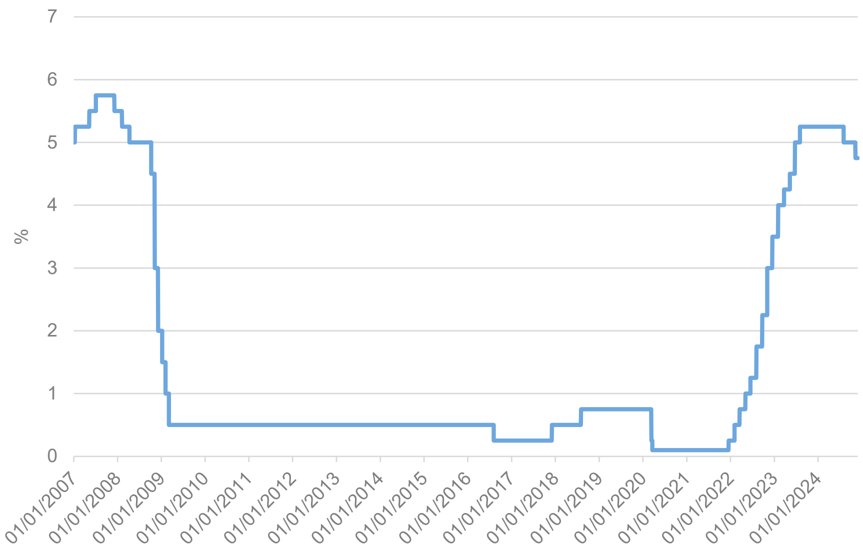


Figure 1: Bank of England Base Rate (1 January 2007 to 27 November 2024)

Source: Bank of England

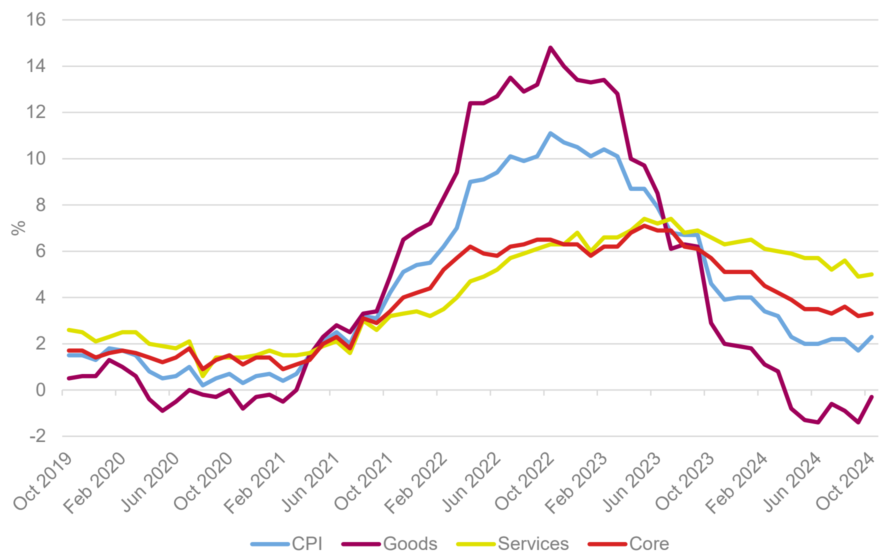


Figure 2: CPI, goods, services and core annual inflation rates, UK, October 2019 to October 2024

Source: ONS

Beyond the headline figure other measures also picked up but generally by not as much. Core CPI (excluding volatile energy, food, alcohol and tobacco prices) inflation increased to 3.3% over the year to October 2024, up from 3.2% in September. The CPI goods annual rate rose from negative 1.4% to negative 0.3%. While the CPI services annual rate increased from 4.9% in September to 5.0% in October.

Looking ahead the energy regulator Ofgem announced this month that the energy price cap will rise in January. This would be the second consecutive rise in the cap. This rise means that someone paying by direct debit and using the typical amount of gas and electricity will pay £1,738, or £21 a year more. Bills are currently up to 50% higher than they were pre the pandemic.

UK GDP only marginally grows in the third quarter

The ONS also published data for economic growth in the third quarter of 2024 this month. This showed a marked slowdown in growth, with UK GDP only increasing by 0.1% in Q3 2024; this compares to growth of 0.5% in Q2 2024 (Figure 3).

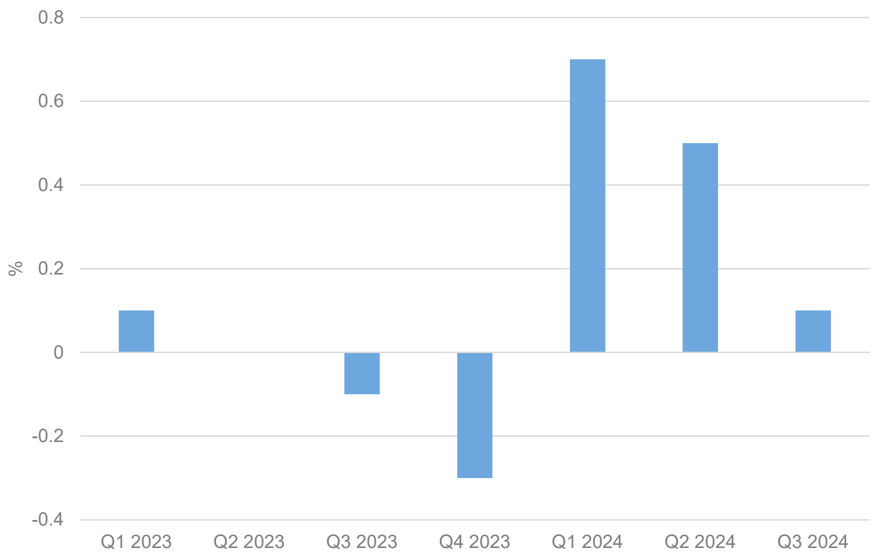


Figure 3: UK real GDP, UK, Quarter 1 2023 to Quarter 3 2024

Source: ONS

The ONS estimates that output in the services sector increased by 0.1% on the quarter, with output in construction growing by 0.8% but output in the production sector fell by 0.2%. Compared to a year ago real GDP is estimated to have increased by 1.0% in Q3 2024. However, real GDP per head is estimated to have declined by 0.1% in Q3 2024, and is flat, compared with the same quarter in 2023.

US president elect proposes the imposition of tariffs

The President elect of the US, Donald Trump, has proposed during his election campaign the imposition of a number of tariffs on imports into the US. These could take the form of tariffs of up to 20% on goods from other countries with tariffs of 60% on all imports from China. In 2023 the US imported around $3,100bn of goods, worth around 11% of US GDP. Looking at the possible impact of these tariffs on US consumers the Peterson Institute for International Economics has estimated that it could lower the income of Americans from between about 4% for the poorest fifth to about 2% for the wealthiest fifth. Looking at the possible impact on the UK economy the National Institute of Economic and Social Research (NIESR) has estimated that the imposition of 10% tariffs could cut UK growth by 0.7 percentage points.

Elsewhere in the US the Federal Reserve has again cut interest rates. The Fed reduced its benchmark rate in November by a quarter point to a rate of between 4.5%-4.75%. This was the Feds second consecutive cut in the rate. Commenting on this change the Feds Chair, Jerome Powell, said "this further recalibration of our policy stance will help maintain the strength of the economy and the labour market and will continue to enable further progress on inflation as we move towards a more neutral stance".

London's payrolled employment numbers fall

London's payrolled employment numbers continued to fall in October, according to the latest HMRC real-time information data, and are now lower than a year ago. Losses of resident payrolled jobs in Inner London were slightly higher than gains in Outer London in the latest data.

The unemployment rate in London in the latest ONS Labour Force Survey data was the highest across regions and countries of the UK. The unemployment-related claimant count continued to rise gradually. At the same time, the economic inactivity rate carried on decreasing, and is much lower than the UK average, while the employment rate is higher than the UK average. The recent volatility of the figures invites caution. Overall, the sustained rise in claimant count and broad stagnation in resident payrolled employment in 2024 suggest a cooling-down of the London labour market. Further, analysis on the latest information on London's labour market can be found on the London Datatstore.

Elsewhere, the latest Hospitality Market Monitor from CGA by NIQ and AlixPartners has found that there had been "notable growth in outlet numbers in Scotland and London" in the last 12 months. The monitor also found that year-on-year growth in site numbers was 0.4% in London, "though it has been much faster in the centre of the capital at 1.8%".

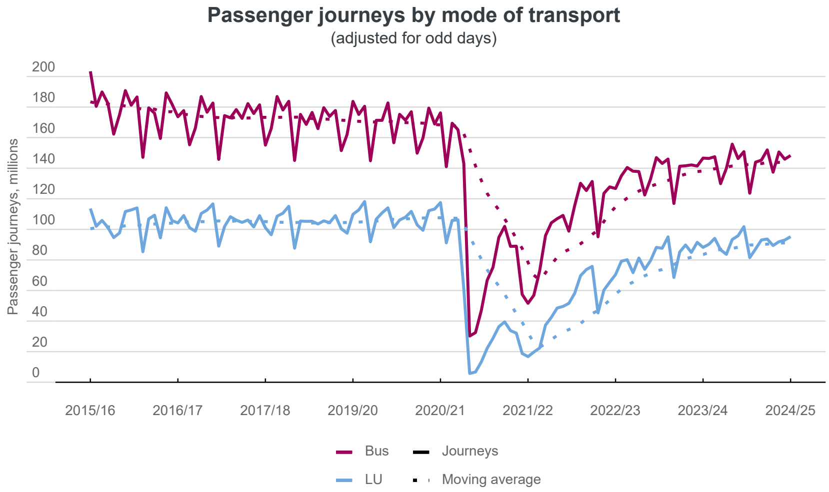
GLA Economics will continue to monitor all these and other aspects of London's economy over the coming months in our analysis and publications, which can be found on our publications page and on the London Datastore.

Economic indicators

The underlying trend in passenger journeys on London public transport marginally increases in July

- 243.5 million passenger journeys were registered between 23 June and 20 July, 4.7 million more than in the previous period. 238.9 million passenger journeys were registered between 26 May and 22 June.
- In the latest period, 95.2 million of all journeys were underground journeys and 148.3 million were bus journeys.
- The 13-period-moving average in the total number of passenger journeys rose marginally from 234.9 million in the previous period to 235.1 million in the latest period.
- Due to the cyber incident at TfL, the release of passenger journey data has been postponed. The next release date is yet to be confirmed

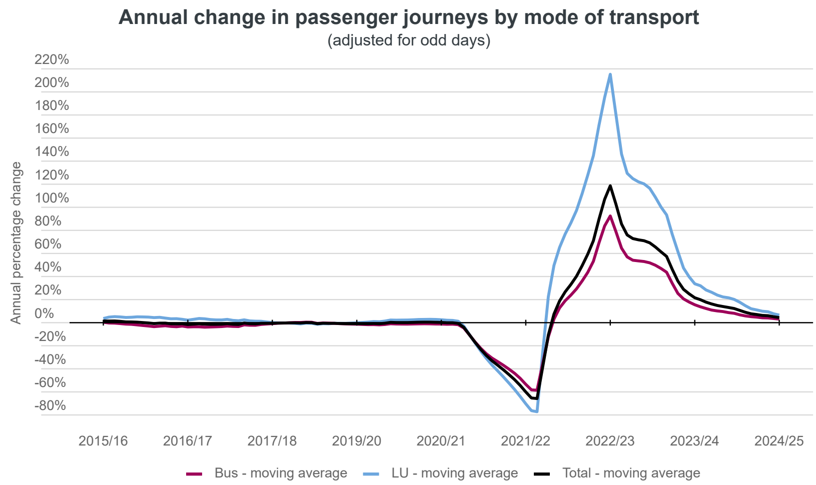
Source: Transport for London
Latest release: August 2024, Next release: TBC



Annual growth in passenger journeys remains positive, if slowing

- The 13-period moving average annual growth rate in the total number of passenger journeys was 4.4% between 23 June and 20 July, down from 5.1% between 26 May and 22 June.
- The moving average annual growth rate of bus journeys decreased from 3.6% to 3.1% between the above-mentioned periods.
- Likewise, the moving annual average of underground passenger journeys decreased from 7.7% to 6.6% between those periods.
- Due to the cyber incident at TfL, the release of passenger journey data has been postponed. The next release date is yet to be confirmed.

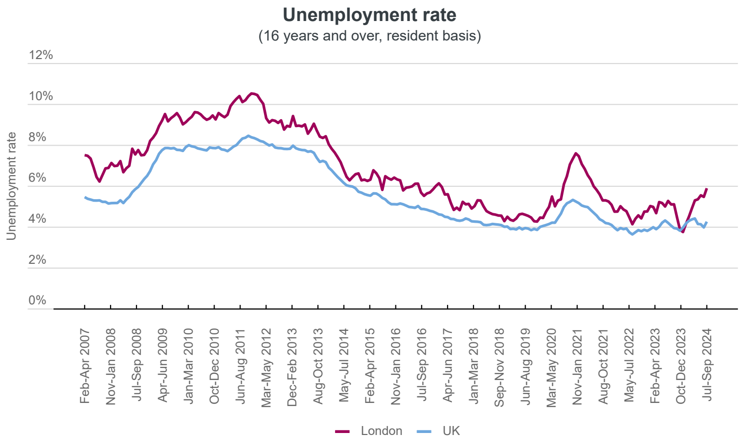
Source: Transport for London
Latest release: August 2024, Next release: TBC



London's unemployment rate increased over the last quarter

- Around 305,000 residents aged 16 and over were unemployed in London in the period from July to September.
- The unemployment rate in London for that period was 5.9%, an increase from 5.4% in the previous quarter April - June.
- The UK's unemployment increased marginally to 4.3% in July - September, up from 4.2% in April - June.
- The Office for National Statistics cautions that significant volatility has been observed in recent periods, and short-term changes should be treated with vigilance and used in conjunction with other indicators.

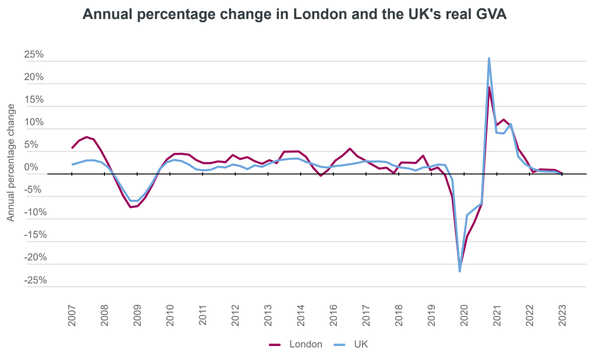
Source: ONS Labour Force Survey
Latest release: November 2024, Next release: December 2024



London's economy had surpassed pre-pandemic levels of output by Q4 2022, with recent growth trends moderated

- By Q4 2023, London's real Gross Value Added (GVA) was 0.6% above its pre-pandemic level (Q4 2019), while the UK's real GVA was 1.4% higher.
- London's real GVA decreased by 0.3% in Q4 2023 compared to Q3 2023, following no change in the previous quarter. Similarly, the UK's real GVA also decreased by 0.3% in Q4 2023 compared to Q3 2023, after a 0.1% decline in the previous quarter.
- London's real GVA quarterly estimates for the period Q1 1999 to Q4 2012, and from Q1 2020 onwards have been produced by GLA Economics. Estimates for the intervening period are based on outturn data from the ONS, which has not published up-to-date quarterly estimates for London's real GVA for the other periods.
- The Office for National Statistics (ONS) recently published figures on London's output for 2022 and revised annual figures for earlier years. GLA Economics has re-estimated ONS quarterly London data on a comparable basis according to the recent ONS revisions to London annual figures and produced its own estimates for growth for the period Q4 2022 to Q4 2023. The net effect of the ONS downward revision is a reduction in estimates of London's output compared to what GLA Economics was previously reporting.

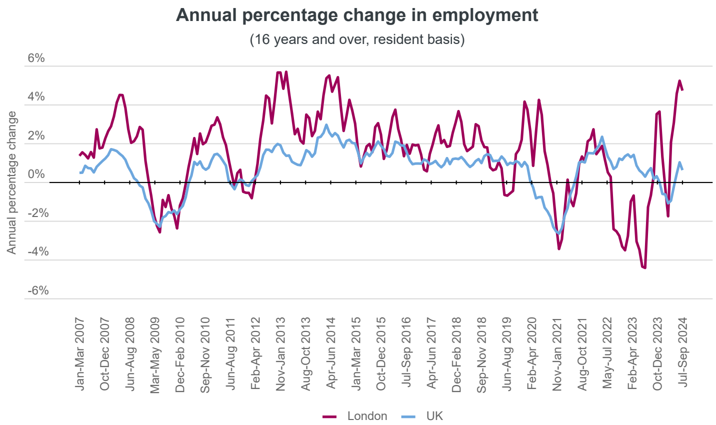
Source: ONS and GLA Economics calculations
Latest release: July 2024, Next release: December 2024



London's year-on-year employment growth rate rose in the quarter to September

- Around 4.8 million London residents aged 16 and over were in employment during the three-month period from July to September.
- London's annual change in employment rose by 4.7% in the year to this quarter, an increase from 3.1% in the quarter leading up to June.
- The UK experienced a 0.6% increase in employment in the latest quarter, this compares to a 0.2% decrease in the previous quarter.
- The Office for National Statistics cautions that significant volatility has been observed in recent periods, and short-term changes should be treated with vigilance and used in conjunction with other indicators.

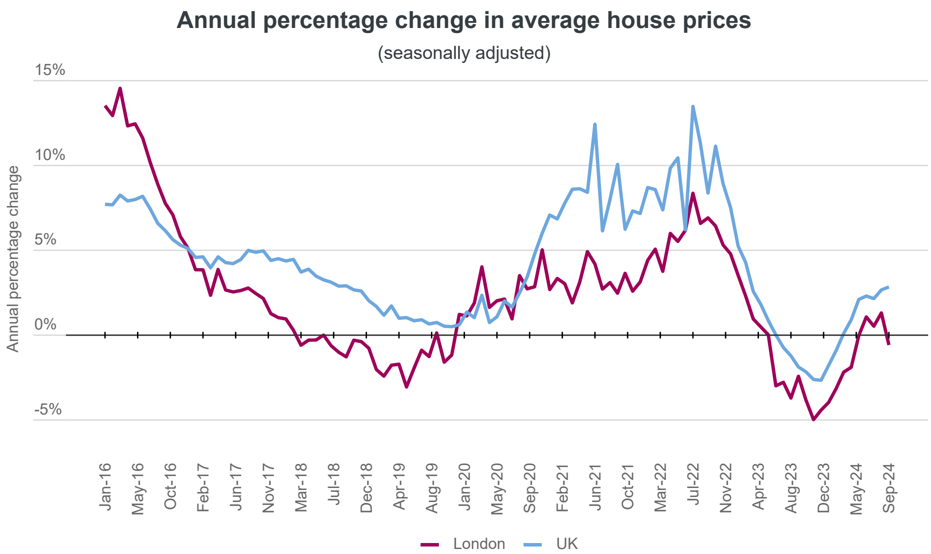
Source: ONS Labour Force Survey
Latest release: November 2024, Next release: December 2024



On an annual basis house prices fell in London in September

- In September, the average house price in London was £517,000 while in the UK it was £286,000.
- Average house prices in London fell by 0.6% year-on-year in September, compared to an increase of 1.3% in August.
- Average house prices in the UK rose by 2.8% on an annual basis in September, slightly higher than the increase of 2.7% in the year to August.

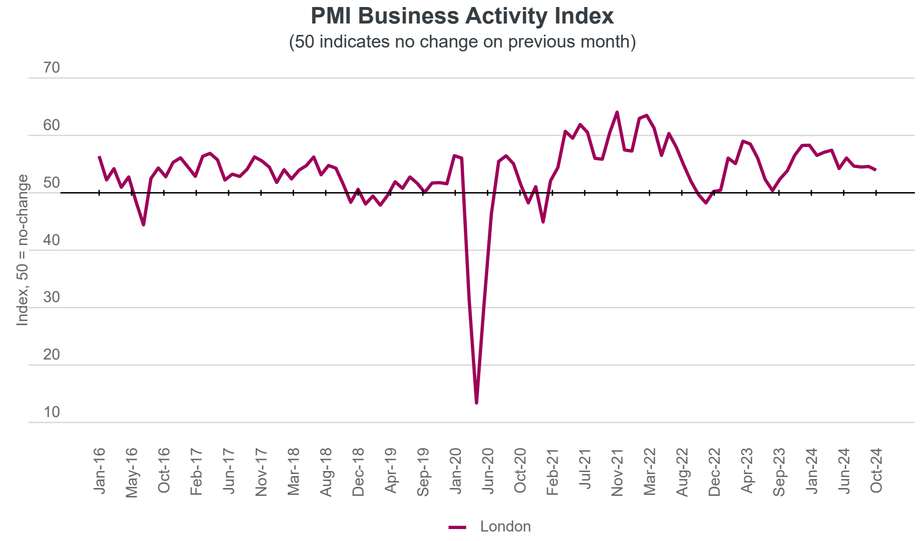
Source: Land Registry and ONS
Latest release: November 2024, Next release: December 2024



In October, the sentiment of London's PMI business activity index moderated

- The business activity PMI index for London private firms decreased from 54.6 in September to 54.0 in October.
- The Purchasing Managers' Index (PMI) survey shows the monthly business trends at private sector firms. Index readings above 50 suggest a month-on-month increase in activity on average across firms, while readings below 50 indicate a decrease.

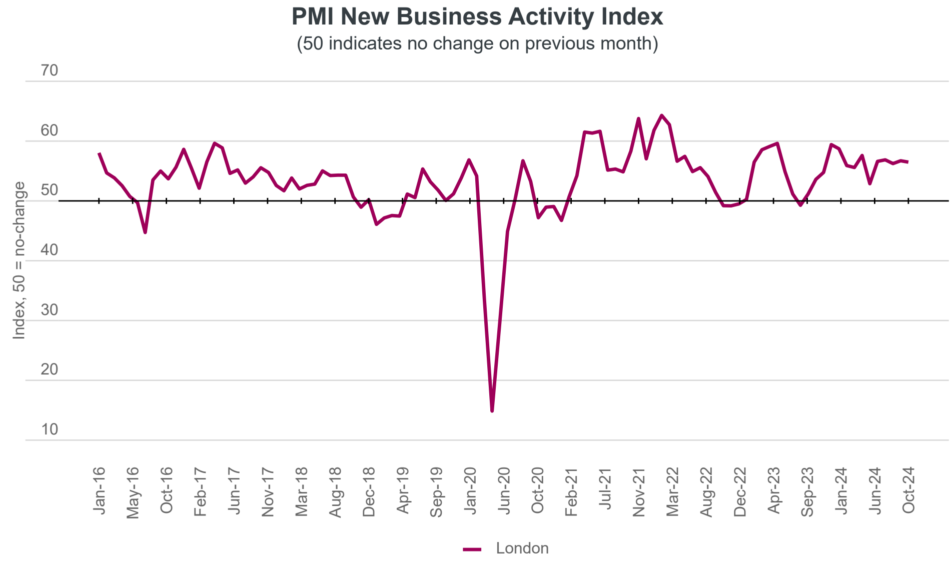
Source: IHS Markit for NatWest
Latest release: November 2024, Next release: December 2024



In October, the sentiment of London's PMI new business activity decreased marginally

- The PMI new business index in London decreased marginally from 56.7 in September to 56.5 in October.
- An index reading above 50.0 indicates an increase in new orders on average across firms from the previous month.

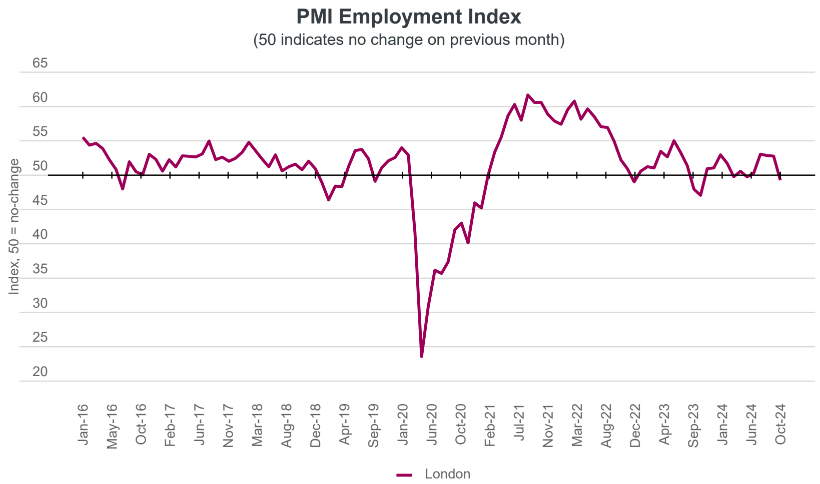
Source: IHS Markit for NatWest
Latest release: November 2024, Next release: December 2024



In October, the sentiment of the PMI employment index in London became negative

- The Employment Index for London decreased from 52.8 in September to 49.3 in October.
- The PMI Employment Index shows the net balance of private sector firms of the monthly change in employment prospects. Readings above 50.0 suggests an increase, whereas a reading below 50.0 indicates a decrease in employment prospects from the previous month.

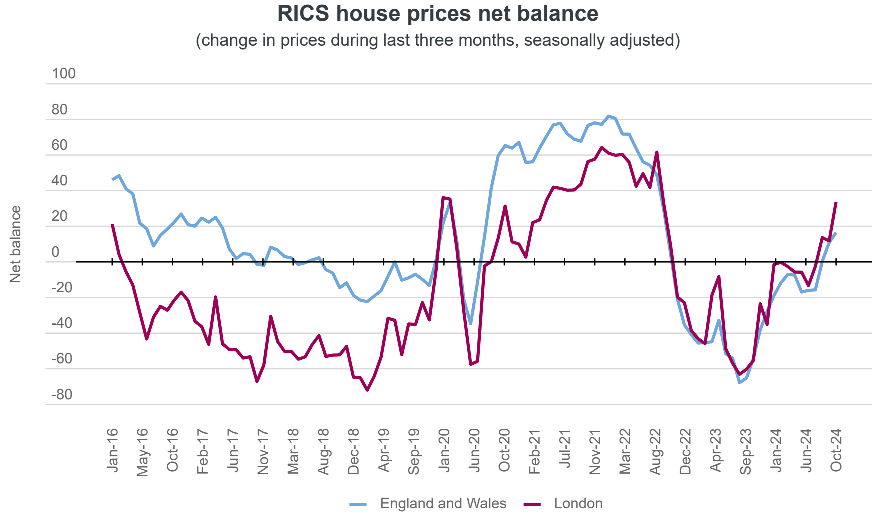
Source: IHS Markit for NatWest
Latest release: November 2024, Next release: December 2024



Over half of property surveyors in London reported house price increases in October

- In October, significantly more property surveyors in London reported rising prices than falling prices. The net balance index was 34 and it was 12 in September.
- For England and Wales, the RICS house prices net balance index improved from 11 in September to 16 in October.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

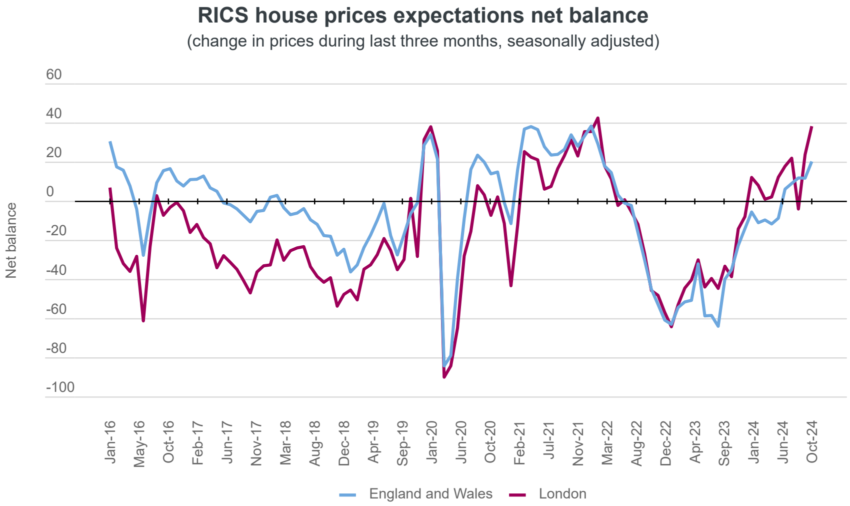
Source: Royal Institution of Chartered Surveyors
Latest release: November 2024, Next release: December 2024



In October, over half of property surveyors expressed positive expectations for house prices in London over the next three months

- The net balance of house prices expectations in London was 38 in October, improving from 24 in September.
- The index for England and Wales was 20 in October, and was 12 in September.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

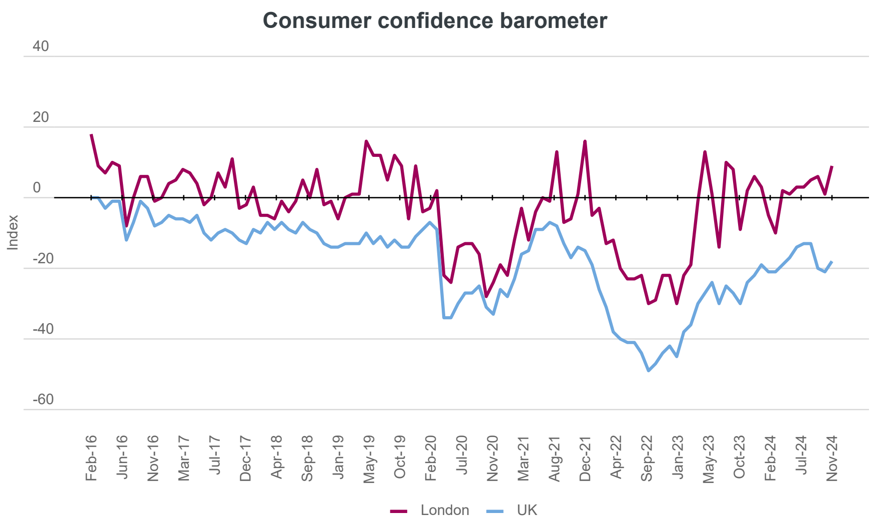
Source: Royal Institution of Chartered Surveyors
Latest release: November 2024, Next release: December 2024



Consumer confidence in London increased in November

- The consumer confidence index in London increased from 1 in October to 9 in November.
- The sentiment for the UK increased from -21 to -18 over the two months. The UK has not seen a positive index score since January 2016.
- The GfK index of consumer confidence reflects people's views on their financial position and the general economy over the past year and in the next 12 months. A score above zero suggests positive opinions; a score below zero indicates negative sentiment.

Source: GfK
Latest release: November 2024, Next release: December 2024



Autumn Budget 2024: Highlights and Implications for London

By **Adam Yousef**, Senior Manager

The Government's Autumn 2024 Budget included several major fiscal changes, including a revision of the method by which national debt is measured for national accounting purposes, an upcoming rise in national insurance contributions for employers and commitments related to regional devolution. Some of these changes could significantly influence London's economic trajectory.

On October 30th 2024, the Chancellor of the Exchequer, Rachel Reeves, revealed the newly-elected government's first Budget, which was billed as a "Budget to fix the foundations of the economy and deliver change by protecting working people, fixing the NHS and rebuilding Britain". In a broad and all-encompassing document, the Chancellor tackled a variety of issues impacting both the London and UK economies- from low productivity and growth to chronic underinvestment and increasing public debt. This supplement will highlight some of the key economic measures announced in the Budget and suggest potential implications for London's economy where these exist.

Macroeconomic outlook

Inflation is forecast by the Office for Budget Responsibility (OBR) to average 2.5% in 2024, peaking at 2.6% in 2025 before gradually declining to 2% by 2029. Additional budget policies, such as increases in alcohol duty and the soft drinks levy, could lead to a minor upward pressure on inflation.

Other things equal, this stability in inflation is welcome news given that Londoners have been disproportionately impacted by the cost-of-living crisis. For example, a September 2024 GLA/YouGov poll of London residents revealed that over 50% of Londoners reported either struggling financially or just about managing to afford daily expenditure on necessities.

Real GDP is expected to grow modestly, bottoming out at 1.25% below pre-COVID levels in early 2024 and recovering to pre-pandemic levels by 2025. GLA Economics forecasts that London's GVA growth forecast is 1% for 2024 and 1.6% for 2025. In general, London's growth rates exceed their national counterparts due to the city's higher productivity and its competitiveness in knowledge-based economic sectors.

The tax-to-GDP ratio is forecast to reach a historic 38.2% by 2029-30, while spending will decrease slightly from 44.9% to 44.5% of GDP over the same period. Day-to-day spending will rise by 1.5%, and total government spending, including capital spending, will increase by 1.7% in real terms. Meanwhile, net public sector debt (excluding Bank of England holdings) is projected to rise annually, with a significant 5 percentage-point increase in 2024 driven by expanded government borrowing. Debt is expected to stabilize around 97.1% of GDP by 2029-30, though heightened sensitivity to interest rates persists due to the debt burden.

Strengthening the fiscal framework

Enshrining fiscal stability is a key commitment made by the Chancellor to put public finances on a sustainable footing, and to do so two rules were announced:

A stability rule to move the current budget into balance, so that daily operating expenditures are balanced and offset by revenues, and

An investment rule that would involve using Public Sector Net Financial Liabilities (PSNFL) as a new definition and measure of public debt. At present, the UK government's measure of debt does not include financial revenue streams that it gets, for example, from students who pay back student loans. By including these (which PSNFL does), it would reduce the amount of debt used in the national accounts and permit an increase to the amount borrowed and invested in the economy without jeopardising the sustainability of public finances. It is worth noting that PSNFL is commonly used by other countries in their accounts, and so the UK would not be an outlier as such. PSNFL is expected to fall as a share of GDP by 2029-30, applying to the third forecast year when 2029-30 enters the three-year window.

Other things equal, London is likely to benefit from these attempts to strengthen the fiscal framework by virtue of its role as a magnet for investment in key sectors for future economic growth. For example, data from fDi Market Intelligence shows that London ranks first amongst global cities in terms of foreign direct investment (FDI) attraction, while data from HMRC and the Office for National Statistics shows that the city is the principal contributor to the national Exchequer.

Housing-related measures

The government announced a £500 million increase (to the £2.6 billion budget) to the Affordable Housing Programme (AHP) 2021-26. London is expected to receive about £100m of that increase; details on how this will be spent are yet to be agreed with the Ministry of Housing, Communities and Local Government (MHCLG). The Chancellor also made clear that funding for a future programme will be announced at the Comprehensive Spending Review in 'late Spring' 2025. The funding announced in the Budget, and particularly the certainty of a new programme post-2026, could provide more confidence to the sector and enable it to plan for the future via the Taskforce Joint Position Statement.

The government also said that local authorities will be able to keep 100% of the Right to Buy receipts. The government also announced a reduction in the discount available to tenants who plan to buy their home via Right to Buy. Retaining 100% of Right to Buy receipts will allow local authorities to have more funding available to deliver new affordable homes. Reducing the discount will reduce the number of affordable homes 'lost' to the private sector, maintaining the social housing stock. It is however important to highlight that, by reducing the discount, the number of transactions may reduce and with them the receipts that local authorities will be able to access. This would mean that a 'funding stream' for affordable housing could reduce over time.

Moreover, the government stated that it will extend the Public Works Loan Board Housing Revenue Account rate until March 2026. This enables local authorities to borrow at only 0.2% over gilt rates. This will support local authority financing of capital expenditure on social housing in their Housing Revenue Account.

Last but not least, additional housing-related welfare support was announced that would be beneficial to Londoners with protected characteristics (especially low-income households); examples include a £3.2 billion Warm Homes Plan to improve 320,000 homes, £1 billion to extend the Household Support Fund and Discretionary Housing Payments, and £233 million of additional spending in 2025-26 on homelessness.

Labour market and skills

The government reiterated its target of an 80% employment rate, which would represent 2 million more people in work. It is also worth noting that economic inactivity has a lower incidence in London than other UK regions; in London, the rate currently stands at less than 20% (19.7%), while the employment rate is also higher than the UK's. The latest data shows that 263,000 working-age people (16-64) are economically inactive in London due to long-term health conditions (representing about 20% of economically inactive people in London). This total has been rising since the pandemic, but much less sharply than in the UK. That being said, the claimant count in London (the % of working-age Londoners claiming unemployment-related benefits) has been on the rise in 2024 and stood at 5.9% in September 2024. This would suggest that some of the Budget measures targeting workers rights and protections could benefit socioeconomically-disadvantaged Londoners despite the city's higher overall employment and lower overall inactivity rates.

Meanwhile, apprentices will see an 18% increase to the minimum hourly wage next year (from £6.40 to £7.55 an hour from April 2025). Higher wages are an incentive for young apprentices to pursue such apprenticeships at a time when apprenticeship uptake has been decreasing in London in recent years. In addition, £1.4 billion has been allocated to school rebuilding, reaffirming the government's commitment to improving the school estate, although it is unclear (at present) how this will be distributed across regions. An extra £300 million was allocated for further education, while the apprenticeship levy was also reformed, with a £40 billion investment that is focused on delivering shorter and foundation apprenticeships in key sectors. That said, no information was provided on whether apprenticeships will be devolved.

Infrastructure and Transport

£485 million was allocated for Transport for London (TfL)'s capital renewals programme in 2025-26. This includes funding for rolling stock on the Piccadilly and Elizabeth Lines. The Fiscal Year 2025-26 capital settlement is to enable TfL to continue to deliver its current capital programme and its committed major capital projects and is inclusive of funding for the procurement of additional Elizabeth Line trains as per the settlement letter dated 14th June 2024. The DfT will continue to work with TfL with the aim to place it on a long-term financially sustainable footing as part of Phase 2 of the upcoming Comprehensive Spending Review (CSR).

The expansion of London City Airport was approved by the Deputy Prime Minister in line with the government's position to support airport expansions where such a move could contribute to environmentally-sustainable economic growth. A 10-year infrastructure strategy will be published alongside Phase 2 of the CSR, and the government has also created the National Wealth Fund to catalyse over £70 billion of private investment into infrastructure and growth sectors.

Furthermore, £500 million was announced to deliver Project Gigabit and Shared Rural Network to drive the rollout of digital infrastructure to underserved parts of the UK, including delivering full gigabit broadband coverage by 2030. It is worth noting that in London, full fibre broadband was available to 62% (or 2.5

million) of premises (business and residential) as of January 2024, compared to 61% in the rest of the UK. Over time, the gap in full fibre availability between London and the rest of the UK has been getting smaller as the government targets underserved regions for greater access to digital infrastructure.

Last but not least, the Budget reaffirmed the government's commitment that HS2 trains will run to Euston, with funding provided for tunnelling to the Central London terminus, attracting private investment into the station and local area. Investment at Euston will be complemented by a strategy to drive forward an ambitious housing and regeneration initiative for the local area.

Innovation

Protected R&D investment will rise to £20.4 billion in the 2025-26 fiscal year. This includes at least £6.1 billion of support for core research. The R&D investment also fully funds Horizon association (£2.7 million), meaning that UK researchers and businesses can participate in the world's largest programme of research cooperation, worth more than £80 billion. Other things equal, London is likely to disproportionately benefit from this given the city's role as an R&D hub for the rest of the country. Many of the sectors to which funding has been allocated (e.g., life sciences, advanced manufacturing and biotech) happen to be ones in which London has a competitive advantage. Moreover, the Chancellor also announced a new Public Sector Reform and Innovation Fund, to support the development of a new approach to improving public services. The Budget allocates £100 million of this over the next three years to deliver innovative projects, partnering with Mayors and local leaders, and developing new approaches to public service reform with a focus on experimentation and learning.

Devolution and local governance

Several London-related announcements were made on this topic. For example, it was announced that the GLA's 67% business rates retention pilot will continue to the 2025-26 Fiscal Year. Moreover, the government will explore a single settlement deal (similar to the one in place with Greater Manchester and West Midlands Combined Authorities) for the GLA from 2026-27. The GLA's 67% local business rates retention pilot (i.e., GLA share 37% and borough share 30%) is maintained for at least one more year; this higher retention share allows the GLA to retain a greater level of business rates growth and provides greater fiscal flexibility and room.

As mentioned, TfL was also awarded £485 million of additional capital renewals funding in 2025-26, including funding for Elizabeth and Piccadilly line rolling stock. In addition, the Budget provides an increase in core spending power for local government (i.e., estimated funding from government grant, council tax and locally retained business rates) by around 3.2% in real terms in 2025-26. This equates to an estimated additional £1.3 billion in grant funding for local government.

Taxation

A key measure announced in the Budget is the increase in the rate of employer National Insurance contributions (NICs) from 13.8% to 15%, and the reduction in the per-employee threshold at which employers become liable to pay National Insurance (the Secondary Threshold) to £5,000. These changes are set to take effect in April 2025. At the same time, the government is increasing the Employment Allowance. The current Employment Allowance gives employers with NICs bills of £100,000 or less a discount of £5,000 on their employer NICs bill. The government will protect the smallest businesses by increasing the Employment Allowance to £10,500 next year. The government will also expand the Employment Allowance by removing the £100,000 eligibility threshold, to simplify and reform employer NICs so that all eligible employers now benefit. Taken together, this means that 865,000 businesses will pay no NICs at all, and more than half of employers with NICs liabilities will either see no change or will gain overall next year. As London hosts at least 20% of the UK's small and medium-sized enterprise (SME) population, London's SMEs are likely to benefit from the expansion in the Employment Allowance. That said, the extent to which the increase in NIC employer contributions would undermine London SMEs' recruitment, retention and expansion (and by extension, London's and the UK's growth and labour-market outcomes) remains to be seen.

Another announced measure is the removal of the income tax threshold freeze from the 2028-29 fiscal year; these thresholds would rise in line with inflation, which (other things equal) would reduce the fiscal drag (i.e., the number of people dragged into paying tax or facing higher tax rates). While this would support low and middle-income households on one hand, it also lowers the tax receipts government uses to fund public services on the other.

The main Capital Gains Tax (CGT) rate will increase from 10% to 18% for the lower rate and from 20% to 24% for the higher rate, effective October 2024. The government is increasing Capital Gains Tax (CGT) to boost revenue while maintaining international competitiveness, with UK rates remaining lower than those in France, Germany, and Italy. CGT, which applies to profits made on the sale of assets, is currently paid by fewer than 1% of adults each year. The main CGT rates, currently at 10% (lower rate) and 20% (higher rate), will rise to 18% and 24% from 30 October 2024. The government also announced that the freeze on inheritance tax (IHT) thresholds will be extended from 2028 to 2030. The adjustments to CGT, alongside the inheritance tax threshold freeze, reflect a broader strategy to address wealth inequality. By increasing CGT rates and maintaining the freeze on IHT thresholds, the government seeks to ensure high-value estates and substantial capital gains contribute more to public finances, while still safeguarding sectors like agriculture and family businesses. As the most unequal region of the UK, London is likely to benefit from measures that mitigate income and wealth inequality, especially as incomes (after housing costs) of the top decile of Londoners are 9 times those of the bottom decile.

Last but not least, the small business rate multiplier (for properties below £51,000 Rateable Value) will be frozen, and the standard multiplier will be indexed in line with 1.7% September CPI (i.e. rise 55.5p). Moreover, from 2026-27, new sectoral multipliers will be introduced, with permanently lower multipliers for Retail, Hospitality, and Leisure (RHL) properties potentially met via applying a higher multiplier on large premises above £500,000 Rateable Value including warehouses. As London is acutely reliant on the RHL sector, such changes could support businesses in this sector to the benefit of London's economic growth and its attractiveness as a cultural and tourist destination.

Concluding Thoughts

Through this Budget, the Chancellor attempted to present a new economic paradigm centred on fiscal sustainability to reassure financial markets and investment for future growth. While it is premature to fully establish its consequences for London and the UK, the key measures highlighted above present a step towards further investment in key economic sectors and broader public services while targeting taxation and fiscal measures towards supporting low and middle-income households. In that sense, London could stand to benefit from some of the measures presented, but to what extent remains to be seen.

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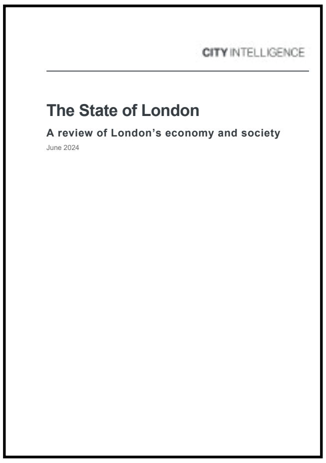

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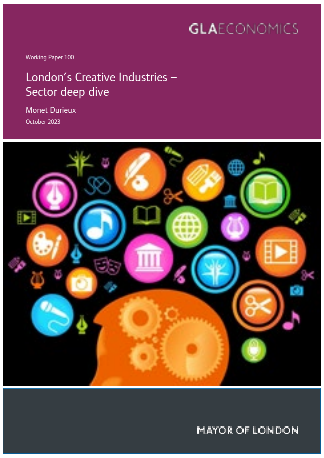

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GLA ECONOMICS

City Hall
Kamal Chunchie Way
London E16 1ZE

Email glaeconomics@london.gov.uk
Internet www.london.gov.uk

ISSN 1740-9136 (print) ISSN 1740-9195 (online) ISSN 1740-9144 (email)

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