

Mayor's Office

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Date: 5 February 2013

Dear Sir/Madam,

I write in relation to the Monitoring Review of the Geography of Economic Statistics.

The size and importance of the London economy makes the need for timely economic statistics essential. With output (in 2011) at £283 billion, London accounts for over 20 per cent of the UK's total output; compared to European countries, it would be the ninth largest economy in Europe - larger than Sweden, Austria or Switzerland.

The availability, timeliness and quality of economic statistics for London is of critical importance to us. Without such statistics we are restricted in our ability to understand the economic issues facing Londoners and to effectively monitor progress against Mayoral priorities.

As you will be aware, the main measure of economic output available for London at the moment is annual Gross Value Added (GVA) at current prices. While this provides a useful guide as to London's economic performance, it is for a number of reasons, a rather limited measure. For instance, the data are not available in real terms and are only available a year after the time period concerned. That is, whilst data are available for Q4 2012 for UK GDP, the latest estimate for London is for 2011 (but only in nominal terms - not in real terms).

Given the dynamic nature of the London economy it is essential we have timely information on London's economic performance. The economic situation can change quite significantly over the course of a year. To that end, it is unsatisfactory to be basing our assessment of the London economy on data that is a year out of date.

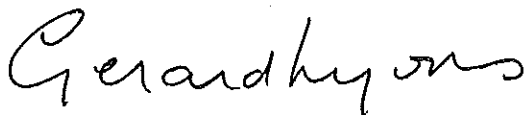
The need for Wales and Scotland to receive more timely economic statistics has been recognised by the ONS, who compile a range of short term output indices for those areas. Given London's economy is nearly 6 times bigger than Wales', and two-and-a-half times the size of Scotland's, we would argue that timely data on the London economy is at least as important, if not more so.

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Moreover, improving the provision of data on London may well improve the overall quality of ONS statistics. The service sector is particularly important for London and is arguably less well covered by ONS data than other sectors. Improving timely statistics for London would more than likely lead to improvements in the understanding of the service sector as a whole.

In conclusion, the provision of more timely economic data for London would significantly improve the Mayor's ability to understand the London economy and to prepare and deliver policies and programmes for Londoners on a more timely and effective basis. Whilst, this letter has focused solely (and briefly) on economic output, there are other economic statistics to which these general comments apply. To that end we would be very willing to meet with your officials to discuss London's demand for economic statistics and how that demand might be sated.

Yours faithfully,

A handwritten signature in cursive script, reading "Gerard Lyons".

Dr Gerard Lyons
Chief Economic Adviser