



London Economic Development  
**Snapshot**

**ISSUE 04** January 2007

# Main findings

London's performance against the four investment themes of the Mayor's Economic Development Strategy (EDS) shows:

- **Places and infrastructure:** Housing completions exceed targets, there are many significant infrastructure projects underway across London and many health and environmental indicators show improvement over the past decade or so. Areas for improvement include resolving the funding for Crossrail and London's household recycling rate.
- **People:** Performance against all three people objectives remains poor – although there are signs that some improvement may be on the way.
- **Enterprise:** London's net start-up rate increased over the past year and London extended its lead as the best European city to locate a business in. However, more businesses face skills issues than in previous years and productivity growth over this cycle remains below that achieved in the last economic cycle.
- **Marketing and promotion:** Despite being set back by the terrorist attack of July 2005, overseas visits and spending have grown recently. London continues to attract a significant amount of foreign direct investment and students from overseas.

**The priority for London's economic development remains to significantly improve the employment rate.** London's employment rate remains more than 5 percentage points below that for the UK as a whole, and has done so since the end of 2004. This is the largest gap between the two employment rates since at least the early 1980s, when London's employment rate was higher than the UK's.

If, as forecast, London's economy grows more quickly over the next few years than it has over the past five years or so, London's employment rate is likely to increase. Nevertheless, London's employment rate remained low, relative to the UK average, throughout the 1990s despite periods of high growth. As a result, the London Development Agency (LDA) and GLA Economics commissioned research to identify how to overcome this structural issue and provide a sustained increase to London's employment rate. This research, looking at **what works with tackling worklessness** identifies that:

- (i) for people who already have recent work experience or some skills or qualifications, help in presentation and job search is cost effective
- (ii) subsidies are found to encourage employers to recruit people who they would not normally consider
- (iii) for people with poor basic skills (including English language skills) or who lack job-related skills or qualifications, tailored training to address skills gaps and/or meet employers' needs can be effective
- (iv) earnings supplements (e.g. tax credits and in-work benefits) have an important role in encouraging people to take, and stay in, paid work

London's regional and sub-regional agencies should use the findings of this research to design effective labour market programmes for London.

The Snapshot continues to provide a good overview of progress made in delivering the objectives of the Mayor's EDS, but – as with previous Snapshot reports – data limitations continue to prevent detailed analysis for some objectives and indicators. The case for better quality and more timely regional data is clear and should continue to be made to central government and the Office for National Statistics (ONS).

# Summary of performance

	Objective	Headline	Status
Places and infrastructure	1 Support the delivery of the Mayor's London Plan	Housing completions exceeded housing targets in 2004/2005; slight deterioration in employment for most of London's sub-regions in 2004 but subsequent and projected future growth.	●
	2 Improve the infrastructure for London's future growth and development	Significant work is being done to improve London's infrastructure, but funding for Crossrail remains unresolved.	●
	3 Deliver healthy, sustainable, high quality communities and urban environments	Health and environment indicators for London show improvements over the past decade or so, although indicators of household waste and some measures of air quality have deteriorated very slightly over the past year.	●
People	4 Tackle barriers to employment	London's employment rate remains more than 5 percentage points below the UK average.	●
	5 Reduce disparities in labour market outcomes between groups	The employment rates of most disadvantaged groups do not appear to have improved relative to London's overall employment rate over the economic cycle to date.	●
	6 Address the impacts of concentrations of disadvantage	The combined employment rate for London's seven most deprived boroughs has increased over the past 18 months or so.	●
Enterprise	7 Address barriers to enterprise start-up, growth and competitiveness	London's net business start-up rate increased in 2005 and was revised up in 2004.	●
	8 Maintain London's position as a key enterprise and trading location	London extends its lead as the best European city in which to locate a business.	●
	9 Improve the skills of the workforce	A greater proportion of businesses in London faced skills issues in 2005 when compared to 2004, but this remains less of a problem for London than for England as a whole.	●
	10 Maximise the productivity and innovation potential of London's enterprises	Workforce productivity in London has grown at a similar rate to the UK as a whole over the current economic cycle despite slowing in the last year.	●
Marketing and promotion	11 Ensure a coherent approach to marketing and promoting London	London performs well in attracting overseas students, Foreign Direct Investment and most aspects of overseas tourism.	●
	12 Co-ordinate effective marketing and promotion activities across London	After the setback of the July 2005 terrorist attack, the number of overseas visitors to London grew strongly in Q2 2006 when compared to Q2 2005.	●
	13 Maintain and develop London as a visitor destination	International visitor spending continues to grow in 2006.	●

## Key

- Performance is good, for example achieving a specific target or performing above the UK average over a period of time.
- Performance is unclear at the present time, for example London's performance is average compared to its main competitors, or a previously strong performance show signs of weakening or there is some cause for concern about this objective in the short term.
- Performance is poor, for example, London's performance compares badly to the UK average and shows no sign of sustained improvement.

# Introduction

This report provides a snapshot of progress made in delivering the objectives set out in the Mayor's Economic Development Strategy (EDS) for London up to the beginning of 2007.

The aim of this report is to:

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

The report has been produced by the LDA in conjunction with GLA Economics, drawing on data from a variety of sources. The report follows the structure of the EDS Action Plan, highlighting performance against 13 key objectives, under the four investment themes set out in the EDS.

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# Places and infrastructure

1	Support the delivery of the Mayor's London Plan	5
2	Improve the infrastructure for London's future growth and development	6
3	Deliver healthy, sustainable, high quality communities and urban environments	8

# Objective 1

## Objective:

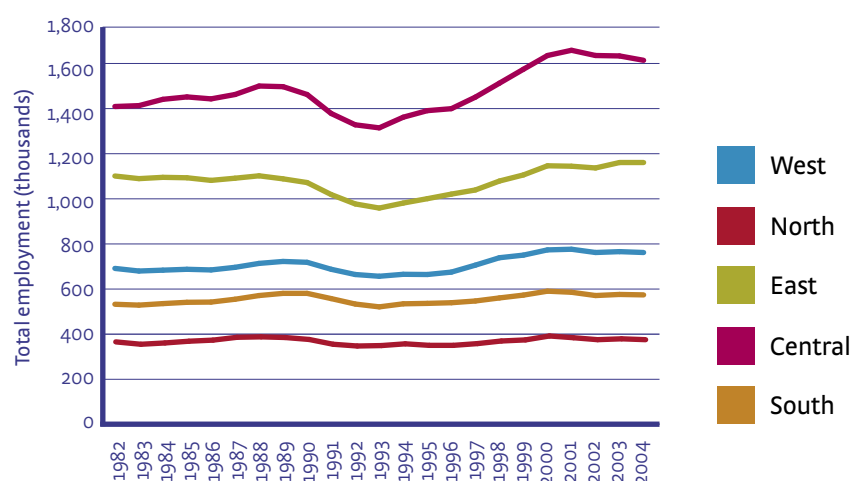
Support the delivery of the Mayor's London Plan.

## Indicator:

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

**Housing completions exceeded housing targets in 2004/2005; slight deterioration in employment for most of London's sub-regions in 2004 but subsequent and projected future growth.**

Fig. 1.1 Employment by sub-region



Source: EBS

For more information see: [London's Economic Outlook: Autumn 2006 and Borough employment projections to 2026](#) available at [www.london.gov.uk](http://www.london.gov.uk)

## Job projections

In 2004 (the latest year for which sub-regional employment data consistent with that used for the London Plan is available) employment fell in London and in all of London's sub-regions with the exception of east London where employment grew very slightly. More recent data for London as a whole show that employment grew by 1.5% in 2005 and GLA Economics' medium-term forecast suggests above trend employment growth for London between 2006 and 2008.

Revised long-term employment projections suggest employment in London will grow by over 950,000 between 2003 and 2026. Whilst all London's sub-regions are projected to share in this growth, the central and east sub-regions account for the majority of the growth.

## Housing targets

In 2004/2005, 27,364 new homes were created in London, exceeding the targets set out in the London Plan by 19%. Housing completions in London's east and south sub-regions exceeded their target, while completions in the central, west and north sub-regions were all very slightly under target. As this is annual data there is no change in this indicator from the last Snapshot.

For more information see: [London Plan Annual Monitoring Report](#) available at [www.london.gov.uk](http://www.london.gov.uk)

## Objective 2

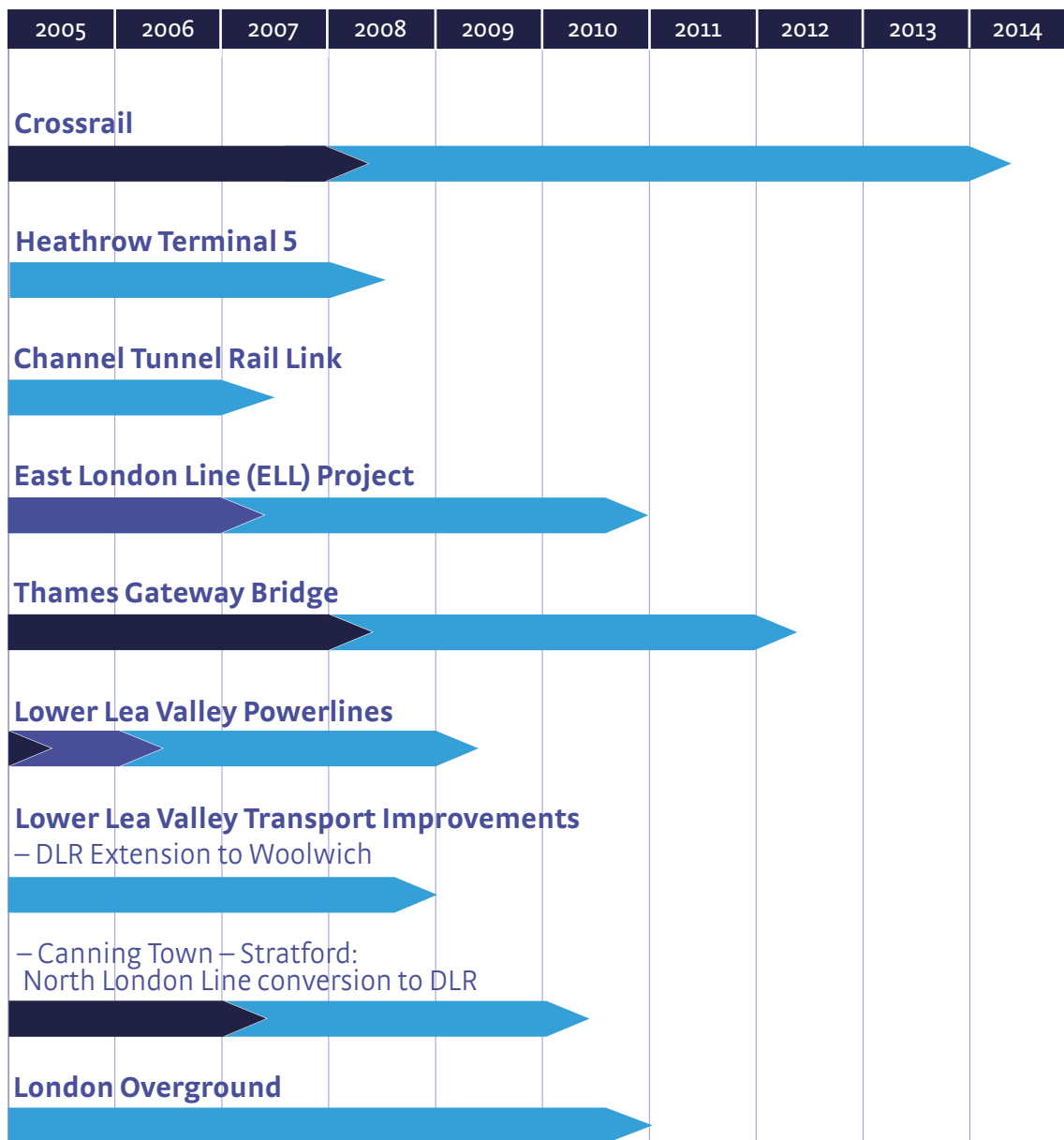
### Objective:

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

### Indicator:

Delivery of identified key projects.

**Significant work is being done to improve London's infrastructure, but funding for Crossrail remains unresolved.**



### Key

- Planning phase
- Preliminary works phase
- Construction phase



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**Crossrail** £16bn

The Crossrail Bill is progressing through Parliament and a third set of amendments were tabled in November 2006. The amendments are the result of continued project development and follow discussions with stakeholders. The Government has not yet defined the funding package for Crossrail.

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**Heathrow Terminal 5** £4.2bn

Construction is on schedule with the opening planned for March 2008.

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**Channel Tunnel Rail Link** £3.3bn

St Pancras station is on track for completion in 2007. International Eurostar services are scheduled to commence in November 2007, with domestic services commencing in 2009.

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**East London Line (ELL) Project** £900m

Enabling work for laying new track including the repair or replacement of 22 bridges along the Kingsland Viaduct in Hackney will be finished by Christmas 2006. In October 2006, Transport for London (TfL) awarded a £363m 'main works' contract to a consortium comprising Balfour Beatty and Carillion. The extension to Dalston will be opened in June 2010. The Mayor has announced that the ELL will be extended further, from Dalston to Highbury and Islington, and this will be complete in time for London 2012.

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**Thames Gateway Bridge** £400m

The Thames Gateway Bridge Public Inquiry concluded on 4 May 2006. A decision is expected in Spring 2007.

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**Lower Lea Valley Powerlines** £230m

An essential precursor of land and venue development in the Olympic Park is the replacement of overhead with underground power lines. 13 km of cables and 52 pylons will be replaced by cabling within two six km long tunnels.

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**Lower Lea Valley Transport Improvements**

A variety of public transport improvements to service the Olympics and Lower Lea Valley are planned. As well as providing access to the Olympics site during the Games these improvements will provide effective transport provision for residents, workers and visitors beyond 2012. More recently, the Department for Transport gave planning approval for the six km extension of the Docklands Light Railway to Stratford International station and the heart of the Olympic Park.

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**London Overground**

From November 2007, London Overground train services will operate on the North London Railway under the management of TfL. £10 billion will be invested in improvements to stations and services on the North London Railway. New trains have been ordered by TfL and a successful bidder to run the franchise is to be announced in Summer 2007. The ELL will also form part of the overground service once it is complete in 2010.

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# Objective 3

## Objective:

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

## Indicator:

Indicators of health and environmental improvement.

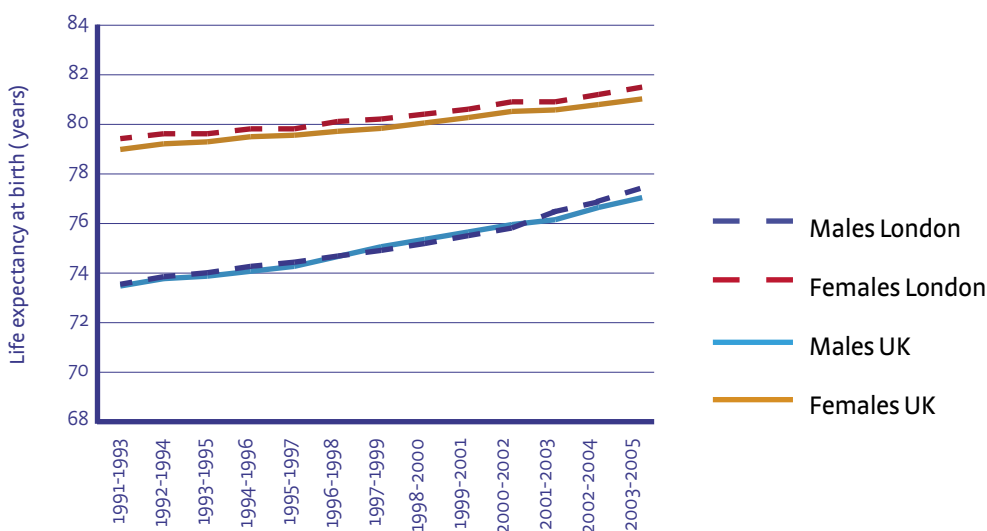
**Health and environment indicators for London show improvements over the past decade or so, although indicators of household waste and some measures of air quality have deteriorated very slightly over the past year.**

There is no single indicator by which to measure performance against this objective. For instance, in terms of health indicators the recently published Local Authority Health Profiles use a wide variety of indicators to show the health of people in local authorities across England. Moreover, for many of the indicators that do exist there is no robust time-series of data. As a result this Snapshot reports the most recently available data from a variety of indicators.

### Life expectancy at birth

The life expectancy of babies born in London and the UK has grown since 1991-1993. In 2003-2005, life expectancy averaged 81.4 years for females and 76.9 years for males across the whole of London. However, life expectancy varied across London's boroughs by up to 7.6 years.

Fig 3.1 Life expectancy at birth



Source: ONS

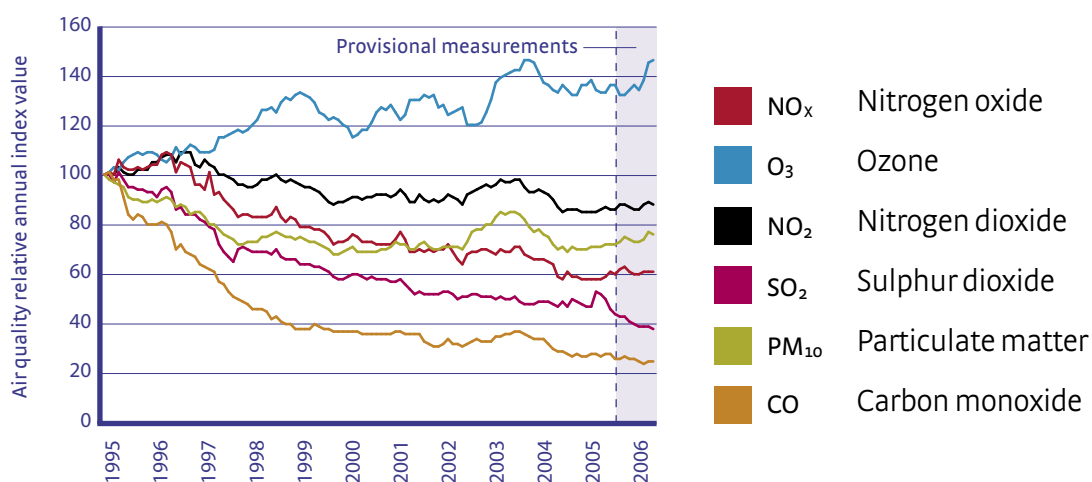
### Carbon dioxide (CO<sub>2</sub>) emissions

London produced 43.7 million tonnes of CO<sub>2</sub> in 2003. Around 70% of London's CO<sub>2</sub> emissions are accounted for by industrial and commercial electricity consumption, domestic gas consumption and road transport.

More recent data show that UK CO<sub>2</sub> emissions have increased slightly in each of the three years to 2005.

### Air quality

Fig 3.2 Air quality relative index value



Source: King's College London, London Air Quality Network

Provisional data for the year to September 2006 show that all air quality indices in London are below their November 1996 level, with the exception of O<sub>3</sub>. However, whilst both SO<sub>2</sub> and CO reached their lowest annual levels since November 1996 in September 2006, O<sub>3</sub>, PM<sub>10</sub>, NO<sub>x</sub>, NO<sub>2</sub>, all increased over the past year.

### Waste

The amount of waste produced by London's households increased by 0.9% to 3,326 thousand tonnes in 2005/2006; over the same period England reduced its household waste by 0.8%. In 2005/2006, London had a recycling rate of 20.7%, which was below the average household recycling rate for England as a whole of 26.7%. Total municipal waste fell by 3.6% in London to its lowest level since 2000/2001 compared to a 3.0% fall for England as a whole in the year to 2005/2006.

### Access to open space

There was a net gain of 24.4 hectares of open space as a result of developments and land use changes granted planning permission during 2004/2005. These data are unchanged from the last Snapshot report.

For more  
information  
see DEFRA:  
[www.defra.gov.uk](http://www.defra.gov.uk)

# People

4	Tackle barriers to employment	<b>11</b>
5	Reduce disparities in labour market outcomes between groups	<b>12</b>
6	Address the impacts of concentrations of disadvantage	<b>13</b>

# Objective 4

## Objective:

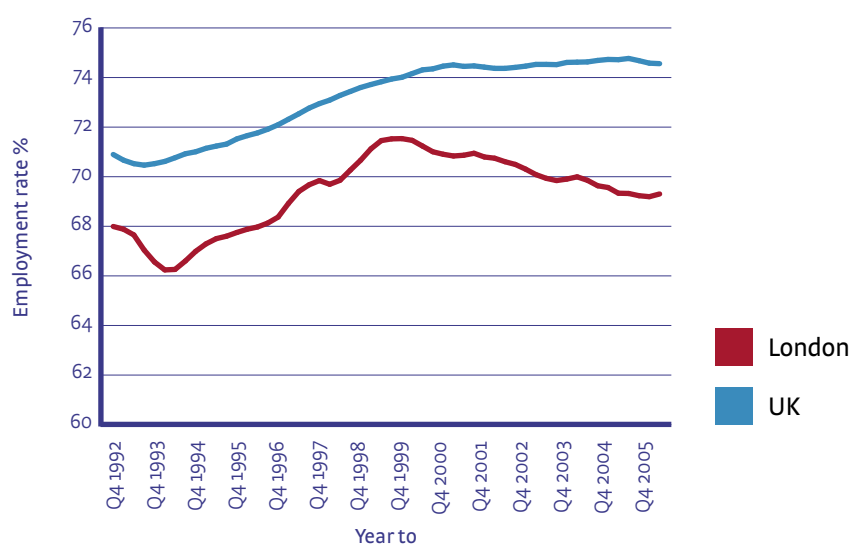
Tackle barriers to employment.

## Indicator:

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

**London's employment rate remains more than 5 percentage points below the UK average.**

Fig 4.1 Working age employment rates (four quarter average)



London's employment rate (the proportion of the working age population living in London that are in employment – see data appendix for more details) stood at 69.3% when averaged over the year to Q3 2006 compared to 74.4% for the UK as a whole.

There has been little, if any, increase in London's employment rate over the economic cycle to date (see glossary) and the gap between London's employment rate and that for the UK as a whole has increased over the course of the cycle from just over 3 percentage points in 1997 to over 5 percentage points since the second half of 2004.

GLA Economics' most recent forecast sees London's economy growing above trend, and faster than the UK as a whole, between 2006 and 2008. As a result, GLA Economics forecasts strong employment growth over this period. Such growth should provide favourable conditions for Londoners to move into work. The extent to which this will close the gap between the employment rate for London and the UK as a whole will depend on the growth in London's working age population relative to the UK as a whole and the ability of London's workless population – both the unemployed and economically inactive – to compete effectively for jobs in London's labour market.

For more information see: **London's Economic Outlook: Autumn 2006** available at [www.london.gov.uk](http://www.london.gov.uk)

## Objective 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.

**The employment rates of most disadvantaged groups do not appear to have improved relative to London's overall employment rate over the economic cycle to date.**

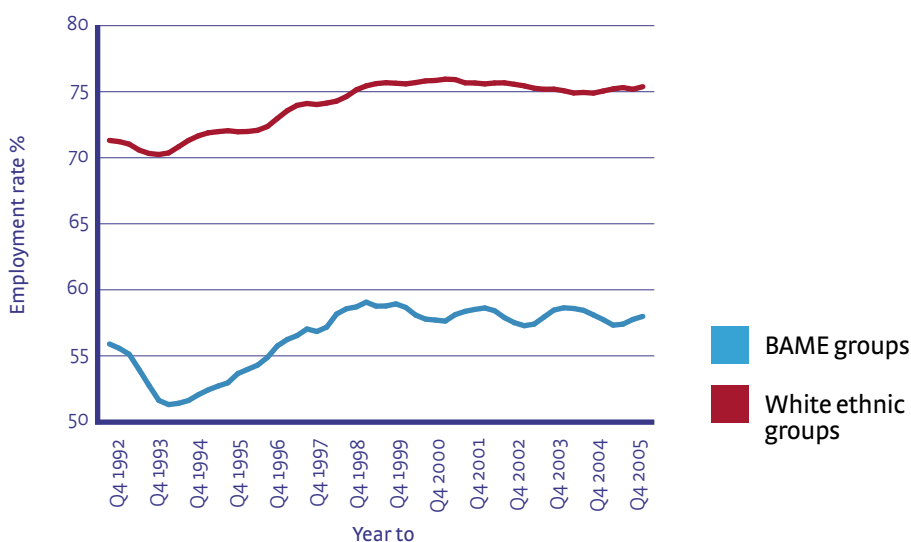
The average employment rate for **women** stood at 62.5% in the year to September 2006, 6.8 percentage points below the rate for all London. The average employment rate for **women with dependent children** stood at 50.5% in Q3 2006. There is no evidence to suggest that the gap between the employment rate for both women and women with dependent children and the employment rate for all London has reduced significantly over the economic cycle.

The employment rate for **people aged between 50 and retirement age** (older people) stood at 69.2% in the year to Q3 2006, about the same as the rate for London as a whole. Data suggests that over the past six years or so the employment rate for older people has increased by more than the employment rate for London as a whole.

According to the Labour Force Survey (LFS), the average employment rate for **disabled people** stood at 45% in the year to March 2006. The data shows no narrowing between this employment rate and that for London as a whole.

The chart below compares 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, which has remained fairly constant over the past decade or so.

Fig 5.1 Employment rates of black, Asian and minority ethnic groups and white ethnic groups in London (four quarter average)



# Objective 6

## Objective:

Address the impacts of the concentrations of disadvantage.

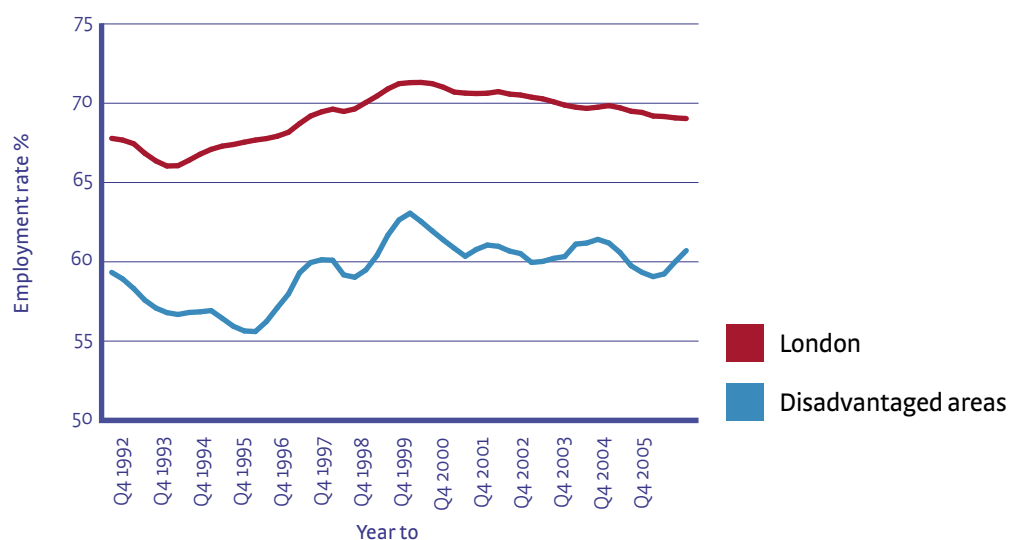
## Indicator:

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

**The combined employment rate for London's seven most deprived boroughs has increased over the past 18 months or so.**

The combined employment rate across the seven most disadvantaged boroughs in London (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 Index of Multiple Deprivation 2004 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 the past 18 months or so the combined employment rate for these disadvantaged areas has increased in contrast to the employment rate for London as a whole. The gap between the combined employment rate for London's disadvantaged areas and the employment rate for London as a whole has typically fluctuated between 8 and 11 percentage points over the economic cycle to date. In the last six months or so the gap has reduced to less than 8 percentage points for the first time during this cycle. However, the chart also shows that past reductions in the gap between the employment rate for disadvantaged areas and that for London as a whole have frequently been short-term and not sustained over time.

# Enterprise

7	Address barriers to enterprise start-up, growth and competitiveness	<b>15</b>
8	Maintain London's position as a key enterprise and trading location	<b>16</b>
9	Improve the skills of the workforce	<b>17</b>
10	Maximise the productivity and innovation potential of London's enterprises	<b>18</b>



# Objective 7

## Objective:

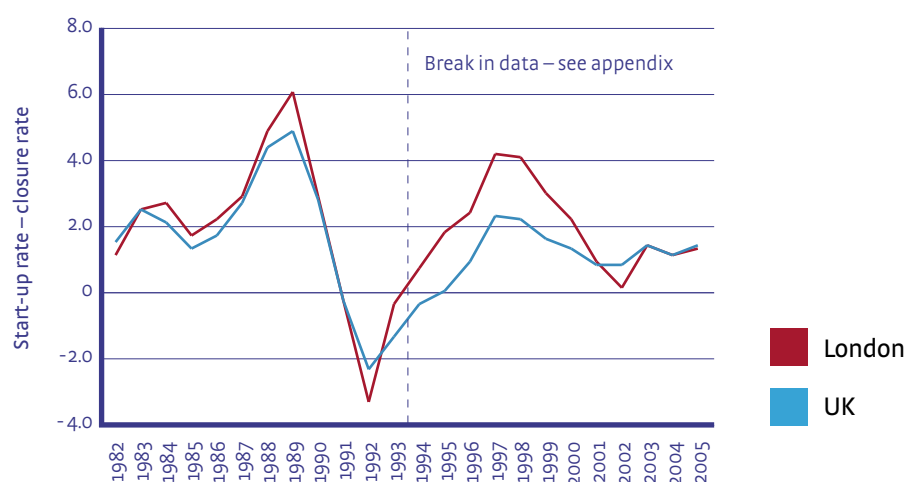
Address barriers to enterprise start-up, growth and competitiveness.

## Indicator:

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

**London's net business start-up rate increased in 2005 and was revised up in 2004.**

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: SBS

In 2005, London's net business start up rate was 1.3%, compared to 1.4% for the UK as a whole. This is an increase on the 2004 start-up rate of 1.1% for both London and the UK, which has been revised up significantly since last year's figures.

The chart shows that London's net business start-up rate has typically been more volatile than that for the UK. Over the economic cycle to date London's annual net business start-up rate has averaged 2.0% compared to 1.4% for the UK as a whole.

The chart shows that, since 2001, the net business start-up rate for London has been below or the same as that for the UK as a whole, suggesting that London's economy has faced more difficult conditions than the UK as a whole since 2001. This is borne out by data on GVA growth, which show that London grew at a slower rate than the UK as a whole between the middle of 2001 and the end of 2004. Recent GVA data suggest that London has been growing faster than the UK as a whole since the end of 2004 and GLA Economics' forecast suggests this is likely to continue over the next three years. As a result the net start-up rate for London might be expected to rise above that for the UK over the next few years.

For more information see: [London's Economic Outlook: Autumn 2006](#) available at [www.london.gov.uk](http://www.london.gov.uk)

## Objective 8

### Objective:

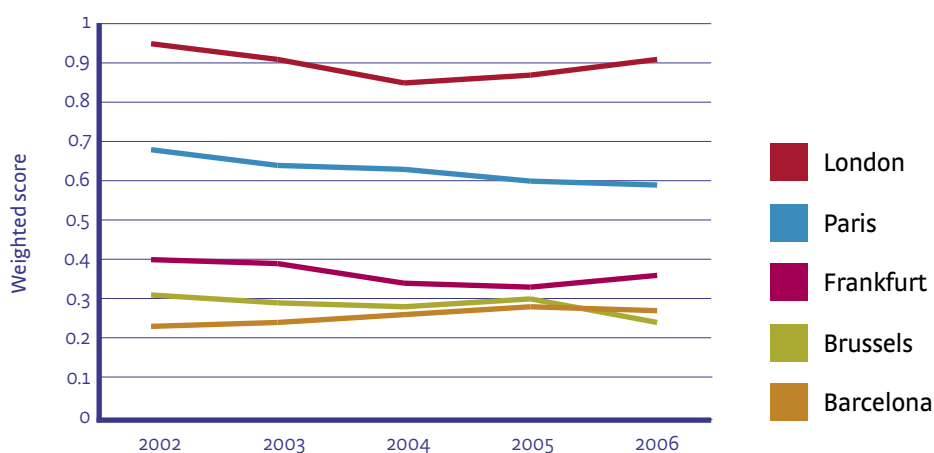
Maintain London's position as a key enterprise and trading location.

### Indicator:

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

**London extends its lead as the best European city in which to locate a business.**

Fig 8.1 Top five European cities to locate a business in



Source: European Cities Monitor – Cushman & Wakefield

According to the European Cities Monitor 2006, by Cushman & Wakefield, London not only maintained its position as the best city in which to locate a business but increased its lead over Paris, its closest rival.

Similarly to last year, London was rated the best city in terms of access to markets and availability of qualified staff (the two most important factors in deciding where to locate). London was also rated the best city in terms of international and internal transport links, telecommunications, languages spoken and availability of office space.

Factors on which London performed less well included value for money of office space (ranked 28th out of 33 in 2006), freedom from pollution (ranked 26th) and cost of staff (ranked 16th).

# Objective 9

## Objective:

Improve the skills of the workforce.

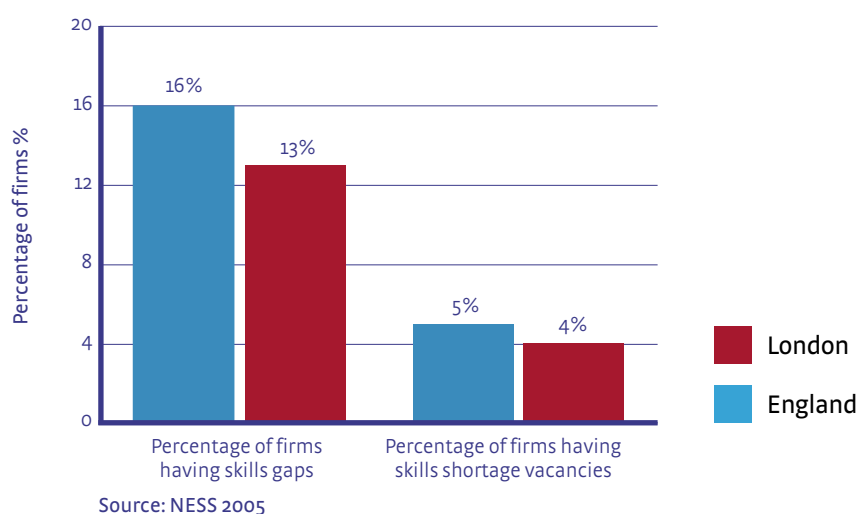
## Indicator:

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

**A greater proportion of businesses in London faced skills issues in 2005 when compared to 2004, but this remains less of a problem for London than for England as a whole.**

The only survey that allows for comparisons on skills issues facing businesses between London and England is the National Employer Skills Survey (NESS). NESS 2005, as illustrated in the chart, shows that a lower proportion of employers in London faced vacancies as a result of skills shortages and skills gaps among its staff when compared to employers across England. However, whilst London performs relatively well on skills issues when compared to England, this favourable relative position has deteriorated slightly since the 2004 survey.

Fig 9.1 Proportion of firms reporting skills gaps and skills shortage vacancies in 2005



The London Annual Business Survey (LABS) 2005 shows that businesses rank the availability of appropriately skilled employees as between a “minor problem” and an “average problem”, when responses are averaged across all London businesses. However, the proportion of businesses citing a lack of appropriately skilled employees as a “significant” or “very significant” problem has increased to 34% in 2005, up from 20% in 2003. These data are unchanged from the previous Snapshot report.

For more information see: [London Annual Business Survey 2005](http://www.london.gov.uk) available at [www.london.gov.uk](http://www.london.gov.uk)

# Objective 10

## Objective:

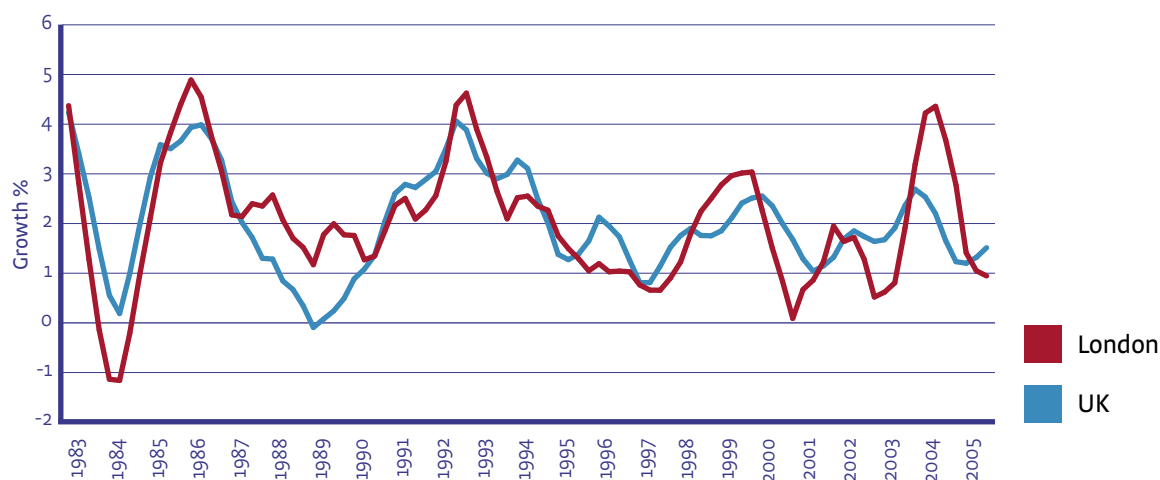
Maximise the productivity and innovation potential of London's enterprises.

## Indicator:

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

**Workforce productivity in London has grown at a similar rate to the UK as a whole over the current economic cycle, despite slowing over the last year.**

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



Source: EBS

The rate of growth of GVA per worker (where worker means a full-time equivalent position) is volatile, primarily due to the data from which it is calculated; on the whole, the rate of growth has been positive over time.

It is useful to analyse changes in productivity (i.e. GVA per worker) over long time periods. Average productivity growth over the current economic cycle has been 1.8% for both London and the UK as a whole. In contrast, over the last economic cycle (1986-1997) London's productivity growth averaged 2.2% per year, compared to 2.1% per year for the UK as a whole. This suggests that London's rate of productivity growth has slowed over the course of the last decade or so. This is important as productivity growth affects the economy's ability to grow without running into constraints. If London's economy grows more quickly, this should increase income per head and so help increase London's prosperity.

Some of the difficulties with measuring productivity by region over time are discussed in the data appendix.

# Marketing and promotion

11 Ensure a coherent approach to marketing and promoting London	<b>20</b>
12 Co-ordinate effective marketing and promotion activities across London	<b>21</b>
13 Maintain and develop London as a visitor destination	<b>22</b>

# Objective 11

## Objective:

Ensure a coherent approach to marketing and promoting London.

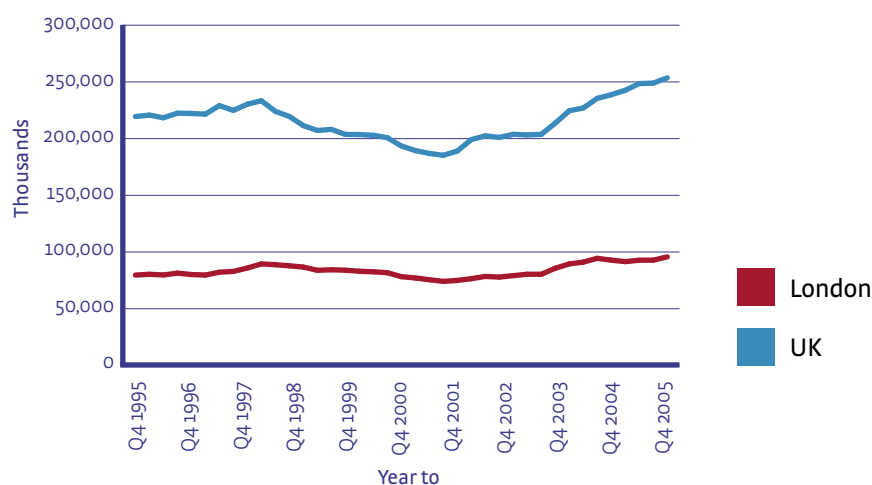
## Indicator:

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

**London performs well in attracting overseas students, Foreign Direct Investment (FDI) and most aspects of overseas tourism.**

## Tourism

Fig 11.1 Nights spent by overseas visitors in London and the UK



Source: IPS

The number of nights spent in London by overseas visitors has grown over the year to Q2 2006, as it has for the UK as a whole. Between 1997 and 2006 the share of nights spent in London by overseas visitors to the UK fluctuated between 35% and 41%. The share has fallen from just under 40% in 2004 to just under 37% at the end of 2005 although it has increased slightly since.

## Business

Since 2003, London's FDI projects have been steadily growing, both in absolute terms and as a share of the UK total. Recent data suggest that this trend is likely to continue with London attracting almost as many FDI projects in the first three quarters of 2006 as was achieved for 2005 as a whole. In addition, the European Investment Monitor, compiled by Ernst & Young, shows that London is the most popular European destination for Chinese companies, attracting 15% of all Chinese direct investment into Europe since 2002.

## Overseas students

In a continuation of the trend seen since the 1999/2000 academic year, the total number of international students in London rose 13% year-on-year in 2004/2005, compared to just 6% nationally; 22% (82,660) of London's students came from overseas in 2004/2005. These data are unchanged from the last Snapshot report.

# Objective 12

## Objective:

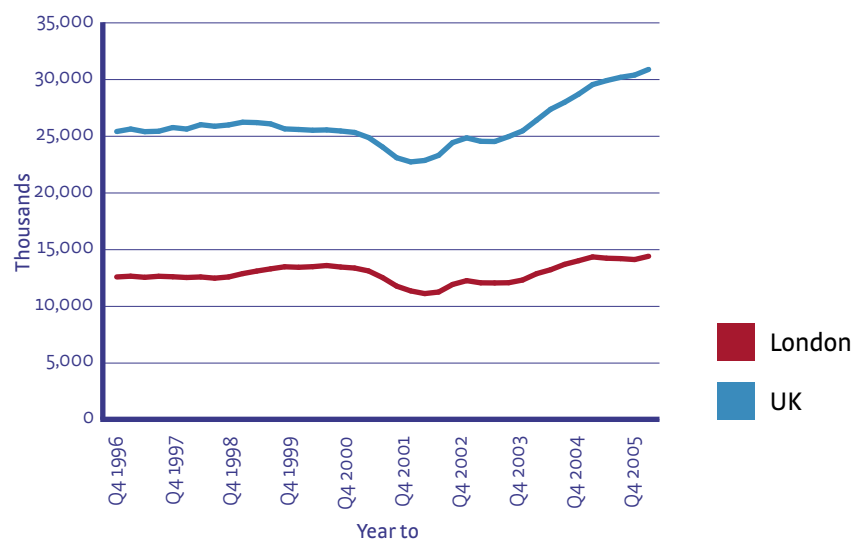
Co-ordinate effective marketing and promotion activities across London.

## Indicator:

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

**After the setback of the July 2005 terrorist attack, the number of overseas visitors to London grew strongly in Q2 2006 when compared to Q2 2005.**

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



Both London and the UK saw strong growth in the number of overseas visitors during 2004 and the first two quarters of 2005. In July 2005, London was subject to a terrorist attack which resulted in a relatively small fall in the number of overseas visitors to London for the next three quarters, when compared to the same quarter a year earlier; over the same period the number of overseas visitors to the UK continued to grow but at a much slower rate than previously.

In the last quarter, however, overseas visits to London have grown strongly, reaching the highest quarterly level for at least the past decade. The annual growth to the second quarter of 2006 was higher for London than for the UK as a whole.

This report does not include figures for domestic tourism due to concerns about data reliability. The UK Tourism Survey was revised in 2005 and we hope to include data in future Snapshots.

# Objective 13

## Objective:

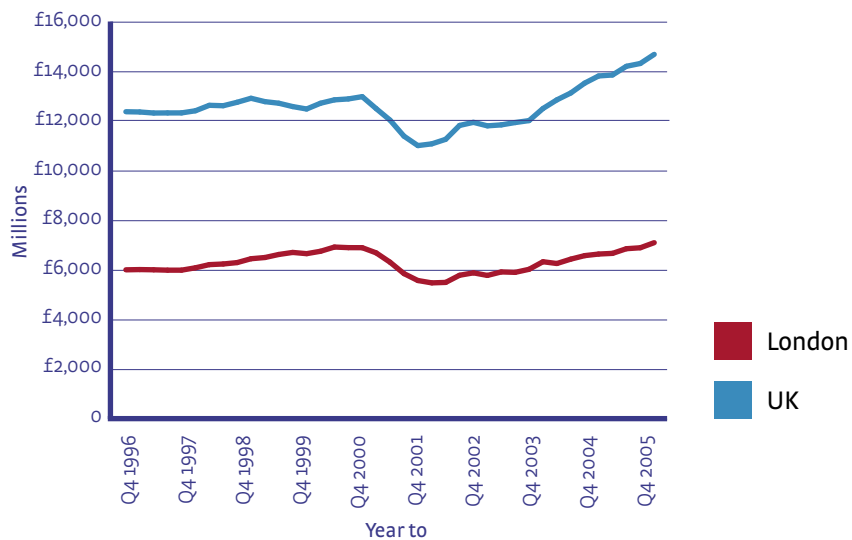
Maintain and develop London as a visitor destination.

## Indicator:

Achieve real growth in visitor spending over the economic cycle.

**International visitor spending continues to grow in 2006.**

Fig 13.1 International visitor spending (last four quarters)



International visitor spending has grown since 2003. In the year to Q2 2006 overseas visitors' spending in London reached £7,102 million, up 6.9% when compared to the year to Q2 2005. Over the same period overseas visitors' spending in the UK as a whole grew by 6.3%.

The chart illustrates that overseas visitors' spending continued to grow throughout 2005 (covering the period of the terrorist attack) in contrast to the situation for visits.

This report does not include figures for domestic tourism due to data reliability issues. The UK Tourism Survey was revised in 2005 and we hope to include data in future Snapshots.



# 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 as a result of human activity.

**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<sub>2</sub>):** 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% in 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 GLA has adopted the social model of disability where disability is defined as 'the loss or limitation of opportunities that prevent people who have impairments from taking part in the life of the community on an equal level with others due to physical and social barriers'. However, the standard definitions of disability used by official surveys like the LFS tend to focus on medically derived definitions and terminology. In the LFS people are defined as being disabled if they have a current long-term impairment covered by the Disability Discrimination Act (DDA) or a work-limiting disability, or both. DDA disabled includes people who have a long-term impairment that substantially limits their day-to-day activities. Work-limiting disability is a long-term impairment that affects the kind or amount of work that a person may be able to do.

**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:** The Mayor's 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.

**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, the injection of money into a region from overseas, in order to purchase capital goods for a branch of a corporation to locate or develop its presence in the region.

**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
- Metropolitan Police Authority
- London Fire and Emergency Planning Authority
- London Development Agency

**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). GDP is GVA plus taxes on products minus subsidies on products. GVA per worker or GVA per hour worked are common indicators of productivity.

**Household waste:** Includes household collection rounds ('bin' waste), other household collections such as bulky waste collections, waste from services such as litter collections, waste from civic amenity sites and wastes separately collected for recycling or composting through bring/drop off schemes, kerbside schemes and at civic amenity sites.

**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 and works with a wide range of partners in the private, public and third sectors.

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

**Municipal waste:** Waste coming under the control of the Local Authority and includes household waste and other wastes collected by a waste collection authority or its agents, such as municipal parks and gardens waste, beach cleansing waste, commercial or industrial waste, and waste resulting from the clearance of fly-tipped materials.

**Nitrogen dioxide (NO<sub>2</sub>):** Formed in the combustion of fossil fuels. Nitrogen dioxide is harmful to health and is an important component in the formation of ozone.

**Nitrogen oxides (NO<sub>x</sub>):** 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<sub>3</sub>):** 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.

**PM<sub>10</sub>:** Particles likely to penetrate the lungs. Evidence shows a good correlation between PM<sub>10</sub> concentrations and mortality rates. PM<sub>10</sub> 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. London's sub-regions, as set out in the London Plan – and as used for Objective 1 – comprise:

**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

Changes to the composition of London's sub-regions are outlined in the draft alterations to the London Plan, published in September 2006. The alterations are currently being consulted on as part of the review of the London Plan. The proposed sub-regions comprise:

**North:** Barnet, Enfield, Haringey, Hackney, Islington, Camden and Westminster

**North East:** Waltham Forest, Redbridge, Havering, Barking & Dagenham, Newham, Tower Hamlets and City

**South East:** Southwark, Lewisham, Greenwich, Bexley and Bromley

**South West:** Richmond upon Thames, Wandsworth, Lambeth, Kingston upon Thames, Merton, Croydon and Sutton

**West:** Hillingdon, Harrow, Brent, Ealing, Hounslow, Kensington & Chelsea and Hammersmith & Fulham

**Sulphur dioxide (SO<sub>2</sub>):** 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:** Development that meets the needs of the present without compromising the ability of future generations to meet their own needs.

# Data appendix

**Monitoring progress against the EDS objectives continues to be hampered by data limitations. Problems include:**

- poor timeliness of data
- poor robustness of data
- no, or little, time series data for some indicators

Policymakers in London should continue to make the case to government for better quality and more timely regional data. For example, following changes to the structure of the Labour Force Survey, the ONS plan to produce a backseries for old data based on the new structure. It is important that the backseries includes regional data.

**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 this 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 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.

**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.

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

**Life expectancy at birth:** Figures show the average number of years a new born baby would survive if he or she experienced the particular area's age-specific mortality rates for that time period throughout his or her life. The figure reflects mortality among those living in the area in each time period, rather than mortality among those born in each area. It is not therefore the number of years a baby born in the area in each time period could actually expect to live, both because the death rates of the area are likely to change in the future and because many of those born in the area will live elsewhere for at least some part of their lives.

The figures are rolling three-year averages, produced by aggregating deaths and population estimates for each successive overlapping three year period, so as to provide large enough numbers to ensure that the presented figures are sufficiently robust. Two local authorities, City of London and Isles of Scilly, are excluded from the results because of small numbers of deaths and populations in these areas. Data comes from ONS on a yearly basis and is also published in Health Statistics Quarterly.

**Carbon dioxide:** Data taken from the London Energy and CO<sub>2</sub> emission inventory 2003.

**Air Quality:** Data on concentrations and performance against London Air Quality Network (LAQN) objectives taken from King's College, London and the LAQN reports

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.

**Waste:** Data on household and municipal waste and recycling rates comes from the Department for Environment, Food and Rural Affairs (DEFRA), [www.defra.gov.uk](http://www.defra.gov.uk).

**Access to open space:** Data from London Development Database relating to all planning permissions in 2004/2005 cited in London Plan Annual Monitoring Report 2006

#### **Objective 4: Tackle barriers to employment**

**Employment:** Details on the sources for regional employment data and the difference between residence-based employment and workplace-based employment are discussed under Objective 1. Data for Objective 4 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.

In 2006 the structure of the LFS switched from a seasonal quarter basis (winter, spring, summer, autumn) to a calendar quarter basis (Q1, Q2, Q3, Q4) covering different months within the quarter. The dates for the release of new data have also changed. The most recent data release was in May 2006.

#### **Seasonal Quarters      Calendar Quarters**

Winter = Dec – Feb      Q1 = Jan - Mar

Spring = Mar – May      Q2 = Apr – Jun

Summer = Jun – Aug      Q3 = Jul – Sept

Autumn = Sept – Nov      Q4 = Oct – Dec

Snapshot Issue 4 uses the new calendar quarters for the last two quarters of 2006 and the old seasonal quarters from 1992 to spring 2006. This causes some difficulties in comparing changes over time, for example comparing the position now with the position a year earlier means that data for April and May 2006 is reported both in Q1 2006 and spring 2006. The ONS plan to produce a backseries for LFS data, initially for the period between 1997 and 2005. It will be important that the backseries includes regional data for future issues of the Snapshot.

#### **Objective 5: Reduce disparities in labour market outcomes between groups**

**Employment of disadvantaged groups:** In Snapshot Issue 1 Census and LFS data was used to look at the various different 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, and not sampling variability. 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 the concentrations of disadvantage**

In addition to the seven London boroughs regarded as London's most disadvantaged areas, a further six London boroughs fall within the bottom 20% of boroughs in the Index of Multiple Deprivation (IMD) 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 in terms of their IMD ranking and therefore are not to be considered to be London's most disadvantaged areas.

It should be noted that concentrations of disadvantage in London can be tightly confined to a locality, such that a single borough may comprise particularly disadvantaged wards and 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 recognising that the employment situation can vary, sometimes substantially, within boroughs.

See also Objective 5.

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

**Business start-up rates:** In the absence of better data on business start-ups and closures the number of businesses registering to pay VAT and deregistering is used as a proxy. These data are taken from the VAT data within the Inter-Departmental Business Register (IDBR). The net start up-rate of VAT registered businesses shows the rate of business registrations minus the rate of business deregistrations (all shown as a proportion of the stock of all VAT registered businesses). 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 very small businesses (though this is the case for both London and the UK as a whole).

The business start-up and closure rates data have been revised for the 1994-2004 period since the last Snapshot report. Moreover, because of changes in the compulsory VAT registration threshold the data pre and post 1993 is not strictly comparable. The data is included in the chart for Objective 7, however, to provide an indication of how the net start-up rate in London and the UK compare with one another over time.

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

Data for this indicator is taken from the Cushman and Wakefield European Cities Monitor (ECM). The ECM is based on a sample of around 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.

**Businesses reporting skills gaps and skill 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 per worker:** 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 the Snapshot report 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.**

**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, DfT, 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), 2004/2005. 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) 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:** Data 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, DfT, 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.

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

**Expenditure of visitors:** Data 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, DfT, 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.

This document is also available in large print, braille, on disk, audio cassette and in the languages listed below. For a copy, please contact:

**Public Liaison Unit**  
**London Development Agency**  
**Palestra**  
**197 Blackfriars Road**  
**London SE1 1AA**

**T: 020 7593 9000**  
**Textphone: 020 7593 9001**  
**www.lda.gov.uk**

### Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، الرجاء  
الاتصال برقم الهاتف أو الكتابة الى العنوان  
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### Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি  
(কপি) চান, তা হলে নীচের ফোন 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 broşürü Türkçe olarak edinmek  
için lütfen aşağıdaki numaraya  
telefon edin ya da adrese başvurun.

### Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں چاہتے  
ہیں، تو براہ 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.



**London Development Agency**

Palestra

197 Blackfriars Road

London SE1 8AA

T +44 (0)20 7593 8000

F +44 (0)20 7593 8002

[www.lda.gov.uk](http://www.lda.gov.uk)