SUSTAINING SUCCESS

LONDON ECONOMIC DEVELOPMENT SNAPSHOT

GLAECONOMICS

LONDON DEVELOPMENT AGENCY

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Introduction

This is the second in a series of regular, six-monthly reports which gives a snapshot of the progress made in delivering the objectives set out in the Mayor's Economic Development Strategy (EDS), Sustaining Success. Although new data is available for each of the objectives, some of the data that was used in the first Snapshot report (London Economic Development Snapshot Issue 1, July 2005) remains the most up-to-date.

The aim of the London Economic Development Snapshot is to:

- identify and review London's progress against the strategic priorities of the EDS
- provide a basis on which to review the priorities for London's economic development
- act as a catalyst for directing economic development activities in London.

This report has been produced by the London Development Agency (LDA) in conjunction with GLA Economics drawing on data from a variety of sources. It looks at London's progress in the context of the UK and global economic environment. Whilst the report provides only a snapshot of London's current economic performance, to the extent that there are clear findings from the Snapshot these will be used to direct economic development activities within London. To this end the Snapshot complements other existing monitoring and reporting activities, recognising that the EDS is the Mayor's strategy for the whole of London, covering the activities of all stakeholders in London's economy.

The structure of this report follows the structure of the EDS Action Plan. As well as highlighting 13 key objectives, under four Investment Themes, the EDS set out measurements to use as indicators of performance against each objective. The section below sets out the main findings from this report.

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Main findings

Overall London's performance against EDS objectives is mixed. Some indicators continue to show London performing favourably. However since the first Snapshot some indicators have worsened and the full extent of the impact of the July terrorist attacks is not yet known.

1. Data limitations

As highlighted in the first Snapshot, for some objectives there is a shortage of good quality, robust data with which to assess London's performance. Where poor data exists, it makes it more difficult for policymakers to take well informed decisions and so over time the additional focus provided by the Snapshot should help to build the case for better data sources.

2. Increasing the employment rate

The relatively low and falling proportion of London's population in employment continues to be the biggest issue relating to London's economic development. The gap between the employment rate (that is the proportion of the working age population living in London that are in employment) for London and the UK widened to 5.4 percentage points in the year to Summer 2005.

As shown in the first Snapshot, within London there are particular groups and geographic areas where the employment rate sits significantly below that for London as a whole. Addressing the needs of these groups and areas is likely to contribute greatly to improvements in London's overall employment rate. However, evidence suggests that increasing the skills of London's workless population in isolation from other interventions is unlikely to be sufficient to reduce the gap between the employment rate for London and that for the UK as a whole. Rather, policies and programmes that focus on enabling London's workless population to participate more effectively in the labour market, by providing improved placement and job search services for instance, is likely to enable Londoners to benefit from the employment growth forecast over the next few years.

3. Other developments since the first Snapshot

In July 2005, around the time of publication of the first Snapshot report, London experienced a terrorist attack and a failed terrorist attack. Whilst both tourism and the central London retail sector experienced sharp declines in the immediate period following the 7 July terrorist attack, available evidence suggests a sizeable recovery since then although it is too early to assess the impact of the attacks completely.

More positively, London succeeded in its bid to host the 2012 Olympic and Paralympic Games; providing a unique opportunity for the regeneration of east London. Hosting the Games should boost the marketing and promotion potential of London, and has been identified as one factor influencing business location decisions. Moreover, tourism to London is expected to increase over the long-term as a result of the Olympics.

PLACES AND INFRASTRUCTURE

Places and infrastructure

1. Support the delivery of the Mayor's London Plan.	3
2. Improve the infrastructure for London's future growth and development.	4
3. Deliver healthy, sustainable, high quality communities and urban environments.	5

1

Objective

Support the delivery of the Mayor's London Plan.

Indicator

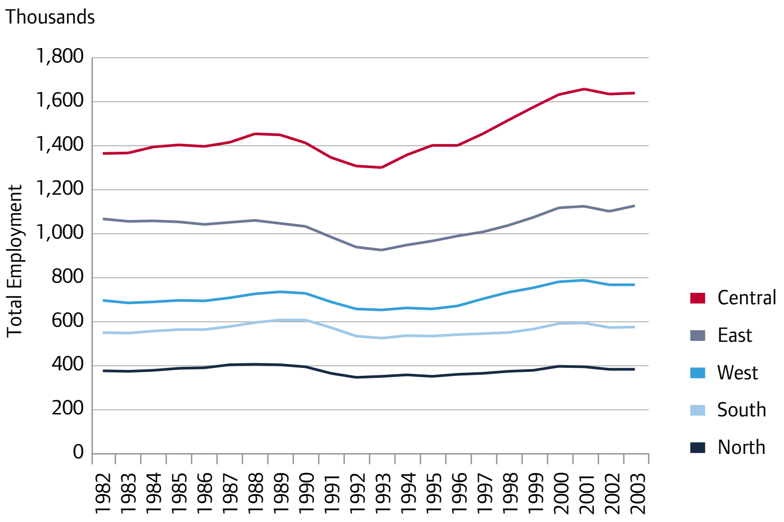
Achievement of London Plan housing targets and job projections in London's sub-regions.

Housing completions exceeded housing targets in 2003; employment up in 2003.

Housing targets

In 2003, 24,608 new homes were created in London, exceeding the targets set out in the London Plan by 7%. Housing completions in London's West, East and South sub-regions exceeded their target; however completions in the Central and North sub-regions were under target. As this is annual data there is no change in this data from the last Snapshot report.

Fig. 1.1 Employment by sub-region



Source: EBS

Employment projections

Employment in London grew by 0.7% in 2003. The highest rate of employment growth was seen in the East sub-region which grew by 2.3% in 2003. As well as new data for 2003, employment data for past years has been revised. As a result the previously reported decrease of just under 40,000 jobs for 2002 has been revised to a decrease of nearly 100,000.

Whilst the actual level of employment in 2003 is below the London Plan projection, these projections relate to the long-term, and do not aim to map out short-term fluctuations. However, to take account of new data, projections are being revised to inform the review of the London Plan.

2

Objective

Improve the infrastructure for London's future growth and development.

Indicator

Delivery of identified key projects.

London's successful Olympic bid adds to the existing work on London's infrastructure. The following commentary outlines the progress being made on the delivery of six strategic infrastructure projects for London. Whilst this is just a small number of the projects in London, each of them will contribute significantly to the development of infrastructure that will facilitate London's future growth and development.

Olympic Games/Lower Lea Valley

London's successful bid to stage the Olympic and Paralympic Games in 2012 will act as a catalyst for regeneration in the Lower Lea Valley, the site of the Olympic Park. Of the land required 80% is already under public authority control and negotiations are underway to secure the remainder of the land needed for the development of the Olympic site and long term regeneration of the Lower Lea Valley. Preparatory work has started to underground the power lines in order for the development of the Olympic Park. This work is due for completion in 2008.

Thames Gateway Bridge

A planning application was made by Transport for London (TfL) to the London boroughs of Newham and Greenwich for the Bridge, which was approved in December 2004. In January 2005 the Secretary of State announced that a Public Inquiry would be held into the planning application for the Bridge. The Inquiry reconvened in September following the summer recess and phase 2 is expected to close in early 2006.

Crossrail

In February 2005 the Government introduced a Hybrid Bill for the Crossrail project. The Crossrail Bill received a Second Reading in the House of Commons on 19 July 2005 and has now been formally committed to a Select Committee of the House. The funding and timetable for Crossrail remain unresolved.

East London Line Extension

The East London Line Extension Phase One was transferred to TfL in November 2004. Parsons Brinckerhoff were appointed as project managers in May 2005 for the scheme which is due to open in 2010. TfL is currently preparing procurement of Main Works and Rolling Stock contracts.

Channel Tunnel Rail Link

Progress continues on construction of the Channel Tunnel Rail Link (CTRL), the country's first major new railway for over a century which is due to open in 2007. Key recent developments include the completion of the major construction work required for the new Thameslink 'box' beneath St Pancras station in London. CTRL estimate that construction work on the London section of the line is now more than 80% complete.

Heathrow Terminal 5

When fully complete in 2011, Terminal 5 will have the capacity to handle 30 million passengers annually. A range of transport and infrastructure work is being undertaken to deliver this project, and the Piccadilly Line link to Terminal 4 remains closed to enable the line to be extended to Terminal 5.

3

Objective

Deliver healthy, sustainable, high quality communities and urban environments.

Indicator

Indicators developed for the Mayoral environment strategies including: reduction in carbon dioxide emissions; protecting and enhancing places rich in wildlife.

Latest available data shows continuing falls in air pollution in London.
For the purpose of reporting progress against this objective this Snapshot, as with the first report, has focused on four environmental indicators: carbon dioxide emissions, air quality, waste and wildlife sites (see glossary). These indicators were identified with reference to the Mayor's Environmental Strategies, but may be changed or supplemented in future Snapshots. For many environmental indicators there is not a robust time-series of data. As a result, in some instances this Snapshot simply reports the most recent available data; in time future Snapshots will provide a commentary on progress against this baseline. Since the first Snapshot, data on air quality and some statistics on waste have been updated.

Carbon dioxide (CO_2) emissions
According to the 2004 Quality of Life Indicators, London produced 40.3 million tonnes of CO_2 in 1999/2000. This represents the most recent data from the London Energy Database; future Snapshots will attempt to measure progress against this baseline.

Air quality
The London Air Quality Network (LAQN) coordinates the measurement of air pollution across 100 sites in London (for more detail regarding each of the different types of air pollutant please see glossary). In what follows network annual mean concentrations (see data appendix) of each pollutant have been analysed for the period November 1996 to December 2004. The provisional results are listed below.

- PM10 concentrations fell by 32% in the period November 1996 to December 2004. This is an improvement from the 25% reduction in the period to 2003.
- Nitrogen oxides (NOx) and carbon monoxide (CO) concentrations declined by 39% and 55% respectively. This is an improvement from the reduction of 29% and 50% respectively in the period to 2003.
- Ozone (O_3) concentrations, increased by 33%. Although this has increased, it is much lower than the increase to 2003 which was 42%.
- Sulphur dioxide (SO_2) concentrations decreased by 75%, progressing from the 67% reduction achieved to 2003.
- Nitrogen dioxide (NO_2) concentrations decreased by 14%. This is a vast improvement from the decrease to the previous year where reduction was only 2%.

Waste
The amount of waste produced by London's households fell by 1.4% (48,000 tonnes) in 2003/2004 to 3,331,000 tonnes. Over the same period there was a 1.5% reduction in household waste across England. In 2003/2004 London produced 4.3 million tonnes of municipal waste, 6.4 million tonnes of commercial/industrial waste, 6.1 million tonnes of construction/demolition waste and 0.4 million tonnes of special waste.

Wildlife sites
Wildlife sites covered 17.1% (28,874 hectares) of total land in London in 2003. This exceeds the 10% target set out in the 1980 World Conservation Strategy.

PEOPLE

People

4. Tackle barriers to employment.	7
5. Reduce disparities in labour market outcomes between groups.	8
6. Address the impacts of concentrations of disadvantage.	10

4

Objective

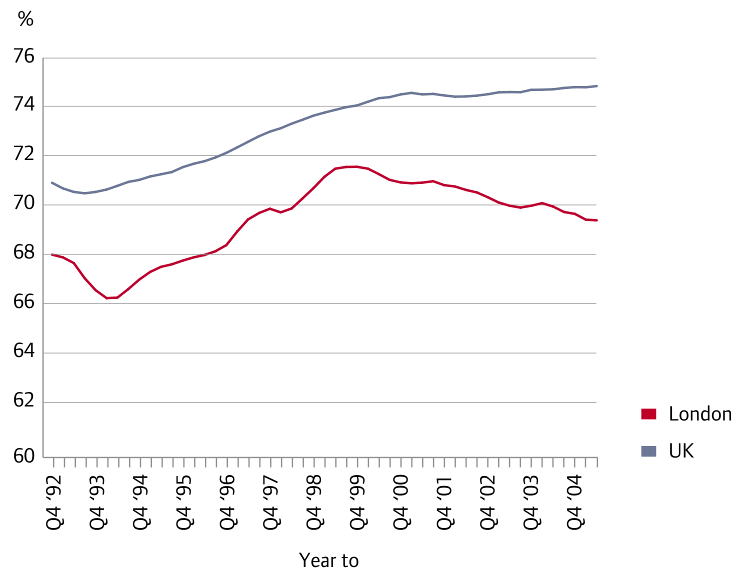
Tackle barriers to employment.

Indicator

Increase in the overall employment rate for London over the economic cycle.

London's employment rate falls to 5.4 percentage points below that for the UK as a whole.

Fig. 4.1 Working age employment rates (four quarter average)



Source: LFS

London's employment rate (that is the proportion of the working age population living in London that are in employment – see data appendix for more details) stood at 69.4% when averaged over the year to Summer 2005 compared to 74.8% for the UK as a whole. Over the current economic cycle to date (see glossary) the gap between the employment rate for London and that for the UK as a whole, which stood at 3.3 percentage points in 1997, has grown further to reach 5.4 percentage points now.

A comparison of working age employment rates across the regions of Great Britain (GB) shows that since the third quarter of 2004, London has had the lowest employment rate of any region. Over the current economic cycle, London's employment rate increased by 0.4 percentage points compared to an increase of 3.2 percentage points for GB. This increase in London's employment rate is the lowest of any GB region over the economic cycle to date.

Therefore, whilst London's employment rate has increased very slightly over the current economic cycle, it has increased by less than the increase in both the GB and UK employment rate and the gap between the two is unlikely to close significantly unless there is a marked increase in employment (in excess of the growth in working age population) in London in the next few years.

5

Objective

Reduce disparities in labour market outcomes between groups.

Indicator

Increase the employment rates of key target groups in London by more than the overall increase in the employment rate in London, over the economic cycle.

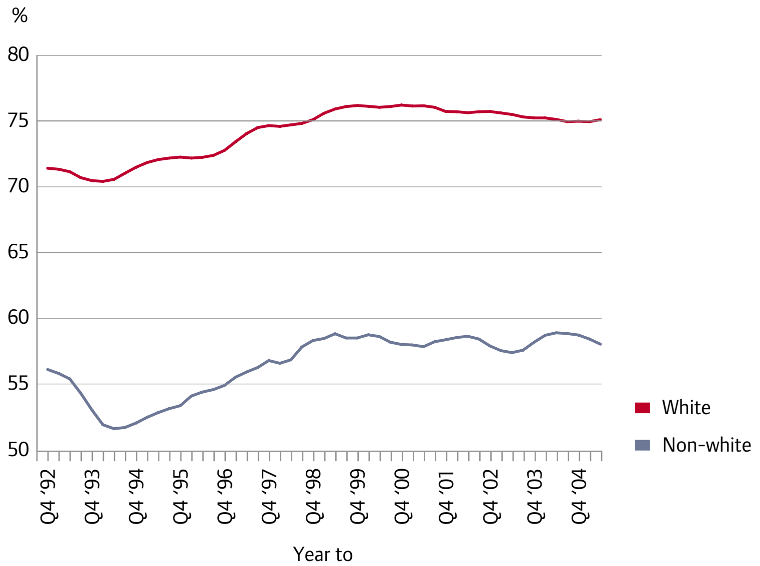
There is little evidence to suggest that the employment rates of disadvantaged groups have improved relative to London's overall employment rate over the economic cycle to date.

Labour Force Survey (LFS) data shows the average employment rate of **women** stood at 63.2% in the year to Summer 2005, around six percentage points below the rate for all London. The average employment rate for **women with dependent children** stood at 51.5% in Spring 2005, around 18 percentage points below the employment rate for all London. There is no evidence from the LFS to suggest that the gap between the employment rate for both women and women with dependent children and the employment rate for London as a whole has reduced significantly over the economic cycle to date.

The employment rate for **people aged between 50 and retirement age** (older people) stood at 69.6% in the year to Summer 2005, about the same as the rate for London as a whole. Provisional analysis suggests that the employment rate for older people might have increased by more than the employment rate for London as a whole in recent times.

According to the LFS, the average employment rate for **disabled** people (people as defined by the Disability Discrimination Act) stood at 40% in the year to Summer 2005. Data from the LFS is not robust enough to suggest that there has been any marked convergence between the employment rates of disabled people and the employment rate for London as a whole in recent times.

Fig. 5.1 Employment rates of white and non-white ethnic groups (four quarter average)



Source: LFS

The first Snapshot report illustrated the difficulties faced in analysing changes in the employment rate for different ethnic groups and, as a result, highlighted the employment rates of different ethnic groups using 2001 Census data. Due to the limitations of the data (see previous Snapshot and the data appendix), Figure 5.1 uses LFS data to compare the employment rate for all **Black, Asian and Minority Ethnic (BAME)** groups with the employment rate for the white ethnic group in London. The data shows a large gap between the two groups that has remained fairly constant over the past decade. Throughout the current economic cycle an average a gap of around 17 percentage points has existed between the employment rates for white and non-white ethnic groups.

6

Objective

Address the impacts of concentrations of disadvantage.

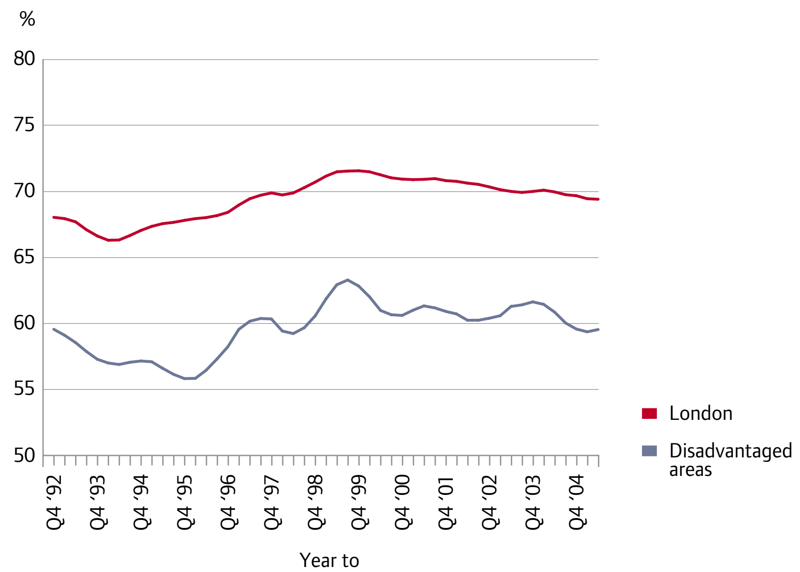
Indicator

Increase the employment rates in London's most disadvantaged areas by more than the rest of London, over the economic cycle.

There is little evidence to suggest that the employment rates in disadvantaged areas have improved relative to the employment rate for London as a whole.

Concentrations of disadvantage in London can be very localised, such that within the same borough there may be particularly disadvantaged wards together with much more prosperous wards. Whilst disadvantage can be measured using a number of different variables, this EDS indicator focuses on employment. Unfortunately robust employment data is not available for small geographical areas and as a result, for this Snapshot, we have continued to focus on employment at the borough level, whilst acknowledging that the employment situation can vary, sometimes substantially, within boroughs. The combined employment rate of seven London boroughs: Camden, Hackney, Haringey, Islington, Newham, Southwark and Tower Hamlets is displayed in the chart below. These boroughs rank as the bottom 20% of London boroughs according to the English Indices of Deprivation 2004 (average score across domains) and are therefore considered to represent London's most disadvantaged areas (see data appendix for further details).

Fig. 6.1 Employment rate in disadvantaged areas compared to London as a whole (four quarter average)



Source: LFS

The chart shows that over time there has been little change in the difference between the combined employment rate for these disadvantaged areas as compared to that for London as a whole. The average gap over the economic cycle to date is around 10 percentage points.

ENTERPRISE

Enterprise

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9. Improve the skills of the workforce.	14
10. Maximise the productivity and innovation potential of London's enterprises.	15

7

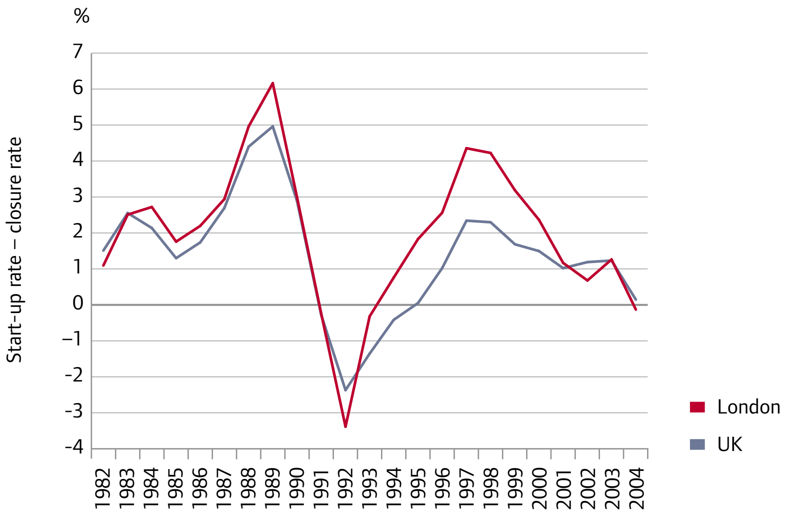
Objective

Address barriers to enterprise start-up, growth and competitiveness.

Indicator

Maintain or improve London's net start-up rate over the economic cycle.

Fig. 7.1 Annual net change in the number of VAT registrations and deregistrations as a proportion of the stock of all VAT registered businesses



Source: IDBR

London's net business start-up rate continues falling after picking up in 2003.
The net start-up rate of business shows the rate of business start-ups minus the rate of business closures (all shown as a proportion of the stock of all VAT registered businesses – see data appendix for more details).

Since the last Snapshot was published, 2004 data has been released. This shows that London's net business start-up rate has fallen below zero to -0.2% (meaning more businesses were closed than were started) for the first time since 1993, whilst the UK has fallen to just above zero at 0.1%.

London's net business start-up rate has typically been more volatile than that for the UK. However, over the economic cycle to date (1997-2004) the average net business start-up rate was 2.1% in London, compared to 1.4% for the UK as a whole. As a proportion of the UK, London comprises 15.7% of all VAT registered businesses, an increase of 0.9 percentage points over the current economic cycle.

The fact that in 2004 more businesses in London were closed than were started suggests difficult economic conditions (although the very low net start-up rate for the UK as a whole suggests conditions were difficult across the UK). Given the past path of the net start-up rate, and the volatility of the London rate, it is reasonable to assume that as economic conditions improve so London's net start-up rate will improve, probably outperforming the UK net start-up rate.

8

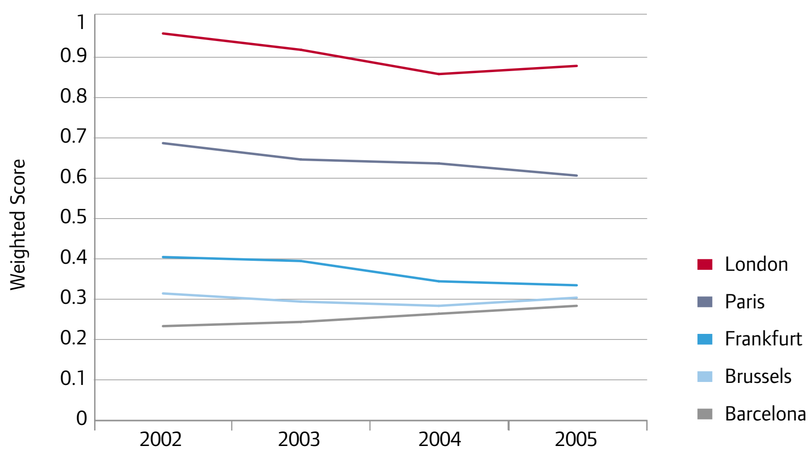
Objective

Maintain London's position as a key enterprise and trading location.

Indicator

Maintain London's position as a key enterprise location as evidenced by international surveys.

Fig. 8.1 Top five European cities to locate a business in



Source: European Cities Monitor – Cushman & Wakefield Healey & Baker

London is perceived as the best European city to locate a business.
The Cushman & Wakefield, Healey & Baker (CWHB) European Cities Monitor 2005 found that London continues to be perceived as the best European city to locate a business, with a slightly higher score in 2005 than in 2004.

London was the only city in the top three to see a rise in its weighted score. Barcelona also saw a rise leading it to move into the top five with Amsterdam making way having been in the top five for the past three years.

Looking at individual aspects of London's offer, London has maintained its position as the best city in terms of availability of staff, ease of access to markets, languages spoken, transport links and the quality of telecommunications. These indicators show the importance of London as a global city. Another area where London maintains a favourable offer is availability of office space, where London ranks in the top five of the 30 cities surveyed.

London was ranked as a poor city in terms of value for money of office space (twenty-fourth in 2005), freedom from pollution (twenty-fifth in 2005), and the quality of life for employees (thirteenth in 2005).

9

Objective

Improve the skills of the workforce.

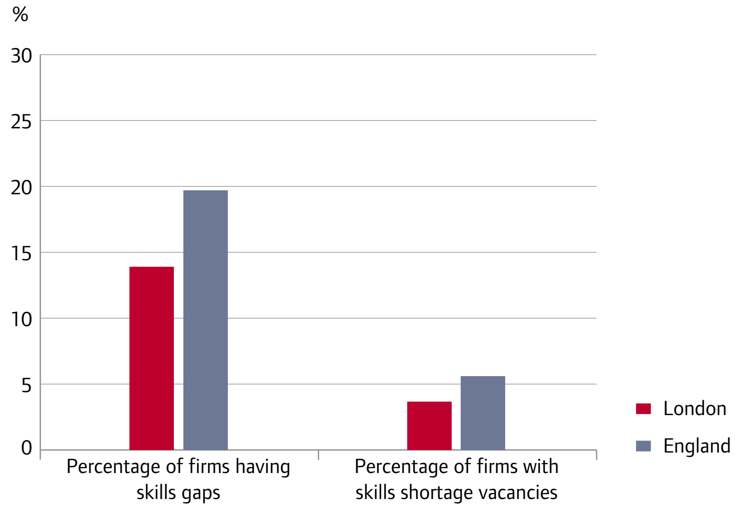
Indicator

Reduce the percentage of businesses reporting a lack of appropriately skilled employees as a significant problem over the economic cycle.

The lack of appropriately skilled employees is reported as a problem for London businesses, but continues to be less of a problem than for England as a whole.

According to the London Annual Business Survey (LABS), the percentage of businesses reporting a lack of appropriately skilled employees as a significant problem rose by over five percentage points to 24.7% in 2004. There has been no change in this data since the last Snapshot report.

Fig. 9.1 Proportion of businesses reporting skills gaps and skills shortage vacancies in 2004



Source: NESS

Since there is no data at the national level that is directly equivalent to that from LABS, data from the National Employer Skills Survey (NESS) has been used to draw a comparison between London and England.

Data from NESS 2004 shows that in terms of the availability of skilled employees, businesses in London continue to be in a favourable position compared to firms across England. The survey found that 19.8% of firms across England reported a skills gap amongst its staff, compared to 13.9% of businesses in London. Additionally, 5.7% of firms surveyed were recorded as having vacancies as a result of a shortage of skills in the labour market, compared to 3.7% of firms in London.

Therefore, whilst LABS data shows that a lack of appropriately skilled employees is a significant problem for London businesses; data from NESS suggests that skills issues, in terms of skills gaps and skill shortages, are less of an issue in London than the rest of England.

10

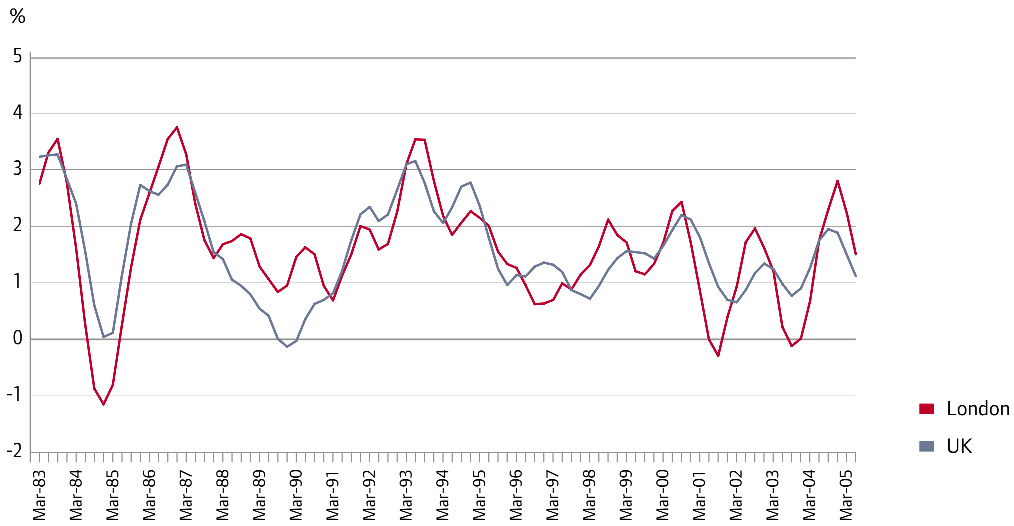
Objective

Maximise the productivity and innovation potential of London's enterprises.

Indicator

Improve London's Gross Value Added (GVA) per worker over the economic cycle.

Fig. 10.1 Growth rates in GVA per worker (FTE) over time



Source: EBS

Workforce productivity in London continues to grow faster than the UK as a whole despite slowing recently.

Growth in GVA per worker (where 'worker' means a full-time equivalent position), as shown in the chart, is volatile. However, on the whole GVA per worker has grown over time. The chart shows that whilst there has been a recent decline in the growth of GVA per worker, for both London and the UK. London's GVA per worker continues to grow at a slightly faster rate than that for the UK as a whole.

Whilst there are some problems with measuring productivity by region over time (see data appendix), over the economic cycle that ran between 1986 and 1997 annual growth in GVA per worker in London averaged 2.3%, compared to 2.1% for the UK as a whole. Looking at the current economic cycle (1997 - 2005) growth in GVA per worker averaged 1.8% per annum in both London and the UK as a whole.

MARKETING AND PROMOTION

Marketing and promotion

11. Ensure a coherent approach to marketing and promoting London.	17
12. Co-ordinate effective marketing and promotion activities across London.	18
13. Maintain and develop London as a visitor destination.	19

11

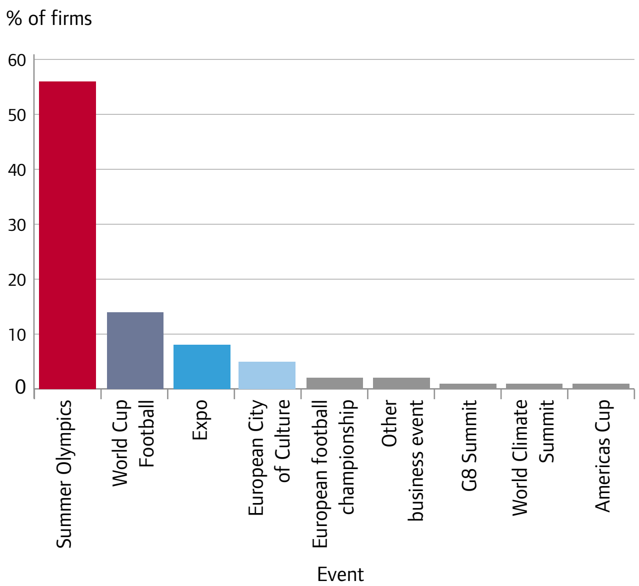
Objective

Ensure a coherent approach to marketing and promoting London.

Indicator

Deliver a coherent approach to marketing and promoting London assessed annually through a wide range of measures and indicators.

Fig. 11.1 Major events with the best impact on a global city



Source: European Cities Monitor – Cushman & Wakefield Healey & Baker

Hosting the Olympics has more impact than hosting any other major event.
In the last Snapshot four measures were used for this objective. Information relevant to marketing and promoting London's offer to business can be found in objective 8. Data previously used from CWHB on the effectiveness of cities' marketing and promotion is not available this year. The CWHB survey also looked at the effect of hosting the Olympic Games on business location decisions (see chart).

Tourism
In the year to Q2 2005 there has been a rise of 8.6% in the number of nights spent in London by overseas tourists compared to 11.9% for the UK. London's share of the total number of overseas tourist nights spent in the UK remained stable at around 38% in the second quarter of 2005. The data covers the period to end of June 2005, and so does not reflect any impact of the July terrorist bombings.

Overseas students
Over the 2003/2004 academic year London experienced strong growth in the number of students attending its Universities. In a continuation of the trend seen since the 1999/2000 academic year, the total number of international students in London rose 12% year-on-year in 2003/2004, compared to just 8% nationally. As a result, 20.5% (73,000) of London's students came from overseas in 2004.

Business
Provisional data for the first three quarters of 2005 show that London's share of the total number of FDI projects in the UK rose 2.1 percentage points to 29.3%. However, London's share of FDI projects amongst European Cities continues to decline, falling to 21.9%, from 26.1% in 2002, though London continues to attract a greater share of FDI projects than any other European city considered by the data.

12

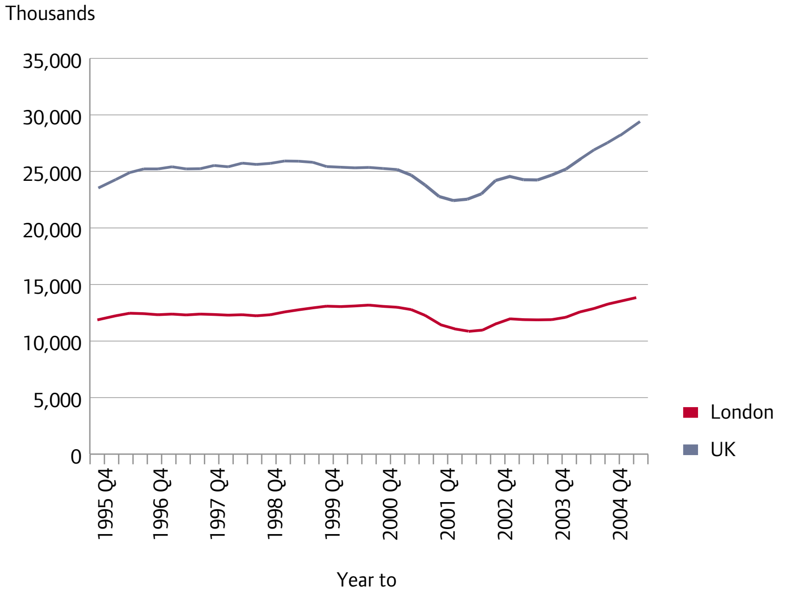
Objective

Co-ordinate effective marketing and promotion activities across London.

Indicator

Achieve growth in numbers of domestic and international visitors over the economic cycle.

Fig. 12.1 Trips made by international visitors (last four quarters)



Source: IPS

Growth in the number of overseas visitors continues in early 2005.
Comparing the year to June 2005 with the same period a year earlier, trips made by international visitors to London increased by 11.9%; for the UK the increase was 12.3%. As a result London's share of all international visitors travelling to the UK remained stable at around 48% in the most recent quarter.

To the end of June, international visitors to London had grown positively (on a year-on-year basis) for seven consecutive quarters – the longest period of sustained visitor growth to the capital since the mid 1990s.

Data for July 2005 to September 2005, which would include any negative effects on visitors to London as a result of the July terrorist attacks, is not yet available. Provisional data for the UK is available and shows continued growth in international visitor numbers to the UK, although the growth is slower than earlier in the year. Moreover, this data relates to the UK and other evidence suggests the visitor economy in central London has been severely affected (see London's Economic Outlook: Autumn 2005, GLA Economics for more information).

This report does not include figures for domestic tourism due to queries over data reliability. The UK Tourism Survey is currently being reconfigured and we hope to include data on domestic visitors in future Snapshot reports.

13

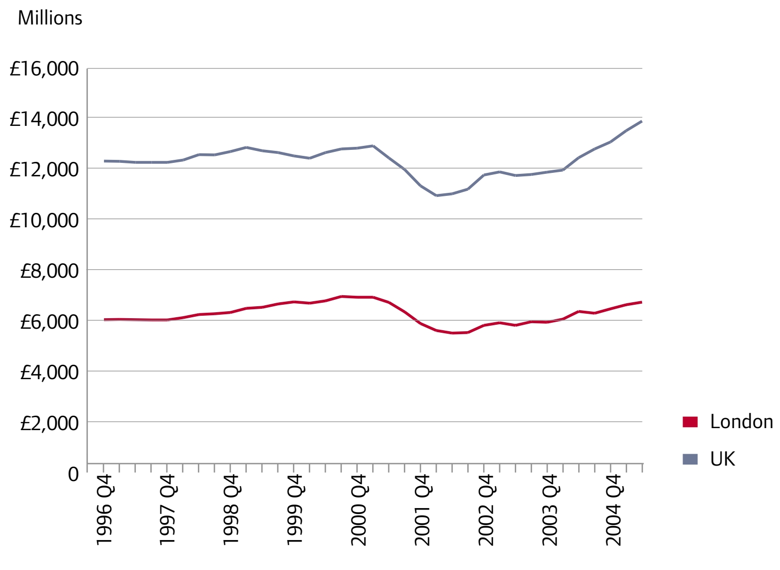
Objective

Maintain and develop London as a visitor destination.

Indicator

Achieve real growth in visitor spending over the economic cycle.

Fig. 13.1 International visitor spending (last four quarters)



Source: IPS

London experiences growth in international visitor spending in early 2005.
Comparing the year to June 2005 with the same period a year earlier, international visitor spending in London grew by 7%; for the UK the increase was 8.7%. As a result London's share of all international visitor spending in the UK remained stable at around 48% in the most recent quarter.

There has been steady growth in visitor spending in London and the UK since the end of 2003. Spending in the UK increased by 17.1% in the last six quarters compared to 13.5% for London.

Data for July 2005 to September 2005, which would include any negative effects on visitor spending in London as a result of the July terrorist attacks, is not yet available. Provisional data for the UK is available and shows that the annual change in overseas visitors spending in the UK turned slightly negative in August. This data, however relates to the UK and other evidence suggests the visitor economy in central London has been severely affected (see London's Economic Outlook: Autumn 2005, GLA Economics).

This report does not include figures for domestic tourism due to queries over data reliability. The UK Tourism Survey is currently being reconfigured and we hope to include data on domestic visitor spending in future Snapshot reports.

GLOSSARY

Air quality: The concentration of pollutants in either the indoor or outside (ambient) air. The term is particularly relevant to the concentration of pollutants emitted to air from human activity.

Biodiversity: This refers to the variety of plants, animals and other living things in a particular area or region. It encompasses habitat diversity, species diversity and genetic diversity.

BAME: Black, Asian and Minority Ethnic groups refer to those in the Mixed, Asian or Asian British, Black or Black British, Chinese and Other ethnic groups.

Carbon dioxide (CO_2): Carbon dioxide is a naturally occurring gas, comprising 0.04% of the atmosphere. The burning of fossil fuels releases carbon dioxide fixed by plants many millions of years ago and this has increased its concentration in the atmosphere by some 12 percentage points over the past century. It contributes about 60% of the potential global warming effect of all greenhouse gases released through human activity.

Carbon monoxide (CO): Produced by the incomplete burning of solid, liquid, and gaseous fuels. Carbon monoxide affects the transport of oxygen around the body by the blood. At very high levels, this can lead to a significant reduction in the supply of oxygen to the heart, particularly in people suffering from heart disease.

Disabled people: The social model of disability defines a disabled person as someone who has impairment, experiences externally imposed barriers and identify themselves as a disabled person. Some key external barriers are those preventing people taking up employment. The Disability Discrimination Act defines a disability as "a physical or mental impairment which has a long term and substantial adverse effect on an individual's ability to carry out normal day to day activities".

Economic cycle: Defined as the period between two dates when the economy is judged to be on-trend or at potential. A full economic cycle includes both a period in which output is above potential and a period in which it is below. HM Treasury (Evidence on the UK economic cycle, July 2005) states that the last output cycle ran from Q2 1986 to H1 1997 and estimates that the current output cycle started in H1 1997.

EDS: Economic Development Strategy.

Equality: This is the vision or aim of creating a society free from discrimination, where equality of opportunity is available to individuals and groups, enabling them to live their lives free from discrimination and oppression.

Equalities Groups: Where not explicitly stated, this includes black and minority ethnic groups, disabled people, women, those from faith communities, older people, those who are lesbian, gay, bi-sexual and transgender and other groups who may experience disparities in opportunity for realising their potential.

European Cities Monitor: An annual survey based on interviews with senior managers and board directors of 500 of Europe's top companies. The survey covers issues regarded as important by companies when deciding where to locate, and then compares how Europe's leading business cities perform on each issue.

FDI: Foreign Direct Investment.

Greater London Authority (GLA) Group: The GLA Group consists of the Mayor, the London Assembly and four organisations that look after transport, the police, the fire brigade and economic development for London. They are:

- Transport for London
- The Metropolitan Police Authority
- The London Fire & Emergency Planning Authority
- The London Development Agency.

The Mayor sets the budget for the GLA group and appoints people to the boards of the four organisations. Several of the board members are chosen from the London Assembly.

GLA Economics: GLA Economics provides economic analysis and a firm statistical, factual and forecasting basis for policy decision making by the GLA Group. GLA Economics is part funded by the GLA, TfL and the LDA.

Gross Value Added (GVA): A measure of economic activity in the economy. (GVA is linked to Gross Domestic Product (GDP), with GDP equalling GVA plus taxes on products minus subsidies on products). GVA per worker or GVA per hour worked are commonly used as indicators of productivity.

Inward investment: The injection of money from an external source into a region, in order to purchase capital goods for a branch of a corporation to locate or develop its presence in the region.

London Development Agency (LDA): The LDA is one of nine regional development agencies (RDAs), established by the Government to promote economic development and regeneration. It reports to the Mayor of London; consulting and working with the GLA and a wide range of public and private sector partners.

London Plan: The Mayor's Spatial Development Strategy which replaces the strategic planning guidance for London (RPG3).

Nitrogen dioxide (NO_2): Formed in the combustion of fossil fuels. Nitrogen dioxide is harmful to health and is also an important component in the formation of ozone.

Nitrogen oxides (NOx): Generic term for a group of highly reactive gases, all of which contain nitrogen and oxygen in varying amounts. Nitrogen oxides form when fuel is burned at high temperatures, such as in the combustion process of motor vehicles and electric utilities. The majority of nitrogen oxides are not considered harmful to health. However, nitrogen oxides can react with other gases present both in vehicle exhausts and the atmosphere to form nitrogen dioxide. Nitrogen dioxide is harmful to health and is also an important component in the formation of ozone.

Ozone (O_3): Generated when oxides of nitrogen and hydrocarbon compounds react in the presence of sunlight. High levels of ozone can irritate and inflame the lungs. It can also cause eye irritation, migraine and coughing. Ozone is also a strong oxidising agent. This means that it can attack materials such as rubber and pigments and damage vegetation. The international costs of ozone pollution through damage to health, crops and materials are thought to be considerable.

PM10: Particles likely to penetrate the lungs. Evidence shows a good correlation between PM10 concentrations and mortality rates. PM10 is the accepted measure for particulate matter in the atmosphere in the UK and Europe.

Sub-Regions: Sub-regions are the primary geographical features for implementing strategic policy at the sub-regional level.

The sub-regions are composed of:

Central: Camden, Islington, Kensington & Chelsea, Lambeth, Southwark, Wandsworth, and Westminster.

East: Barking & Dagenham, Bexley, City, Greenwich, Hackney, Havering, Lewisham, Newham, Redbridge and Tower Hamlets.

South: Bromley, Croydon, Kingston, Merton, Richmond and Sutton.

West: Brent, Ealing, Hammersmith & Fulham, Hillingdon, Harrow and Hounslow.

North: Barnet, Enfield, Haringey and Waltham Forest.

Sulphur dioxide (SO_2): Produced when a material, or fuel, containing sulphur is burned. Short-term exposure to high levels of sulphur dioxide may cause coughing, tightening of the chest and irritation of the lungs.

Sustainable development: This covers development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

DATA APPENDIX

Set out below are details of the sources for the various different data used in the Snapshot report, with more detail around the issues relating to certain data sources and their use in the Snapshot.

Objective 1: Support the delivery of the Mayor's London Plan

Housing targets: Housing targets for London's sub-regions are stipulated in the GLA London Plan. The data on housing completions comes from the GLA London Plan Annual Monitoring Report.

Employment projections: There are two sources of regional employment data: the Annual Business Inquiry (ABI) and the Short-term Employment Survey (STES) surveys of employers on the one hand; and the Labour Force Survey (LFS) of residents on the other. The Census also collects information on people's employment situation, although the Census is only conducted every 10 years. There are also two distinct concepts of employment at the regional level. Residence-based employment measures the number of residents in the region who have a job. Workplace-based employment measures the number of jobs at workplaces within the region. These measures will differ from each other where there is commuting to work across regional boundaries. To this end, London is the most obvious case of large inter-regional commuting. Data from the Census shows that in 2001, 723,000 people commuted into London for work and 236,000 Londoners commuted out of London to work.

The employment projections in the London Plan look at projections for total employment at workplaces in London. This data is supplied to GLA Economics by Experian and covers both employees in employment and the self-employed.

Objective 2: Improve the infrastructure for London's future growth and development

Updates on the progress against various development schemes in London have been provided by the London Development Agency's Development team.

Objective 3: Deliver healthy, sustainable, high quality communities and urban environments

Carbon dioxide: Data taken from the London Energy database and is reproduced in the London Sustainable Development Commission's Quality of Life Indicators report.

Air Quality: Data on concentrations and performance against London Air Quality Network (LAQN) objectives taken from LAQN reports (found at www.londonair.org.uk). National Air Quality Objectives are set out in the Governments Air Quality Strategy (found at www.defra.gov.uk/environment/airquality/).

The network annual mean concentration refers to the average concentration of a pollutant measured over a year across all monitoring sites that constitute the 'network' for the pollutant. The 100 plus sites across London that monitor air quality are organised into a number of networks which gather information on a particular pollutant using a particular method. The pollutants measured and method used by each network depend on the reason for setting up the network, and what the data is to be used for. There are two major types – automatic and non-automatic networks.

- **Automatic Networks** produce hourly pollutant concentrations, with data being collected from individual sites by modem.
- **Non-automatic Networks** measure less frequently – either daily, weekly or monthly – and samples are collected by some physical means (such as diffusion tube or filter). These samples are then subjected to chemical analysis, and final pollutant concentrations calculated from these results.

Waste: Data on household waste comes from the Department for Environment, Food and Rural Affairs (DEFRA), www.defra.gov.uk. All other data comes from the GLA, www.capitalwastefacts.com and the Environment Agency, and is reproduced in the Quality of Life Indicators report.

Wildlife sites: This data is taken from the GLA Biodiversity Database 2003, and is reproduced in The Mayor's State of the Environment Report for London, GLA, May 2003. The wildlife site target is set out in the World Conservation Strategy: Living Resources for Sustainable Development, Gland, Switzerland; and by the International Union for the Conservation of Nature and Natural Resources, IUCN/UNEP/WWF, 1980.

Objective 4: Tackle barriers to employment

Employment: See Objective 1 – employment projections for details on the sources for regional employment.

This data comes from the LFS. In contrast to the data used for the employment projections in objective 1 above, this data is 'residence based'. This means that it looks at the employment of people that live in London. Because of commuting (both in and out of London) the total number of jobs calculated using the 'workplace based' method is likely to be different to the total number of jobs using the 'residence based' method.

Objective 5: Reduce disparities in labour market outcomes between groups

Employment of disadvantaged groups: The Census surveys the population as a whole every ten years. As a result, we can be very certain of its results, even for very small groups of the population. However, in between times practitioners rely on other surveys, such as the Labour Force Survey, to estimate the employment rates, amongst other statistics, for different groups. However, national surveys like the Labour Force Survey, when analysed at the regional level, frequently have too few observations (in other words respondents) from certain groups for us to be confident about the estimates derived for those groups. In other words the estimates produced from national surveys for some disadvantaged groups in London are not very robust. This means that in some instances we can't be sure that what might seem like a large change in a disadvantaged group's employment rate is an actual change in its employment rate. Instead we have to be very careful in analysing the employment rates for relatively small groups within the population to ensure that we don't claim changes that are, in fact, not significant. In its submission to the Allsopp Review (Working Paper 5; Review of the statistical requirement for monetary and wider economic policymaking. GLA Economics. October 2003) GLA Economics drew particular attention to the reliability of the Labour Force Survey at the sub-regional level. In that submission GLA Economics state, *'Employment, unemployment and wages all vary at least as much within regions as between them. Thus, the appropriate level of geography for labour market analysis is often sub-regional. However, there are often sample size constraints with data from the Labour Force Survey and other surveys at this level of spatial disaggregation… Hence it would be worth investigating… the feasibility of boosting sample sizes in relevant surveys…'*

Objective 6: Address the impacts of concentrations of disadvantage

In addition to the seven London boroughs used in objective 6, a further six London boroughs fall within the bottom 20% of boroughs nationally and receive Neighbourhood Renewal Funds (Lambeth, Westminster, Greenwich, Barking and Dagenham, Lewisham, Hammersmith and Fulham). However, these boroughs fall within the bottom 40% of London boroughs and therefore are not to be considered to be London's most deprived areas.

See also Objective 5.

Objective 7: Address the barriers to enterprise start-up, growth and competitiveness

Business start-up rates: Data on business start-up rates is taken from the VAT data within the Inter-Departmental Business Register (IDBR). It should be noted that many small businesses do not reach the level of turnover required to register for VAT. As a result, these figures will miss the very smallest businesses (though this is the case for both London and the UK as a whole).

Objective 8: Maintain London's position as a key enterprise and trading location

European Cities Monitor

Data for this indicator is taken from the Cushman and Wakefield, Healy and Baker European Cities Monitor 2005 (ECM). The ECM is based on a sample of 500 companies from nine European countries selected from Europe's 15,000 largest companies. A representative sample of industrial, trading and services companies is taken. The results are based on telephone interviews with senior managers or board directors with responsibility for the company's location. The survey poses a number of questions and cities are given a score for being nominated best, second best or third best. The weighted score provides a comparison with other cities scores and over time for the same city.

Objective 9: Improve the skills of the workforce

Businesses reporting a lack of appropriately skilled employees as a significant problem: This data comes from the LDA/Business Link for London (BL4L) London Annual Business Survey (LABS). LABS is an annual telephone based survey of over 4000 private sector businesses in London. The survey consists of questions on the performance of businesses, the difficulties they are experiencing in running their business, how the physical/social infrastructure and business environment of London affects them, and questions on specific areas such as access to finance, information technology and innovation, management, and business support needs. There is no data at the national level that is directly equivalent to that from LABS, thus it is necessary to use data from the National Employer Skills Survey (NESS) to draw a comparison between London and the UK

Business Reporting skills gaps and shortage vacancies: This data comes from NESS which provides detailed information about the extent, causes, and implications of England's recruitment problems and skill gaps. NESS forms part of a longer time series of surveys starting with Skill Needs in Britain (1990-1998) and followed by the Employers Skill Surveys (1999, 2001 and 2002).

Objective 10: Maximise the productivity and innovation potential of London's enterprises

Gross Value Added: This data comes from Experian Business Strategies. It should be noted that statistics on regional output have a number of limitations. Of particular note for this Snapshot is that estimates of regional output or GVA are only available in current prices. This means that changes over time combine the effect of both regional inflation and real regional economic growth. This inhibits the analysis of developments over time in regional output and productivity.

Objective 11: Ensure a coherent approach to marketing and promoting London.

Promotion: See Objective 8.

Tourism: Data for this indicator comes from the International Passenger Survey (Overseas travel and tourism (MQ6)) which is a sample survey carried out by the Office for National Statistics (ONS). Information is obtained from British Airports Authority, Eurotunnel, Eurostar, DTLR, Home Office, Civil Aviation Authority and Social Survey Division of ONS. The data collected from overseas residents includes, country of residence and region of the UK visited (for overseas residents), expenditure, length of stay, year and quarter of visit.

Overseas student numbers: This data comes from the Higher Education Statistics Agency (HESA), 2003/2004. HESA is the official agency for the collection, analysis and dissemination of quantitative information about higher education in the UK. Data is collected from students during student enrolments over the academic year at each publicly funded higher education institution in the United Kingdom.

Foreign Direct Investment: The Ernst & Young European Investment Monitor (EIM), 2005 provides comprehensive information on inward investment across Europe. EIM shows which companies are locating where in Europe. Project details include: Parent company undertaking the investment and country of origin; City, region and country receiving the investment project; Type of investment (new, expansion or co-location); Industry sector and activity (e.g. contact centre, manufacturing plant) and Jobs created/safeguarded.

Objective 12: Co-ordinate effective marketing and promotion activities across London

Number of visitors: See Objective 11 tourism indicator.

Objective 13: Maintain and develop London as a visitor destination.

Expenditure of visitors: See Objective 11 tourism indicator.

This document is also available in large print, braille, on disk, audio cassette and in the languages listed below.

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Arabic

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الاتصال برقم الهاتف او الكتابة الى العنوان
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Bengali

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

Chinese

中文
如果需要此文檔的您的母語拷貝，
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Greek

Αν θα θέλατε ένα αντίγραφο του
παρόντος εγγράφου στη γλώσσα
σας, παρακαλώ να τηλεφωνήσετε
στον αριθμό ή να επικοινωνήσετε
στην παρακάτω διεύθυνση.

Gujarati

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

Hindi

यदि आप इस दस्तावेज़ की प्रति अपनी भाषा में चाहते हैं,
तो कृपया निम्नलिखित नम्बर पर फोन करें अथवा दिये
गये पता पर सम्पर्क करें।

Punjabi

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

Turkish

Bu brosürü Türkçe olarak edinmek
için lütfen asagidaki numaraya
telefon edin ya da adrese basvurun.

Urdu

اگر آپ اِس دستاویز کی نقل اپنی زبان میں چاہتے
ہیں، تو براہِ کرم نیچے دیئے گئے نمبر پر فون کریں
یا دیئے گئے پتہ پر رابطہ قائم کریں.

Vietnamese

Tiếng Việt
Nếu bạn muốn bản sao của tài liệu này bằng
ngôn ngữ của bạn, hãy gọi điện theo số hoặc
liên lạc với địa chỉ dưới đây.

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