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for London**

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MAYOR OF LONDON

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

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Foreword

The analysis by GLA Economics is fundamental to ensuring sound investment and policy-making decisions by the GLA Group and I look forward to working with them over the coming years.

This report outlines the achievements of the team over the past year and shows the breadth of areas that their analysis has contributed to - from providing a solid background for Further Alterations to the London Plan through to providing a detailed evidence base for the London Skills and Employment Board.

I have pledged to improve our transport systems including tackling problems from a fresh perspective. GLA Economics have an excellent track record at analysing the wider economic benefits of transport investments and are widely known for their innovative approaches to economic research. I intend to make use of their expertise to help develop ways forward for London – to reduce congestion, increase the appeal of public transport and cycling, and develop major infrastructure schemes such as Crossrail.

We are in a period of economic slowdown with the credit crunch still negatively impacting on the financial services and commercial property sectors and London's economy is expected to grow at a below trend rate for the next few years. I will work with London's businesses to ensure that London remains an attractive place to do business and that we are providing training that businesses need and Londoners want to help them through the tougher times ahead. I am particularly keen to develop my relationship with Small and Medium Enterprises and sole traders. I will make it easier for them to do business with the GLA Group and will give them greater input into the London Skills and Employment Board. GLA Economics have developed a thorough understanding of the particular issues facing Londoners in terms of skills and access to employment and we will use this analysis to help inform our policy development in these key areas.

GLA Economics will continue to provide a vital role in monitoring London's economy and informing the GLA Group about the risks within the wider economy. I intend to host bi-annual summits with representatives across London's business community to communicate GLA Group policies and how these may affect businesses – large and small. The summits will give London businesses the opportunity to raise their concerns directly with me.

GLA Economics' research into London's housing market and the barriers faced by institutions wishing to invest in housing has been instrumental in opening up the debate between



the GLA Group and the property sector about potential ways forward. We will be working together to determine how to increase the supply of housing within London including how best to achieve my target of 50,000 new affordable homes by 2011.

Our local environment has a major impact on our well-being and I have made the improvement of our local open spaces a top priority on the environmental agenda. I have already agreed to the funding of 10,000 new street trees for London. But the environment does not sit in isolation and GLA Economics' research into environmental economics provides a fresh approach with which we can work towards protecting and enhancing our local environment.

As this annual report makes clear, GLA Economics has made an indispensable contribution to the everyday work of the GLA Group feeding into numerous key areas of policy making. I am pleased to see they work in a transparent manner by ensuring all of their research reports are available online. I am glad that I can draw upon the resources of such a renowned team to help the GLA Group meet the challenges that lie ahead in these times of economic uncertainty.

A handwritten signature in black ink, which appears to be 'Boris Johnson'.

Boris Johnson
Mayor of London

As always, it is difficult to pick out the main points from the wide range of activities that GLA Economics has undertaken during the past year. In the economy the credit crunch stands out as the main event and there have been heated discussions in the office, as elsewhere, about its consequences. It was clear from the start that this would affect London's financial services sector, but much less clear last summer how long the crisis would last and how much it would bear down on the economy at large.

Last September, GLA Economics was more pessimistic than many about the implications of capital write-offs for the economy. Six months on our views are widely shared and the general consensus is that 2008 will see a sharp slowdown.

Our attention has now shifted to 2009, and how prolonged the slowdown may be. Here not only the credit crunch matters, but also the surge in fuel prices, food prices and taxes that are squeezing families of all types. This is territory left uncharted since the oil crises of the 1970s: those of us who were around then are trying to remember what might be relevant (or indeed irrelevant) from that time. After a fairly lengthy period where the macro economy appeared to hold little challenge, suddenly this is no longer the case and this subject has received much more attention. London's Economic Outlook, our six-monthly forecast publication and London's Economy Today our monthly ezine both led by Christopher Lewis are the locus for this effort.

But economic cycles come and go. In 1991 I remember being told that employment in London would never grow again and there was no need for new investment in infrastructure! Strategic decision making means being able to rise above the immediate, and Crossrail might have been built by now if a short-term reaction to the 1991 slowdown had not resulted in a loss of confidence by the government. On that occasion the Crossrail Bill failed to be enacted. We continue to work to ensure that the long-term needs of the London economy are understood and to support the case for Crossrail, with the hope that the current Crossrail Bill becomes an Act by the summer. There then remains the continuing case to ensure that funding is in place and the benefits are measured and realised.

Underpinning the case for Crossrail is the wider case for London. The most visible aspect of this last year was the Examination in Public of the Further Alterations of the London Plan (known to its friends as FALP). Here we were engaged in supporting the robustness of our projections over the next twenty years, rather than the next year. Over the six years GLA Economics has existed, these projections have changed only at



the margins. They have proved resilient at the London level in providing a trend analysis about which the year to year cycle moves. At the borough level, we have argued for a methodology which takes into account the impact of policy decisions in local outcomes and looks at site availability and transport planning as well as economic patterns. This allows policy makers to understand more effectively how the economy is not independent of their actions. It also creates a better framework for debate. The economics of the London Plan were supported in the Examination in Public by Duncan Melville, who has been responsible for developing this methodology and updating the forecasts.

Probably the other big event of the year in terms of time, effort and importance was the provision of an evidence base for the London Skills and Employment Board (LSEB). This board is responsible for providing a strategy for adult skills and employment in London upon which large spending decisions are based. The GLA Economics team at the LDA, led by Matthew Waite, provided a comprehensive study of adult skills which drew together all the available evidence and analysed its implications. This evidence base has been widely praised and was very helpful to the board members making decisions on the direction of funding.

Evidence-based policy is easy to say and hard to do. It too often becomes policy-based evidence, where the policy decision is made first and then the evidence found to back it up. Individuals at the LSEB have made a concerted effort to obtain the evidence and to see what it tells them. This bodes well for the success of the policies – which we will also need to monitor.

Housing is another area of policy where we have tried to undertake evidence-based policy. The range of vested interests and the range of issues in this field make it harder to agree a comprehensive evidence base. There are challenges around market prices, social and affordable housing, new and buy-to-let housing, as well as institutional investment. Our main contributions to this important area were studies of London's housing sub-markets and a consideration of why institutional investment is

relatively scarce in the UK. The former study expanded an earlier piece of work, attempting to determine the drivers of house prices in different kinds of markets. The study on institutional investment focused on the uncertainty about returns as one deterrent to increased financial investment in housing supply and also made suggestions on possible policy responses. The interest in this area is possibly one reason why the Financial Times covered these suggestions after our seminar on the report. Margarethe Theseira led this workstream.

Throughout the year we continued to host seminars and workshops on topics of interest, which this year included a major report on the central business district, led by Duncan Melville. In November 2007 we also hosted one of our biennial day-conferences that focus on wider and international issues. They combine great fun with




hard work: once every two years is enough! This year we looked at how cities could work better, examining London as well as other European and developing cities. The afternoon workshops focused on the range of studies and topics that GLA Economics tries to address. Perhaps most memorable was the drinks reception, enlivened by a visit from some of the denizens of our hosts, the London Zoo!

The biennial conference particularly tries to reflect our outreach into the wider research agenda, which is an important corollary to our interest in, and concern for the immediate policy issues. I value our relationship with the Centre for Advanced Spatial Analysis (CASA) at University College London and we now have a post-doctoral research fellow based jointly at the GLA and at CASA. He is researching urban systems and has already presented a paper on the fine spatial scale

of the housing market to the UK's annual conference on GIS (geographic information systems). Margarethe Theseira has also been instrumental in taking forward this wider agenda, especially in the visualisation of urban systems, without which we can drown in data.

Finally, and as ever, I would like to thank all the members of GLA Economics for their efforts and everyone inside and outside the GLA group with whom we have worked over the past year.



Bridget Rosewell

Consultant Chief Economist
GLA Economics



Introduction

Welcome to the sixth annual report from GLA Economics.

This report outlines the achievements of the team and their contribution to policy formation within the GLA group for the period April 2007 to March 2008.

The report fulfils a requirement of the Service Level Agreement between the funding bodies of the unit to clearly demonstrate what the unit has achieved in the previous financial year.

GLA Economics was established in May 2002 and is jointly funded by the Greater London Authority (GLA), London Development Agency (LDA) and Transport for London (TfL). The team provides expert advice and analysis on London's economy and the economic issues facing the capital. Data and analysis from GLA Economics provide a sound basis for the policy and investment decisions facing the Mayor and the GLA group.

The LDA also funded additional fixed-term posts for the unit to enable them to have economists from the GLA Economics unit based within their own organisation. The purpose of these additional economists is to further improve the effective use of economic analysis within the LDA and to provide support specifically for the London Skills and Employment Board (LSEB).

There are three main areas where GLA Economics contributes to the GLA group remit. These are:

- innovative thinking to support transport and planning proposals to ensure that London's interests and specific needs are properly understood
- challenging policy and providing an independent evidence base for policy decisions
- forecasting the economy to inform the GLA group and others for business planning and investment decisions.

Within this report is a summary of the research projects undertaken by the team, along with the unit's finances and a brief overview of projects that are currently planned for the coming year.



Staff

GLA Economics always strives to be authoritative, interesting and relevant and a team of dedicated and talented people work to realise this.

The unit's staffing structure at 31 March 2008 is set out below

Consultant Chief Economist Bridget Rosewell	
Senior Manager Margarethe Theseira	Senior Economists Duncan Melville Matthew Waite Christopher Lewis
Marketing and Publications Manager Daryl Rozario	Economists <i>GLA Economics core funded</i> Alan Freeman Alan Wood Simon Kyte Nick Ennis Gordon Douglass Elizabeth Smart (on maternity leave) Justin Ram (maternity cover) Richard Davies (seconded) <i>LDA funded</i> Richard Prothero Stephen King Katerina Angelopoulou James Sloan <i>LDA fixed-term appointments</i> Lubomira Anastassova-Chirmiciu Ioannis Kaplanis
Administrator Julie Hill	Trainee Economists Sandeep Sankoli Fiona Campbell

GLA Economics staffing

Kathryn Grant left the team in July and was replaced on a temporary basis by Analena Gilhome and then on a permanent basis by Gordon Douglass who was previously a lecturer in macroeconomics and finance at Dundee University. Leticia Veruete McKay also left GLA Economics after working with the team for five years. She has been replaced by Nick Ennis who will concentrate on transport issues and the link between transport investment and regeneration.

Aishah Afzal remained with the team until February 2008 as a temporary economist funded by the GLA to recompense for time spent on UNISON duties by Alan Freeman.

Richard Davies joined the team in September 2007 from the London Assembly on a one-year secondment. Richard was working as an assistant scrutiny manager with emphasis on environment and planning before joining GLA Economics for a year. Richard is also undertaking a postgraduate diploma in quantitative techniques in economics at Birkbeck University.

GLA Economics participates in the GLA student placement scheme from which two trainee economist posts have been recruited each year. From September 2006 to August 2007 Andrew Harker and Sukhdeep Dhillon undertook these positions. In September 2007, two new trainee economists, Fiona Campbell and Robyn Daniell, started their one-year placement with us. Robyn

left in March 2008 to move into permanent employment with an economic consultancy.

Paolo Masucci joined GLA Economics as a voluntary summer intern from the Department of Mathematics at Brunel University. Paolo worked on a project to apply network analysis techniques to commuting data. The purpose of the research was to better understand how far people of differing qualification levels are willing to travel to reach employment and involved analysing a specially commissioned census table of origin and destination data.

For all who have worked with us over the past year we thank you for your contributions to the unit and wish you well for the future.

LDA staffing

During 2007/08, Katerina Angelopoulou was successfully promoted to Assistant Economist after an open competition to the post. At the beginning of June, Lubomira Chirmiciu joined the team to work specifically on labour market issues related to the development of the LSEB's strategy. In the course of the year James Sloan moved into the team when his post was transferred from the People Policy team at the LDA.

In the coming year

Over the course of the coming year Richard Prothero will take a six-month sabbatical and Keith Blakemore will transfer to the GLA team from the Enterprise Policy team at the LDA in a further concentration of economist resources there.

Kelly Haas has joined GLA Economics as a voluntary intern for three months from April to June 2008. Benjamin Gill will join the GLA as a trainee economist in June 2008 for a three-month placement.





Work Streams

GLA Economics cover a broad remit. This section outlines the major work streams during 2007/08.

Monitoring London's economy

London's central business district: its global importance

London's central business district (CBD) is a business district of global standing employing one and a half million people. Our report published in January 2008 on London's CBD focused on how the various functions of the central area interact to allow better understanding of what underpins its uniqueness and performance.

London holds a significant market share in most of the key internationally traded financial services and is home to the world's international bond market and the London insurance market. Alongside the finance sector are world-class business services including legal, accounting and consultancy firms with their own distinct concentrations in and around the City of London and the West End.

The West End's retail offer is unmatched anywhere in the UK, and is a major attraction to shoppers from not just the UK but all over the world. The range of theatres, museums and galleries is world-renowned, a key element of the capital's tourist offer and a significant generator of export income.

Key to understanding the uniqueness of the CBD economy is how these various functions work together. The critical mass (or agglomeration) of specialisations, including skills, knowledge, inputs and markets in the central area encourages growth and innovation. A location within the CBD is often a critical competitive advantage for a business. A 'cross pollination' of ideas occurs between different, but interrelated, business activities which enables further diversification and strengthening of economic performance.

London is ranked as one of the world's top business centres alongside New York. London is able to attract highly skilled and talented individuals from across the globe and this means that the diversity and quality of its workforce is at least on a par with New York and unrivalled elsewhere. Openness to foreign operators, and the

regulatory and legal environments are also key factors contributing to London's economic success.

While London's CBD is economically vibrant and successful, its continued success is not inevitable and depends on retaining its strengths, and tackling those areas which could hold back its potential, such as the need for ongoing transport and other infrastructure improvements to match its growing population and employment levels.

Comparing locations

Understanding how economic activity varies by location is important for planning purposes. This research identified wards sufficiently similar to each other to be identified as a group. In particular, the demographic and employment structure of London wards were compared with wards in surrounding regions to determine the extent of any overlap between them.

The research made use of a modern extension of cluster analysis called fuzzy clustering which used the data itself to determine the groups rather than using any pre-determined assumptions to classify the groups. The research compared the structure of the wards in 1991 to those in 2004 to determine trends over time and see how wards are changing.

The analysis grouped wards into three types of employment – public sector, commercial and industrial – dependent on which industry was most dominant within the ward. The wards were also grouped using area characteristics such as size, population density, employment density, unemployment and average age of residents. In terms of area data, change happens slowly – the demographic characteristics of the wards have changed less than the employment pattern has. Nonetheless there has been some trend to a concentration of density in London, especially in inner London, with some spreading of suburbs into more rural locations. For employment data, changes are much more apparent with a fall in the membership of both public sector and industrial groups. The research showed that the geographical pattern of employment is much more mixed than that of residential attributes.

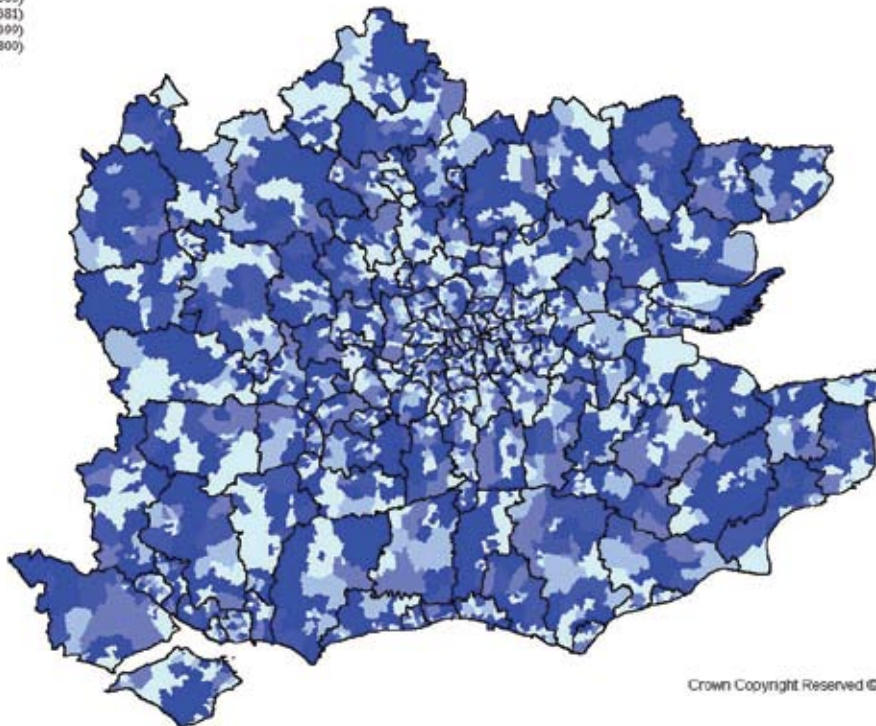
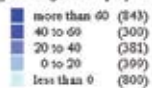
Defining and measuring metropolitan regions

GLA Economics published its interim dataset covering 34 European cities, which will be used for benchmarking within the GLA group. The dataset, commissioned from BAK Basel, covered population, output, employment and productivity all measured on a standardised basis. GLA Economics also supervised research to

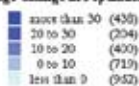
benchmark London's cultural offer with that of Paris, New York, Tokyo and Shanghai.

GLA Economics continues to liaise with international agencies and other cities to harmonise territorial definitions. This work was presented at two meetings of the Organisation for Economic Co-operation and Development (OECD) territorial indicators group and a meeting

Percentage Change in Employment Density



Percentage Change in Population Density



of SCORUS, a European network that coordinates work by Eurostat, Urban Audit, statistical offices and regional planners. GLA Economics continues working with METREX (the network of European metropolitan regions and areas) to provide economic indicators based on a harmonised territorial definition of 15 European cities.

GLA Economics is preparing a current issues note comparing alternative territorial definitions of London including the outer metropolitan area, a London functional urban region (FUR) and a London travel to work area (TTWA).

Assessment of global imbalances

GLA Economics researched evidence on the current trade and financial imbalances in the global economy with primary attention given to the much-publicised USA current account deficit on the one hand, and Asian and oil-exporting countries record current account surpluses on the other. The evidence was published in the form of a working paper. The purpose of the paper was to define global imbalances, examine their causes, and investigate some of the possible implications (more specifically, the threats and opportunities of large asymmetries in trade and finance) for the London economy.

Contribution of Asian businesses in London

This research provided a comprehensive coverage of Asian-owned businesses in London using a combination of data-based economic analysis carried out by GLA Economics and qualitative case studies provided by the London Chamber of Commerce and Industry.

The research analysed data from the 2006 London Annual Business Survey (LABS) and revealed that there were over 41,000 Asian-owned businesses in London. This was approximately 13 per cent of all London businesses. Asian-owned firms provided just under 210,000 jobs – representing about ten per cent of total employment by firms covered in the survey.

The report was launched at the Mayor's Asian Business Conference in December 2007 in conjunction with the London Chamber

of Commerce and Industry's Asian Business Association.

London's Economy Today

Policymakers need a timely interpretation of the latest economic developments in the capital to inform their decision-making processes. GLA Economics collates a wide range of economic indicators covering London, the UK and the international economy.

GLA Economics releases a monthly electronic newsletter, London's Economy Today. This e-zine provides an overview of the current state of the London economy and each issue has an interpretation of the latest economic developments. Feature articles are also included each month to give a preview of the latest research findings from GLA Economics. Subscriptions to the ezine have steadily increased and now stand at nearly 2,200. We will celebrate our 70th edition in June 2008.

London's Economic Outlook

GLA Economics produces London's Economic Outlook: The GLA's medium-term planning projections, biannually. These reports contain:

- an overview of recent economic conditions in London, the UK and the world economies with analysis of important events
- the consensus forecast – a review of independent forecasts indicating the range of views about London's economy
- GLA Economics' forecast for output, employment, household expenditure and household income in London
- an in-depth assessment of a topic of particular importance to London's medium-term future.

In 2007/08, London's Economic Outlook has included articles on globalisation and London's workforce, and the latest annual business inquiry.

London employment projections

Long-term employment projections are required by the GLA Group to inform its various policies

and programmes. GLA Economics prepare and share London's employment projections which are used to underpin the London Plan.

London modelling: GLA Economics research fellow

In September 2007 Dr Andrew Crooks was appointed GLA Economics research fellow with the Centre for Advanced Spatial Analysis, University College London. The principle aim of this fellowship is to develop a set of tools and resources allowing researchers to explore key problems of urban change in a world city using London as the focus. The fellowship is to examine house prices, segregation, employment and unemployment as well as issues of inward investment, economic regeneration and the development of financial service locations. The post will use various state-of-the-art modelling techniques, from GIS analysis and agent-based modelling to more traditional land use models such as gravity/spatial interaction models.

Since starting, Andrew has been collating and analysing data that will be used within models intended to inform a variety of policy debates. In addition to the core research, Andrew has presented his work at a number of international conferences, led a workshop of agent-based and GIS modelling and written a number of academic papers. Further particulars about Andrew's research can be found at www.gisagents.blogspot.com.

Borough economic profiles

The most recent borough economic profiles were published in September 2007. The profiles provide information on a range of indicators covering demography, employment, earnings and business activity. However, publication of the profiles has now been suspended and in future the GLA's Data Management and Analysis Group (DMAG) will include this information in their Focus on London publication.

Budget briefing

Over the last year GLA Economics has continued to produce an assessment of the spring Budget and autumn Pre-Budget Report (PBR). These assessments focus on the national economic and

fiscal outlook and the implications for public spending in the UK and London.

In addition, in October 2007 the government announced the outcome of the 2007 Comprehensive Spending Review (CSR 2007) covering public expenditure for the years 2008/09 to 2010/11 alongside the 2007 PBR. We produced an assessment of the outcome of CSR 2007, examining its implications for London.

Labour market balance sheets

In June 2007, we published a Current Issues Note containing a labour market balance sheet drawing together the GLA's then latest projections for employment and population. Changes in employment and population in London and the rest of the country interact in complicated ways affecting both patterns of unemployment in London and commuting between London and the surrounding regions. Understanding these factors and the relationships between them is essential if we are to gain an accurate picture of how the labour market may respond to London's projected expansion in population and jobs. We set out a methodology for estimating a range of labour market indicators using a balance sheet approach and estimated this for 2001, 2006, 2011, 2016, 2021, and 2026.

In the coming year

International evidence base

Given the extensive linkages that London's economy has with other parts of the world, GLA Economics is analysing London's position in the global economy. The work seeks to provide a more detailed picture on issues such as London's trade with the rest of the world (and the sectors of London's economy that are particularly focused on trade) and how global economic trends are likely to affect London's trade patterns in the future amongst other things.

Sector studies

Social enterprises

Following a request from the LDA, GLA Economics produced a report on the evidence base for social enterprises in London, in conjunction with Social Enterprise London. The report was published as a GLA Economics working paper and later fed into a Social Enterprise conference in October 2007. Various studies and surveys (mainly the LDA's London Annual Business Survey) were considered in an effort to draw out the significance of social enterprise to the UK and, in particular, to London. Amongst other things, social enterprises were analysed in terms of their size, sectoral representation, ethnicity of owners, turnover and barriers to growth. The paper also provides a glimpse into social enterprise developments in three other major cities – Hong Kong, New York and Paris.

The report found that there were about 3,400 social enterprises in London in 2007, registered as Company Limited by Guarantee (CLG) or Industrial Provident Society (IPS). Based on London's pro rata share of employment and turnover of social enterprises nationwide, it was approximated that in London, CLG or IPS registered businesses provide 104,500 jobs and have a combined turnover of roughly £4 billion. The report found that there was a strong concentration (around a third) in business and

professional services and over 20 per cent in the wholesale and retail sector. Social and non-social enterprises were found to be broadly similar in the following respects: ethnic breakdown in ownership, turnover, and barriers to investment such as lack of access to external finance.

Employment sectors in London

During 2007/08 GLA Economics published two papers analysing the sectors of London's economy in detail. The first paper provided a detailed consideration of London's sectors over the long-term using standard statistical classifications. The analysis broke down broad sectors in more detail to understand the particular concentrations of activity in London. The second paper divided London's employment into 12 classifications based on a consideration of expenditure flows through the economy. In doing so, it showed how demand, supply and incomes are higher in London than in other regions due to London's specialisations in certain key tradeable service sectors and how this also feeds through into higher employment in local non-tradeable service sectors. It found that London has significantly more private sector jobs than any other region of the UK. In 2005, London had 540 employee jobs per 1,000 residents. Across the rest of GB the average was 440 employee jobs per 1,000 residents. This supports the view of London as a major creator of employment within the UK economy and its most important economic centre.



The paper also showed that London has significantly higher employment than all other regions of GB in the following: financial services, media and publishing, and high value business services. These are all sectors in which London exports to other regions and internationally, bringing substantial income into the London economy. Furthermore, these sectors all have the potential for ongoing output and employment growth in London provided that London continues to be seen by employers as a good place to locate such businesses.

Tourism

GLA Economics worked with the LDA to further develop its Local Area Tourism Impact model. The model provides robust estimates of tourism activity that are consistent and comparable across boroughs and with London level data. Estimates from the model are used to help identify the scale and characteristics of tourism in London boroughs and highlight the contribution it makes to local economies.

We also continued to provide analysis and advice on results from the London Visitor Survey, which was introduced by the LDA to improve the understanding of the London visitor experience. Face-to-face interviews yield information for central and outer areas that helps to inform and develop the marketing and promotion of London as a visitor destination.

Creative industries

GLA Economics published its 2007 Creative Industries Update, which included an assessment of the impact of the 2000 economic downturn on London's private sector. Its evidence base on the creative industries has become a reference point for national and regional planners inside and outside the GLA group, including London First, Think London, the London Cultural Consortium, London Higher, Museums Libraries and Archives London, Department for Culture, Media and Sport (DCMS) and the Olympic Development Agency (ODA).

GLA Economics participated actively in the DCMS Creative Economy Programme, which led in early 2008 to the DCMS strategy document Creative Britain: New talents for a new economy, published jointly with BERR and DIUS. GLA Economics collaborates closely with the newly-formed regional statisticians group of the Office for National Statistics (ONS), and addressed its February meeting. We are currently working with East Midlands ONS and East Midlands Cultural Observatory on a pilot for a regular annual series of creative industry statistics covering the Government Office Regions, scheduled for release in early June.

European partners include Paris, Berlin and Vienna, with whom we work on the production of harmonised creative industry statistics for city benchmarking.



GLA Economics extended its partnership with other London and national agencies, notably with the National Endowment for Science, Technology and the Arts (NESTA) attending its workshops and conferences.

In the coming year

Adult social care reform

In December 2007 the government and other key agencies published Putting People First: A shared vision and commitment to the transformation of adult social care. This was followed more recently by the announcement of a six-month consultation on the future of adult social care, culminating in a green paper expected in 2009.

Broadly, the reform agenda has three central drivers:

1. promoting independence, choice and control for the recipients of care support
2. the impending funding gap under current arrangements due to the aging population
3. addressing concerns about equity.

GLA Economics' research focuses on the first of these, particularly on implications of initiatives designed to give recipients of care control over their social care 'budgets'. Traditionally, professionals in social service departments of local authorities assessed applicants on the basis of their need and allocated a profile of care services accordingly. These care services have increasingly been commissioned by the same social service departments through contracts with both private and voluntary providers. Initiatives such as direct payments and individual budgets aim to put the user at the centre of decision making on how their care needs are to be met.

The transformation to a 'self-directed' social care system has potentially profound implications for the sector including in the areas of cost, quality and value of care provision; the role of social

service departments and their staff; and the role of and impact on care providers and their employees.

GLA Economics is researching a paper that explores these implications with a focus on London. This is expected in the summer.

Tourism

In conjunction with the LDA, GLA Economics will continue to update the Local Area Tourism Impact model. Latest results from the model will be communicated through borough-specific reports and presentations where required.

GLA Economics will also be advising the LDA and GLA when working with the newly formed English Tourism Intelligence Partnership (containing representatives from government, ONS, RDAs and tourism industry bodies) in order to help overcome inadequacies in tourism data for London.



Influencing government

Consultation on adding capacity at Heathrow

In November 2007 the Department for Transport (DfT) published Adding Capacity at Heathrow Airport, a consultation describing how additional runway capacity might be provided, its likely impacts and how they might be addressed. The proposed expansion, with a third runway and sixth terminal, would increase the number of flights by at least 46 per cent and double the numbers of people accessing the airport by 2030.

GLA Economics contributed to the Mayor's response to the consultation, providing a review of the DfT cost-benefit analyses that formed a key part of the economic case for expansion.

The Mayor opposed the plans for Heathrow expansion on environmental grounds, citing unacceptable impacts on air and noise quality. Supporting input from GLA Economics revealed that certain assumptions and calculations within, and omissions from the DfT's cost-benefit analysis may have led it to overstate the net benefits of additional runway capacity at Heathrow.

The questionable assumptions included those made on airfares, passenger demand, income and airfare elasticity, values of time and values put on noise. Concerns over assumptions on drivers of forecast airfare reductions included those on the price of oil (assumed to stabilise at 60 per cent its current price), additional environmental costs and airline industry competition.

Also noted was the lack of sensitivity testing on final transport user benefits, no adjustment for the tax benefits that aviation receives compared to other modes of transport and no accounting for CO₂ emissions from additional traffic to and from an expanded Heathrow.

London's output estimates

GLA Economics has been concerned for some time that London's output is not measured well, and this affects how policy makers view the relative importance of different investments. Although the preparation of statistics is a complex matter, the implications are enormous. We estimate that London's output may be as much as £10 billion too low as a result of not properly capturing the role of financial services in London.

This conclusion was presented in a working paper by Volterra Consulting and presented at a conference on the policy impact of statistics at Aston University Business School in July 2007.

We remain concerned that this issue is not being addressed properly by government. Output statistics are key indicators of regional progress and their accuracy is therefore important. The question of the treatment of financial services is agreed to be a problem but resources to deal with it are lacking. It has implications for productivity as well as for levels of activity. In addition, the existing methodology, when applied below the regional level, implies that business activity is less profitable in central London than in the rest of the capital (or the country). This is quite implausible – if it were true we would see companies queuing up to move!



Housing economics

Housing submarkets update

The London housing market is inherently complex and diverse, with substantial variations existing among the various attributes that characterise different parts of London. Area attributes that buyers may consider when searching for a property include accessibility, deprivation, demographics, quality of school provision and availability of facilities and services to name just a few. Such attributes mean that a dwelling in one part of London cannot easily be substituted with a dwelling in another. Moreover, different individuals attach different importance to such factors.

This year, GLA Economics extended previous research on London's housing submarkets from 2004. All of the variables used in the original analysis were reviewed. More recent data was used where available whilst alternative variables were considered for inclusion. Furthermore, the methodology was reviewed where appropriate. The new study provides a clearer picture of housing patterns in London, splitting it into four distinct markets: central, high-density housing, outer city and spacious suburbs. Stepwise regression modelling was used to identify the key

drivers of house prices within the identified groups. The approach used in *Working Paper 30 – London's housing submarkets* is useful as it provides local information without requiring specific local knowledge. It also allows further analysis to be carried out on the behaviour of markets in each of the groups.

Barriers to institutional investment

GLA Economics continued to support the work of the housing and homelessness unit by undertaking research around the issue of attracting institutional funds into residential property. Institutional investment has the potential to support large new developments and to deliver high-quality, well-managed and affordable stock, which are of key importance to the capital's housing market. The initial research *Current Issues Note 18 – Institutional investment in housing* discussed how large-scale investment could potentially speed up delivery, increase the supply of affordable housing and improve the management of housing stock in the private rented and intermediate sectors.

The second part of this work involved examining these barriers in further detail and offering potential solutions and policy recommendations to overcome them. The GLA and the British



Property Federation jointly commissioned this work. In February 2008, *Working Paper 29 – Overcoming barriers to institutional investment in residential property* was published and this generated great interest from the housing world and press at its launch at a breakfast seminar held at City Hall.

This work involved interviews and focus groups with key players in the residential property market including house builders, registered social landlords, fund managers and institutions. There has been little research on the barriers preventing large-scale institutional funds from entering the sector to date: a problem the research addressed.

Potential solutions were set out with key policy recommendations on how to make residential investment more appealing to investors.

The housing market and the economic climate

The effect of the credit crunch and the slowdown of the economy meant it was

important to understand the impact that this could have on the housing market. With growth in house prices expected to be subdued, 2008 could prove to be a tough time for the UK and London housing market. *Current Issues Note 20 – The housing market and the economic climate* explores the potential risks of an economic slowdown on first time buyers, the buy-to-let sector and to new development starts. We also examine the current economic fundamentals and compare them to the previous downturn in the early nineties.

In the coming year

Credit crunch and the property market

GLA Economics has commissioned CBRE to produce a report on the impact of the credit crunch on London's commercial office, retail and regeneration property markets as well as London's residential property market. In June 2008 we will be hosting a seminar to launch this report and give an update on the credit crunch's impact on the London economy.



Environmental economics

The role of financial services in mitigating and adapting to climate change

In the last year, *Current Issues Note 19* was published, elucidating the role played by London's financial services sector in helping society mitigate and adapt to climate change. Among other things, this involves the financing of new environmental technologies, carbon trading, plus the creation of markets, insurance products and other innovative services. London's world-leading financial services industry is in a prime position to drive forward new markets, products and services – benefiting both the world's future climate and London's position as a financial centre.

London has become the international market of choice for the green sector, because it has world-leading capital markets, a well-informed investor community and a supportive political framework. Alternative Investment Market (AIM) is the London Stock Exchange's international market for smaller companies, launched in 1995. AIM has been unique in being able to attract initial public offerings from other countries, particularly those relating to environmental technologies. Global investment in clean energy has more than doubled since 2004. However, many renewables technologies have run into obstacles to their commercialisation making private investment less attractive: the rising price of high-grade silicon limiting the expansion of photovoltaics, planning hold-ups delaying wind farms, the finding of a carbon-neutral technique for the powering of fuel cells delaying the advancement of the hydrogen economy and general problems with the storage of renewably-sourced energy. That means the necessary breakthroughs will sometimes involve completely new technologies and London's highly-skilled university sector will play a vital role in that.

Although the European Union's Emissions Trading Scheme (EU ETS) has been beset with difficulties – particularly with regard to the over-allocation of permits and the creating of long markets in most of the member states – it has traded and it has been effective. The UK was at an initial

advantage having run a prototype – 'UK-ETS'. London has built on this base and has emerged as the European leader in carbon trading.

GLA Economics has recently agreed that the report of this work will be included as a chapter in the Institute of Chartered Financial Analysts of India (ICFA) *Professional Reference Book: Financial system in UK – emerging trends*, due for publication in September 2008.

Work with the environment and sustainability teams

GLA Economics made extensive comments on an early development draft of the *Climate change mitigation and energy strategy* – particularly on social issues associated with the drive towards a low carbon economy; on estimates of those in fuel poverty in the capital; on the relationships between energy, climate change and the vibrant London economy; and on sustaining London's energy needs. Over the year GLA Economics has also provided comments on bids for work on fuel poverty in London and has worked closely with the environment and sustainability teams on trialling an Integrated Resources Management (IRM) project. It has also provided advice for the Adaptation Strategy.

London sustainable development indicators

The London Sustainable Development Commission is an independent body promoting a better quality of life for all Londoners. It has objectives relating to four key areas of sustainable development and in order to monitor how the capital is progressing against these objectives it has established a set of indicators. GLA Economics has been helping with indicators associated with carbon efficiency as well as advising on the validity of a variety of other potential indicators such as the Gini coefficient of inequality and the Index of Sustainable Economic Welfare (ISEW).

Working with external partners and organisations

Whilst investigating the opportunities for the City connected with the mitigation of and adaptation to climate change, GLA Economics established a good working relationship with the

London Accord. The London Accord is a unique collaboration between investment banks, research houses, academics and non-governmental organisations (NGOs) which published an extensive and influential set of reports providing expert information for investors. It continues to take this work forward. GLA Economics has also provided advice to a team from Cambridge Econometrics and Cambridge University on a project to model the economy and the environment to 2050.

LDA environment and green sector study

GLA Economics has provided advice and attended workshops on the capital's 'green sector', commissioned by the LDA and being undertaken by a variety of consultants. The purpose of the wide-ranging research is to provide the LDA and its partners with a market analysis and understanding that will allow them to determine effective strategic approaches and to inform the design and development of any interventions over the medium term. The environment and green sector covers activities ranging from pollution control through to the development of cleaner processes and products to environmental consultancy. Experian's report Understanding the economic performance of London's sectors (December 2007) found that the sector purchases £2.1 billion of goods and services from other London sectors and sells £1 billion of goods and services to London's sectors. The LDA is seeking to improve its understanding of the barriers to the sector's commercial opportunities within London and to ensure that supply-side constraints do not prevent progress towards achieving broader environmental goals.

In the coming year

Environmental effectiveness of cities

It may seem unusual that GLA Economics is undertaking the writing of a report on environmental effectiveness. It is doing so because we believe that our perspective has something additional to offer to the more traditional but highly important work emanating from other GLA units such as the Environment Team. Our start point is distinctive. The focus is: how much or how little damage is done to the

environment per unit of wealth generated. This approach does not stand in isolation. Rather, it complements the range of other perspectives available with a particular 'economic' angle.

Economic growth has traditionally been seen as having costs for the environment. However, this assumption needs to be challenged as not all phases of development have the same effects on the environment. Urbanisation has strong associations with increased productivity and higher rates of economic growth. The challenge for policy makers is to find ways to make cities more sustainable without jeopardising the very rationale for them. That may mean that some policies such as decentralisation are simply inappropriate. This forthcoming report demonstrates how London, by bringing people and businesses into close proximity to one another, generates agglomeration benefits that are both economically and environmentally effective. Much of the comparison is with other English regions.

The report examines environmental indicators - including waste, recycling and river water quality - within transport, commerce and industry and households. However, it also compares the environmental effectiveness of London and New York, revealing that the two cities are similar not only in their structural characteristics but also in terms of their levels of environmental effectiveness.

London Plan

During the last year, GLA Economics has spent a considerable amount of time supporting the review of the 2007 Further Alterations to the London Plan (FALP). GLA Economics participated in and assisted the London Plan team with its response to the Examination in Public (EIP) of the FALP in summer 2007.

In May 2007 Bridget Rosewell, Consultant Chief Economist of GLA Economics, outlined our employment projections for London included in the 2007 FALP to a seminar organised at the EIP panel's request. The panel commented favourably on these employment projections noting that our borough level projections 'were based on an innovative methodology: "triangulation" combining

historic trends, transport accessibility and business site capacity', that 'the approach taken is sound, and certainly we have seen no better' and that, 'In particular, we can see the logic behind the triangulation approach in a large conurbation with many interlocking economic relationships', and that overall our approach was 'robust'.

We also undertook various other pieces of supporting analyses to underpin the GLA's involvement in the FALP EIP for example, on the economic structure and performance of both outer London and of central London. We also provided scrutiny of several pieces of external research procured to ensure an up-to-date evidence base for the 2007 FALP EIP such as the 2007 London Office Policy Review.



Transport economics

Oxford Street Transit

Oxford Street is London's premier shopping street, visited by both Londoners and tourists. As such, it is one of the busiest and economically most important parts of the capital. However, it faces increasing capacity constraints and increasing competitive challenges – some external, and some within London such as the White City and Stratford retail developments. Compared to many other 'world streets' it is relatively narrow, with an average cross-sectional width of only 24 meters, narrowing further at its more fragmented eastern end. Partly as a result of this it is often highly congested, both in terms of its vehicle traffic flows and in terms of its pedestrian space and movement. A feasibility study led by TfL is currently examining a number of transport and urban design solutions for the street, and GLA Economics is playing a prominent role in helping with the economic impacts study.

We are overseeing the work of Colin Buchanan and Partners who are developing the economic impacts. The assessment of the wider economic benefits of an Oxford Street Transit of whatever mode can be carried out using five methodologies: capacity modelling, PERS analysis, benchmarking, retailer attractiveness modelling and retail and property stakeholder interviews. The aim of the project is to produce a number of alternative transport options for Oxford Street together with their potential economic impacts.

Low Emission Zone

London's air quality is amongst the worst in Europe. The London Low Emission Zone (LEZ) aims to improve air quality by discouraging heavily polluting vehicles from entering London. The LEZ came into effect in February 2007 and is expected to affect the whole country because of the importance of Greater London to the road haulage industry. Currently, heavy goods vehicles over 12 tonnes are required to meet Euro III emissions standards for particulate matter or face a penalty to drive inside the zone. The penalty is £500 or £1,000 per day depending on vehicle

type, and cars and motorcycles are unaffected. Lighter goods vehicles, buses, coaches, vans and minibuses will be introduced to the scheme on a rolling basis to 2010. In 2012 all large vehicles except vans and minibuses will be required to meet Euro IV standards or will be subjected to a daily penalty for driving in the LEZ.

GLA Economics assisted TfL in preparing the economic impact assessment of the LEZ. This reviewed the impact of the zone on several sectors including small businesses, coach operators, haulage/distribution operators and public, voluntary and community transport services. A monitoring strategy was also put together to review the economic and business impacts that arise as the LEZ is fully implemented.

Thames Gateway Bridge

Since its inception GLA Economics has provided economic analysis to TfL and the LDA regarding the proposed Thames Gateway Bridge. This included the *Thames Gateway Bridge Regeneration Statement (July 2004)*. The Thames Gateway Bridge Public Inquiry finished in May 2006 and a report submitted to the government in November 2006. In July 2007 the government announced that they were deferring their decision on the bridge until further evidence could be considered at a reopened public inquiry. GLA Economics is helping TfL and the LDA prepare some of the necessary evidence to go back to a reopened public inquiry.

Crossrail

Although the Bill is still going through Parliament, funding issues have continued to be an issue. At the end of last year GLA Economics published a paper on the costs of delay and the beginning of this year saw a further publication summarising the economic benefits (prepared by Colin Buchanan Partners as well as Volterra Consulting). See http://www.volterra.co.uk/publications/07/economic_benefit.pdf. This showed that the benefits incorporated in the business plan were at the low end of the likely results when the full capacity of the transport system is taken into account.

GLA Economics also focused on measuring and capturing the benefits of Crossrail. The Crossrail Benefits Steering Board has been established to ensure stations on the Crossrail route enable and maximise other development in their vicinity, taking into account both potential and constraints. This had its origins in a seminar at which Bridget Rosewell gave a presentation on the importance and economic benefits of the scheme.

Wider economic benefits of transport investment

GLA Economics and TfL worked closely with the DfT to revise its transport project appraisal methodology to include benefits to the wider economy such as agglomeration. This work was key to supporting the case for Crossrail and will now be an integral part of many transport proposals in central London.

GLA Economics has since helped the LDA advise TfL on both wider economic and regeneration benefits. This included descriptions of economic impacts arising from transport interventions and ways to measure them. This work will continue via an economic impact steering group to give advice to TfL managers during the project appraisal process.

New approach to appraisal consultation

This review of the New Approach to Appraisal (NATA) was issued for consultation in October 2007. NATA is the analytical framework used nationally to appraise the economic, social and environmental aspects of all transport proposals requiring either DfT funding or approval. The

consultation was based not only on a decade of experience of NATA but also on the recommendations of both the Eddington Report on public transport and the Stern Review on the economics of climate change – both of which GLA Economics commented on last year. GLA Economics has been working closely with TfL to feed in its responses to the Refresh consultation.

In the coming year

Parking

Parking controls are a common method of encouraging greater use of public transport in London. Since local authorities were given control of parking regulations, restrictions have been put in place across most of Inner London and around transport nodes throughout Outer London. This makes travel by car more difficult or costly. GLA Economics has suggested a research programme to TfL to assess the impact of these parking restrictions on the local economy.

Land use transport interaction models

TfL is developing a land use transport interaction (LUTI) model to help assess how changes to the transport network affect land use decisions and the wider economy. The model will predict how households and businesses respond to a change in transport time and costs, giving TfL a better idea of future location-based decisions and the resulting impact on the local and regional economy. GLA Economics is assisting TfL and the LDA in the development of this model with the intention of using the model for the Thames Gateway Bridge public inquiry.



Development economics

Rationale for public sector intervention in the economy

GLA Economics provides advice on why and when the public sector should intervene in the economy. Early in 2008, we produced a revised version of the *Rationale for public sector intervention in the economy* publication, which updates the work and makes it more accessible to non-economists. The report sets out the theories underlying why and when the public sector should intervene and gives examples relevant to the GLA and LDA. The report highlights that, in the absence of market failures, an efficient allocation of resources is likely to be produced by the market. It explains the conditions in which markets can fail and sets out that the public sector should only intervene in the economy when markets are not efficient and when the intervention would improve efficiency. Aligned with this work is a one-day LDA training programme aiming to make LDA staff more aware of the circumstances in which public sector intervention might be merited (and similarly when it is not).

Economic Development Strategy Snapshot

Two editions of the *London Economic Development Snapshot* have been produced this year in July 2007 and January 2008. The *Snapshot* identifies and reviews the progress of London's economy against the strategic objectives of the Economic Development Strategy. It also provides a basis on which the

LDA can review the priorities for London's economic development.

Olympics

GLA Economics produced a scoping document for the LDA that considered how the economic impact of the Olympics legacy may be captured. The report reviewed existing methodologies and outlined how to begin considering measurement of large scale regeneration.

Office for National Statistics regional presence

The last year saw GLA Economics representing the LDA (and wider GLA group) in discussions with the ONS and other regional development agencies on the establishment of a regional presence of ONS statisticians in each English region. This presence was a recommendation from the Allsopp review of the statistical requirement for monetary and wider economic policy making that GLA Economics contributed to in 2003. Since April 2007 the ONS has had two members of staff in the LDA working closely with GLA Economics.

Their work has included: providing improved access to the Inter-Departmental Business Register (IDBR) for analysis of the size of London's businesses by sector; investigating the calculation of GVA in London; attempting to reconcile the difference in employment measures for London; and providing analysis and advice to a range of users of statistics across London.



Overarching GVA target

During 2007 GLA Economics represented the LDA (and wider GLA group) in discussions about revising the government's regional economic Public Service Agreement (PSA) target. Details of the revised regional PSA were set out in HM Treasury's Comprehensive Spending Review (CSR) in October 2007.

Food strategy

The GLA provided ad hoc advice and support on economic issues relating to the LDA's food strategy and more specifically, a feasibility study into a possible food hub in London. The study reflected the policy context which in recent years emphasised the importance of the food system in achieving economic, environmental, social and sustainability objectives at local, regional and national level. Over the course of the past year, GLA economists attended various meetings on the subject, fed back comments on the feasibility study and costs and benefits of various proposals and provided statistics on demand.

Cultural strategy

The GLA Act requires the Mayor to produce a cultural strategy, which the LDA's Economic Development Strategy (EDS) must take account of. The EDS evidence base currently lacks detailed information on London's cultural infrastructure, offer and consumption.

Cultural statistics is a fast-growing branch of evidence-gathering, covered by international standards initiated by UNESCO and coordinated by the OECD, with growing European participation. The discipline of cultural economics dates back to the early 1960s.

GLA Economics is continually asked to provide statistics on cultural participation and activities in London and decided to approach this in a comprehensive way. In November 2007, the LDA's newly-formed Creative Industries Unit commissioned a report, published in March as *London: a cultural audit*. The audit covered all areas of London's cultural infrastructure (buildings and venues), offer (performance, exhibition and dissemination) and consumption (participation and purchase), benchmarking them

against four world cities: New York, Paris, Tokyo and Shanghai. GLA Economics oversaw the report, ensuring its conformity with international standards, and arranging for its scrutiny by an international panel of academic experts.

GLA Economics has established partnerships with sector specialists covering most of London's creative industries, providing essential supplementary and corroborative information to complement its creative industry statistics. GLA Economics is also now in contact with counterparts in statistical departments of a number of partner cities, and is working on defining protocols for the exchange and harmonisation of evidence on creative industry performance, cultural offer, and cultural participation.

Advice to LDA performance team

GLA Economics continues to provide economic analysis and advice to the performance team on the evaluation of numerous LDA projects and programmes. Responding to the requirement that evaluations provide evidence on the net impacts of programmes and spending, the GLA helped design both an evaluation framework to monitor the impact of LDA interventions and a cost-benefit methodology that helps to establish the value for money of interventions. This work is likely to increase substantially in the next performance year.

In the coming year

It is anticipated that the coming year will see an increase in the expert advice and support GLA Economics gives the LDA's performance team, especially with evaluation issues. GLA Economics will also continue to support related LDA strategic work such the Investment Strategy and other advice on prioritising spending for London's economy.

Labour market economics

Skills – the London story

The LSEB was established to provide leadership in improving adult skills and employment in London. It was tasked with developing and implementing a strategy to achieve this and decided that the strategy should be based on robust evidence.

GLA Economics provided a comprehensive economic analysis of London's labour market to help in the development of the evidence base. This work summarised all relevant labour market data and information and drew attention to the key issues pertinent to skills and employment in London. The evidence base for the LSEB draft strategy was published in October 2007 as *The London Story*.

Regional skills partnership cross-region research group

GLA Economics has been involved in the development of the evidence base for the Skills and Employment Strategy 2008-2013 on behalf of the LSEB. GLA Economics gave a short presentation of the London story evidence base on one of the skills cross region research group meetings. The team has a regular presence at these meetings and actively contributes to

numerous quantitative analyses with regards to regional labour markets. It is involved in qualitative assessment of the impact of the regional skills partnership activities.

Women in London's Economy

For the 2008 Women in London's Economy (WiLE) report, GLA Economics analysed the interaction between mothers' employment rates and childcare use. Women with dependent children have lower employment rates than women without dependent children, particularly in London. This is because, for some, the costs involved in working outweigh the benefits.

Factors that influence a mother's employment patterns affect her demand for childcare, and vice versa. Broadly, these factors relate to:

- her personal characteristics and her family's characteristics
- the income she expects to earn and the income the rest of her family earns
- the cost of childcare
- how easily she can access jobs and childcare.



Employment rates for mothers are lower in London than the rest of the UK, partly because childcare and transport are more expensive. Access to jobs and childcare is therefore more restricted. London's job mix also plays a role – there is less part-time work available in the capital than elsewhere. Single mothers and mothers with lower skill levels living in London are less likely to work because the costs to them of working are more likely to outweigh the benefits.

GLA Economics also analysed the impact of gender on the likelihood of being low paid and updated the gender pay gap figures.

The Mayor launched the report in February 2008 where Margaret Thea presented the key findings of the research.

Living Wage Unit

The Living Wage Unit has undertaken work over the past year to re-calculate and update the living wage for London. However, the publication of the 2008 London Living Wage report has been delayed this year because of the Mayoral and London Assembly elections held in May 2008.

During the course of this year, GLA Economics made a number of improvements in the

methodology for calculating the London living wage. A special study was commissioned to provide more accurate figures on the costs of private rented housing. More accurate estimates have been obtained (from a specially commissioned census table) of the number of Londoners living in each of the different family types on which the Living Wage calculation is based. A new family type not previously considered – a couple with or without children in which both adults work part time – has been included in our calculations for the first time.

The determinants for being low paid in London

In November 2007 the Living Wage Unit published *Working Paper 26: What makes employees more likely to be low paid in London?* The results of the research show that individual and job characteristics such as age, level of qualifications achieved, and level of occupation have important influences on the likelihood of being low paid in London. However, the most important influence increasing the chances of being low paid was working in elementary occupations, especially for female employees.



Widening the Audience

GLA Economics hosts a number of seminars every year; they are a means of communicating our research to our target audience groups and have been very successful and popular. Last year saw GLA Economics host its third biennial international conference, *Working Hard or Hardly Working? – How cities could work better*. Experts from Europe gathered to debate issues as diverse as optimum city size, the role of agglomeration, and challenges such as transport and housing supply that currently face cities like London.

GLA Economics' hosted events

Working hard or hardly working? How cities could work better

More than 150 delegates from local and central government, the private sector and academia heard from four keynote speakers in the morning before continuing the debate in the afternoon in six different workshops on inequality, accessibility and transport, environment, skills, openness and housing. The conference concluded with a presentation from the LDA's Chief Executive, Manny Lewis.

Baroness Jo Valentine, Chief Executive of London First, chaired the conference and opened by warning against a rise of global protectionism and anti-capitalism. She stressed that regulation should be proportionate and taxes in London should be competitive, especially with Europe. Developing London's skill base and infrastructure were mentioned and Jo noted that while the mobility of talent has helped London attract highly skilled workers, these workers could equally decide to leave again.

Tony Venables, Chief Economist of the Department for International Development (DfID) then spoke about cities in the developing world, noting that 2007 is the first year in which more than half of the world's population will live in cities. More wealth and higher incomes were two of the benefits of cities, with poverty rates in developing countries lower in urban areas than in rural areas. Tony agreed that cities can be both productive and parasitic but evidence increasingly suggests they are chiefly productive.

Tony said that doubling the size of a city raises productivity by three to eight per cent but sometimes cities can become 'too big', and setting up new centres of urbanisation can be difficult. Tony stressed the importance of early investment in infrastructure and of good governance. He also noted that urban areas were hard to define which made comparisons difficult.

In his talk on *European cities – The bigger and brighter the better*, Paul Cheshire from the London School of Economics argued that cities

were fundamental to civilisation and intrinsic to economic and cultural development. He said that Europe as a whole was less urbanised than countries such as Australia, Argentina or even the US. In an analysis of the costs and benefits of living and working in cities, he noted that while cities impose costs (eg pollution and congestion) they also produce benefits (eg welfare benefits and higher wages). Paul argued that there was no such thing as an optimal city size and that if anything, London was too small and should be bigger to take into account the functional urban region.

The morning's final keynote speaker was Bridget Rosewell, whose talk was entitled *What drives cities – density, agglomeration and innovation*. Bridget noted that cities exist because they add value, which is down to agglomeration – the benefits that firms and people obtain when located near each other. Investment in London's infrastructure is vital for maximising the benefits of agglomeration. A better understanding of the linkages that create agglomeration is also needed.

Bridget also noted that one reason for London's success has been its ability to innovate. For example, the decline of manufacturing was counterbalanced by the increase in other sectors such as financial services. As it is not known when the next shock will occur in financial services, London's resilience depends on its ability to innovate. Bridget explored the differences between *dense*, *shocked*, and *sparse* networks.

GLA Economics wishes to thank all speakers, chairs and delegates who helped make the conference such a success.

Overcoming barriers to institutional investment in residential housing

In February 2008, GLA Economics held a breakfast seminar to launch *Working Paper 29 – Overcoming barriers to institutional investment in residential property*. This event focused on the research report that looked at tackling barriers to institutional funds coming forward to support residential developments. The research, undertaken by Savills, has its inception in statements made in the Mayor's Draft Housing Strategy that London needs

to 'encourage new forms of private investment and development to provide more homes for sale or private rent'. GLA Economics worked together with the British Property Federation (BPF) and Savills to ensure that key players in the housing world were consulted throughout this research, and their opinions and experience were invaluable to the success of this report.

The seminar attracted professionals across London from the house building, financial and public sectors. Bridget Rosewell chaired the event and Jacqui Daly, Director at Savills gave a presentation on the key findings. David Lunts, Executive Director of Policy and Partnerships at the GLA and Ian Fletcher, Director of Commercial and Residential at the BPF were all involved in a lively panel discussion with the audience on how these ideas could be taken forward.

London's Central Business District: its global importance

In January 2008, GLA Economics hosted a seminar looking at London's CBD, covering Canary Wharf plus the central activities zone (CAZ) as defined by the London Plan. Bridget Rosewell launched the report on London's CBD focusing on the unique set of economic and related functions contained within the area. Tony Travers of the LSE gave a presentation on the history of the governance of central London, the current complex institutional arrangements covering central London and his research into the potential need for arrangements for the coordination of the various governmental and business bodies with an interest in central London. Rory Joyce, Chairman of property consultants Drivers Jonas, spoke about the current business climate within London's CBD with a particular focus on the property and office market. The seminar was concluded by John Ross, the then Mayor's Director of Business and Economic Policy, who outlined his vision for the future policy requirements needed to ensure the continued economic vibrancy of London's CBD. The seminar was chaired by Duncan Melville.

Financial services in London and the UK: competing in a changing global economy

GLA Economics hosted a high-level seminar to discuss London and the UK's financial services sector in the light of rapid economic development and global competition.

In response to the Mayor of New York's publication of a McKinsey Report on the challenges to New York's global financial services position, the seminar explored a range of issues, and was intended to appeal to a wide range of participants. The intention was to promote dialogue between the public and private sectors, and between the City and its wider economic and social contexts. Speakers included:

- Simon Jowers of HM Treasury, who discussed the competitiveness of the UK-based financial sector and the work of the Chancellor's high-level group
- Lynton Jones of Bourse Consult, who addressed the main conclusions of the report on the competitive impact of London's financial market infrastructure. He paid particular attention to the way the performance of the main capital market infrastructure in the international equities, derivatives, foreign exchange and fixed income markets has affected the performance of the capital markets in the UK as a whole. He also examined how this has affected London's competitiveness.
- Michael Mainelli of Z/Yen, who discussed the City of London Corporation's new Global Financial Centres Index (GFCI), which assesses the City's competitiveness via online respondent surveys. As well as overall rankings, he commented on how wider changes in areas such as climate change and online gambling may affect London's future ranking.
- Kathryn Grant of GLA Economics, who discussed London's financial services sector and the history of globalisation.

Network analysis workshop

Network analysis is a powerful tool for understanding the interactions between people, organisations or products. In March 2008 GLA Economics hosted a workshop exploring the role of network analysis through examples of usage by experts. The aim of the workshop was to give policy makers a clearer understanding of the advantages and problems linked with network

analysis, how it can be used to help inform policy and where to go for further assistance. Speakers included Paul Ormerod and Kate Morrison from Volterra Consulting, Rupert Greenhalgh from Manchester Enterprises, Mike Batty from CASA at UCL, Alex Bentley an anthropologist from the University of Durham and Betsy Stanko from the Metropolitan Police Service (MPS).



Discussing London's economy

GLA Economics continued to host fortnightly meetings for LDA, GLA and TfL staff, covering the latest news on global and local economies, presenting new economic indicators and including brief presentations from GLA Economics staff or invited speakers on their latest research. Details of the meetings from April 2007 to March 2008 are set out below.

Research Advisory Board

GLA Economics held four Research Advisory Board meetings during the period April 2007 to March 2008, at which influential people from the private sector, academia and other government agencies offered their views on areas of key economic and social interest to London.

Speaker name	Organisation	Title
Simon J Kyte	GLA Economics	The economics of climate change: An introduction to the issues
Andrew Harker	GLA Economics	Why are there so few part-time jobs in London?
Elizabeth Smart	GLA Economics	Western Extension Zone – impacts monitoring: What we know so far
Leticia Veruete-McKay and Alan Freeman	GLA Economics	What has happened since the introduction of the London Living Wage?
Elizabeth Smart	GLA Economics	London's Economic Outlook: London forecast Spring 2007
Sandeep Sankoli	GLA Economics	Attracting institutional investment into residential property
Tom Costley and Ann Bellchambers	TNS Travel and tourism	London Visitor Survey: An introduction
Richard Prothero	GLA Economics	Adult skills and employment strategy: Summary of the evidence base
Matthew Waite	GLA Economics	Snapshot
Leticia Veruete-McKay and Shen Cheng	GLA Economics/ DMAG	What makes employees more likely to be low paid in London?
Duncan Melville	GLA Economics	London's contribution to the public exchequer
Ryan Emmett	Colin Buchanan and Partners	London's central business district: Understanding its role
Alan Freeman	GLA Economics	2007 Creative industries update
Margarethe Theseira	GLA Economics	Commuting patterns and the impact of qualifications
Leticia Veruete-McKay	GLA Economics	How large are wage and employment inequalities in London?
Simon Kyte	GLA Economics	London's Economic Outlook: London forecast Autumn 2007
Benny Spooner	Volterra Consulting	London's housing submarkets
Tony Clayton	Office for National Statistics	Towards better measurement in a knowledge-based service economy
Stephen King	GLA Economics	London tourism intelligence review
Alan Wood	GLA Economics	London's employment in 2006: An ABI update
Aishah Afzal	GLA Economics	Spotlight on Asian-owned businesses in London
Margarethe Theseira	GLA Economics	Women in London's economy
Alan Freeman	GLA Economics	London: A cultural audit
Ryan Emmett	GLA Economics	The Low Emissions Zone
Duncan Melville	GLA Economics	Budget 2008

Name	Organisation	Title
Ian Gordon	London School of Economics research centre	The impact of recent immigration on the London economy
Duncan Melville	GLA Economics	London's contribution to the public exchequer
Richard Prothero	GLA Economics	Skills research from <i>The London Story</i>
John Attree	LSEB	Skills and employment in London and the voice of London employers

Review of GLA Economics audience needs

GLA Economics celebrated its fifth birthday in 2007. Over its five years, GLA Economics has grown in size, influence and credibility. Given these changes, a new communication plan was needed to reflect the unit's emerging requirements. GLA Economics commissioned a marketing consultant to contact more than forty key stakeholders and draw together a new communications plan to ensure that the work of the unit is reaching the right audience in an easy to read, accessible format. The unit also carried out a major clean-up of its contacts database. GLA Economics is working towards implementing the new communications plan.

GLA Economics' participation in external events

GLA Economics staff contribute regular presentations on the London economy to a variety of bodies.

Presentations by Bridget Rosewell

The Bank of England hosts regular discussions on the London economy and Bridget Rosewell contributed presentations to these in August and February. As well as discussing the indicators of how the London economy is performing, she used the occasion to discuss the credit crunch and how seriously it ought to be taken. At the beginning of the crunch her concern was that policy makers were not doing enough to counteract this threat. Events over the last six months have borne out her worries about the importance of the credit crunch but policy makers appear to have caught up!

London First hold a regular economic panel at which representatives of different business sectors report on how their own sectors are performing. Bridget Rosewell gives the panel an

update from the indicators perspective. These occasions are useful and give feedback on what is happening on the ground, backing up GLA Economics' views formed from the available data.

The New West End Company (representing the business improvement district in the West End) also finds a regular presentation of the economic data useful and this is a further occasion on which GLA Economics benefits from the experience of retailers and other investors in the West End.

Ad hoc presentations on the London economy in the last year have also been made to the LDA and to the Inter-Regional Forum for London and its surrounding regions.

The Thames Gateway Practitioners Forum heard from Bridget Rosewell about the challenges for improving economic performance in this important region and, on the other side of the world, the BOAO Forum for Asia asked her to talk about the role of an international financial centre and the drivers for success in becoming such a centre.

Quality of life: the London perspective BAK Basel

In June 2007, GLA Economics was represented at BAK's International Benchmarking Forum in Basel by Simon Kyte. As well as being 'discussant' on the results of BAK's own work on quality of life, a presentation was given on London's perspective on quality of life issues.

On some indicators London is one of the world's most successful cities with a skilled employment offer, ethnic and cultural diversity, high productivity and strong demographic growth. Its openness was praised by the McKinsey Report on New York's financial services. However, London is not without problems. These include a relatively high degree of worklessness, a divided

qualifications base, severe issues regarding housing supply and affordability, high levels of some pollutants such as nitrogen dioxide (NO₂) and capacity issues with the current transport infrastructure. The presentation therefore focused on the policy steps that have been taken in order to improve quality of life for Londoners and to remove constraints to London's growth. Included in the discussion were the Central London Congestion Charge, low carbon housing development and the campaign for Crossrail.

Women in London's Economy conference 2008

Margarethe Theseira presented the findings of GLA Economics' latest research into the position of women in the London labour market at the WiLE conference in February 2008. The Mayor of London launched the latest WiLE report and other keynote speakers included Harriet Harman MP and Diane Abbot MP.

Geographic Information Science Research UK 2008

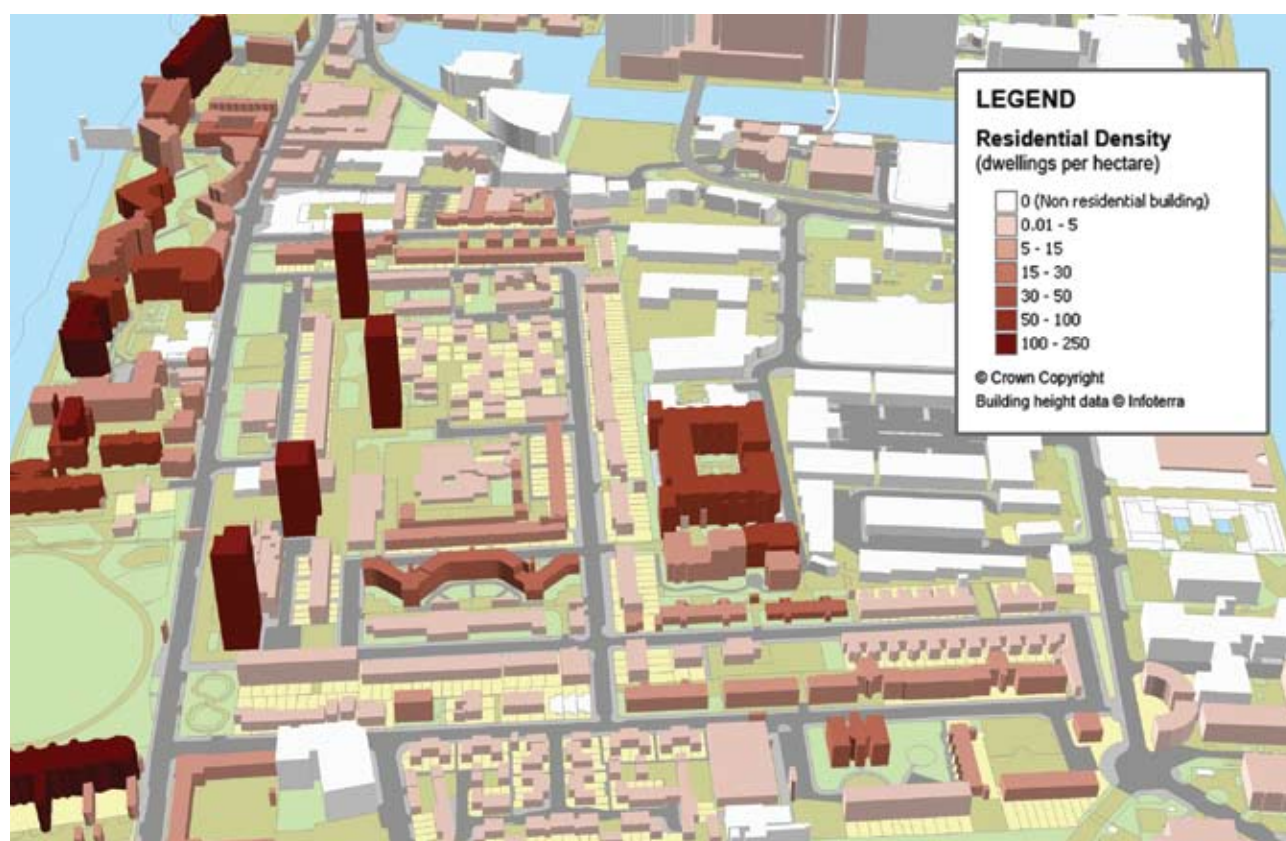
Andrew Crooks, GLA Economics' research fellow in urban systems presented a paper on the fine scale spatial of the Greater London housing market at the GIS research UK 2008 conference.

Unlike other countries, England has no national database on housing attributes (such as size, type and age), which restricts application of GIS in planning. As new datasets are becoming available, we have begun to explore whether combining datasets can begin to fill the data gap – for example, OS Address Point and Land Registry transaction data. The research explores whether a fine scale housing database developed from these datasets could then be used to improve house price modelling.

Presentations to LDA staff

Matthew Waite presented the labour market analysis resulting from the development of *The London Story* evidence base for the LSEB Skills and Employment Strategy both to the LSEB and to all LDA staff.

LDA staff also benefited from Matthew Waite's presentation of results from the London Economic Development Snapshot report and from a separate session explaining the credit crunch and highlighting the implications for London, the UK economy and the world. Matthew Waite was asked to make a presentation at the LDA's Places and Infrastructure team's awayday in order to provide



them with more detailed information on the economic context in which to set their policies.

In January 2008, Duncan Melville gave a lunchtime seminar to LDA staff. Entitled 'An economic overview of London', it covered a wide range of topics starting with the current macroeconomic situation and London's longer-term economic performance in terms of productivity and employment. The changing structure of London's economy and the shift from manufacturing to services, especially business services, was explained, and London's economic geography was discussed. Jobs are particularly concentrated in central London, which is also the location of London's particular economic specialisations, most notably globally orientated finance and business services. London is the world's leading international financial centre and has consistently been ranked as Europe's premier location for business.

Presentations to the LDA board

Over the past year Matthew Waite has made presentations at LDA board meetings primarily on issues related to the prioritisation of LDA funds towards the goals of the Economic Development Strategy. GLA Economics has also made presentations on the most effective approach to sector interventions in London's economy.

Congestion charging business reference group

In July 2007 Kathryn Grant made a presentation to the congestion charging business reference group on the economic case for Crossrail. Her presentation covered: the need for improved investment in London's transport network; why Crossrail is necessary; calculating the benefits of Crossrail; financing Crossrail; Crossrail revenue projections; the potential funding gap; and the costs of delay. She described how Crossrail would relieve congestion on the existing network, provide a growth spur to the Thames Gateway and support the UK's world-class position in financial services.

Cultural and creative industries

At the request of Dev Virdee, Deputy Director for Regional and Local Division of the ONS, Alan Freeman presented research on London's cultural and creative industries to a meeting of the ONS regional statistical group. It was also presented to an international delegation from Shanghai.

OECD expert group

Alan Freeman gave a presentation on defining and benchmarking the modern city to an OECD expert group meeting in Paris in November 2007.

SCORUS conference

The SCORUS Regional and Urban Statistics Network held its European conference in Darmstadt from 17 to 19 October 2007. Statisticians, researchers and planners of cities and regions came together to discuss various topics under the theme 'The Strength of Cities and Regions'. At the conference, Alan Freeman presented two papers about the cultural and creative industries in London and the GLA's interim city dataset.

In the coming year

The credit crunch and its impact on the London economy

On 26 June 2008, GLA Economics will hold a seminar to launch their latest report outlining the impact of the credit crunch on the property market and on the London economy as a whole. The launch will provide a forum for sharing the latest economic forecasts from GLA Economics.

Our publications are freely available to download from our website at http://www.london.gov.uk/mayor/economic_unit

If you wish to be alerted about our research then please join our mailing list by completing the form at http://www.london.gov.uk/mayor/economic_unit/glaeconomics_form.jsp

E-newsletter

London's Economy Today

GLA Economics produces a monthly e-newsletter London's Economy Today (LET) featuring the most up-to-date information on the state of the economy. If you wish to subscribe to LET please contact glaeconomics@london.gov.uk or call us on 020 7983 4922.

Reports

The rationale for public sector intervention in the economy II – March 2008

This report examines the case for public sector intervention and provides case study examples relevant to London.

Women in London's Economy – February 2008

The 2008 WiLE report was launched on 28 February by the Mayor of London. This year the report focuses on the current state of the gender pay gap, the implementation and effectiveness of pay audits, pregnancy discrimination, and outcome differences for women working in the public and private sectors. The report concludes with policy and legislation recommendations to address these issues. A summary document is also available in addition to the full report.

London's Central Business District: Its global importance – January 2008

London's CBD is a premier global business district employing around 1.5 million people. It contains a range of highly successful economic clusters – notably finance and business services in and around the City of London but also retail and leisure in the West End. Globalisation presents London's CBD with a range of economic opportunities, but to grasp them requires

retaining its strengths such as its cosmopolitan and highly-skilled workforce whilst addressing areas that could hold back its potential such as the ongoing and future need for transport and other infrastructure improvements.

London Economic Development Snapshot - Issue 6 – January 2008

The latest issue published in January 2008 highlights the approval of the funding package for Crossrail as a significant benefit for London's economy. Amongst other things, Crossrail will improve access to jobs thus potentially improving London's employment rate (which *Snapshot* highlights as the main priority for London's economic development).

Modelling transport and the economy in London – December 2007

This report builds on earlier work on the transport and economy (TANDEM) model developed for GLA Economics. Land Use and Transport Interaction models, and modelling more widely, are useful tools for planners. The aim of this report is to understand how, and whether, they address the key questions facing the role of the transport system in the London economy.

Spotlight on Asian Businesses: Their contribution to London – December 2007

Asian-owned businesses make a significant contribution to London's economy and this contribution is likely to increase in the future given the size of London's Asian population and the growing financial ties with the Indian sub-continent.

Globalisation, skills and employment: The London Story – October 2007

This report provides an analysis of London's labour market and represents the evidence base underpinning the LSEB's forthcoming strategy to increase adult skills and employment opportunities across London.

Social Enterprises in London – October 2007

This paper aims to provide an analysis of social enterprises in London regarding the size and distribution of these businesses in terms of employment, their sectoral representation, the ethnicity of owners, turnover and barriers to growth.

London Economic Development Snapshot - Issue 5 – July 2007

The latest issue finds that whilst the gap between the employment rate for some of London's disadvantaged areas and that for London as a whole has closed over the past two years, improving London's employment rate still remains the main priority for London's economic development.

More residents, more jobs? The relationship between population, employment and accessibility in London: A review of the report from GLA Economics – July 2007

This report is an evaluation by the Centre of Advanced Spatial Analysis, UCL, of the GLA Economics report *More residents, more jobs?*, which outlines a methodology for determining the number of additional jobs that might be gained in different London boroughs with respect to additional growth in population.

GLA Economics' London employment projections. Panel note for the examination in public into the draft alterations to the London Plan – June 2007

This briefing note was produced for the examination in public mentioned in the title, which took place in June/July 2007. It compares the projections produced by GLA Economics, which are incorporated in the draft alterations to the London Plan, for London as a whole and for Inner and Outer London with those produced by outside independent forecasters.

Forecasts

London's Economic Outlook: Autumn 2007. The GLA's medium-term planning projections – October 2007

The GLA's eleventh London forecast suggests that London's Gross Value Added (GVA) should grow at 3.3 per cent in 2007, reducing to growth of 2.0 per cent in 2008 before increasing to 2.6 per cent in 2009.

London's Economic Outlook: Spring 2007. The GLA's medium-term planning projections – April 2007

The GLA's tenth London forecast suggests that London's GVA should grow at 2.6 per cent in 2007, rising to 2.8 per cent in 2008 and 3.0 per cent in 2009; and London is likely to see above trend growth in employment throughout the period 2007 to 2009.

Working papers

Working Paper 30: London's housing submarkets – March 2008

London's housing market is inherently complex and diverse. The analysis from this working paper identified four distinct housing subgroups in London (central, high density housing, outer city, and spacious suburbs), based on various attributes. Each housing subgroup had different characteristics, and stepwise regression modelling was used to identify the key drivers of house prices within the identified groups.

Working Paper 29: Overcoming barriers to institutional investment in residential housing – February 2008

Institutional investment has the potential to support large new developments and to deliver high-quality, well-managed stock. This working paper explores opportunities for increased investment through build-to-let schemes and through registered social landlords.

Working Paper 28: Comparing locations: Grouping wards in London, the South East and East of England – February 2008

This report analyses the changes in area and employment characteristics of wards in London, the South East and East of England. We see increases in both population and employment densities with substantial increases in London and in and around other urban centres, and no or little change in many rural locations. Retail and leisure, and business support services employment see the fastest growth. Deprivation levels have fallen across the board but the sources of deprivation in wards in London and those outside London are found to be different. In London, the sources of deprivation are housing, crime and the living environment, while education and health emerge as the main sources of deprivation in wards outside of London.

Working Paper 27: Assessment of global imbalances – January 2008

Global imbalances refer to the large (\$857 billion) and persistent (since 1992) US current account deficit on the one hand and large Asian current account surpluses on the other (eg in

China). Massive capital flows to the US since the Asian crisis of 1997 have been financing a domestic consumption boom in the US (a root cause of the US current account deficit).

Adjustment requires movements in global exchange rates and interest rates, which present both threats and opportunities for London.

Working Paper 26: What makes employees more likely to be low paid in London? – November 2007

Our results show that individual and job characteristics such as age, level of qualifications achieved, and level of occupation have important influences on the likelihood of being low paid in London. The most important influence increasing the chances of being low paid was working in elementary occupations, especially for female employees.

Working Paper 25: An expenditure-based approach to employment sectors in London – November 2007

London has significantly more private sector jobs relative to its population than any other region of the UK due mainly to its specialisations in financial, business, media and publishing services. London also has more jobs than other regions, relative to population, in sectors reliant on local consumer spending.

Working Paper 24: An analysis of London's employment by sector – September 2007

This paper describes London's employment structure by analysing employment data on a sector-by-sector basis. By covering all sectors it allows each individual sector to be seen in the wider context of the whole London economy. A detailed breakdown of employment within each sector is also provided and areas of specialisation identified.

Working Paper 23: The implications of misleading estimates of London's output – August 2007

This working paper reviews estimates of output in the UK and the extent to which they may be misleading. It reveals that for 2004, Greater London's output was underestimated by £13–22

billion or around eight to ten per cent. This has a significant impact on infrastructure decisions.

Working Paper 22: London's Creative Sector, 2007 Update – July 2007

London is universally known for its world-class cultural offer and this report shows that London's creative industries remain at the forefront of this global status. London offers special advantages for creative activity and employment, compared with other parts of the country. Most significantly, in 2005, after three years of shedding jobs, creative industry employment recovered sharply in London, creating 18,000 jobs in the capital between 2004 and 2005. All but one creative sector added jobs over this period.

Current Issues notes

Current Issues Note 20: The housing market and the economic climate – February 2008

This paper looks at why 2008 could prove to be a tough time for the UK and London housing markets with growth in prices expected to be subdued. There are potential risks to first time buyers, new developments and the buy-to-let sector.

Current Issues Note 19: The role of the financial services sector in mitigating and adapting to climate change – September 2007

This paper examines how London's financial services sector is helping society mitigate and adapt to climate change. Amongst other things this involves the financing of new environmental technologies, carbon trading plus creating markets, insurance products and other innovative services.

Current Issues Note 18: Institutional investment in housing – July 2007

This paper discusses how large-scale investment could potentially speed up delivery, increase the supply of affordable housing and improve the management of housing stock in the private rented and intermediate sectors.

Current Issues Note 17: Defining and measuring metropolitan regions – June 2007

This paper sets out the results of defining London's functional urban region using a definition developed by the GEMECA collaborative project amongst European cities, including some sensitivity analysis.

Current Issues Note 16: Labour market balance sheets – June 2007

This current issues note uses two related approaches to produce two labour market balance sheets laying out the implications of the latest GLA population and employment projections for unemployment in London and commuting into and out of London for work.



Financial Reports

GLA Economics is jointly funded by TfL, the LDA and the GLA. This section gives an overview of the unit's finances for the year 2007/2008 as provided by the GLA.

Financial summary 2007/2008

The net expenditure figure for GLA Economics during financial year 2007/08 is	£426,000
The final net budget for 2007/08 is	£593,000
Therefore the net underspend for 2007/08 is	£167,000
The gross expenditure budget for 2007/08, excluding carry forward from previous year was	£1,504,000
During the year TfL and LDA have been invoiced based on a budgeted spend of £1,181,000 with the GLA contributing the remaining £323,000.	

The split of the gross budget is shown below:

	Gross budget	% share
TfL contribution =	£590,500	39
LDA contribution =	£590,500	39
GLA contribution =	£323,000	22

Based on the underspend figure of £167,000 the carry forwards are as follows:

2007/08	Carry Forwards	% share of gross budget
TfL	£65,567	39
LDA	£65,567	39
GLA	£35,866	22
Total	£167,000	

These funds are subject to the Steering Board's decision on whether to be refunded or allocated to the 2008/2009 budget.



Financial statement 2007/2008

	Actual £'000	Budget £'000	Variance £'000
Expenditure			
Employee Pay	697	693	4
National Insurance	67	65	2
Super	93	102	-9
Allowances	4	1	3
Employee Temps	27	0	27
Staff Costs - Pay	888	861	27
Travel	1	1	0
Hotels/Lodgings	1	1	0
Subsistence	0	1	-1
Training Courses	6	0	6
Conferences & Seminars	12	5	7
Recruitment	5	0	5
Staff Costs - Non Pay	25	8	17
Accommodation	1	0	1
Catering	6	2	4
Publications Printing	37	22	15
Publications Design	22	37	-15
Stationery	1	1	0
Books	2	1	1
Data Purchase	66	53	13
Consultancy	416	527	-111
Postage & telephones	7	1	6
IT Equipment	8	34	-26
Corporate Subscriptions	23	53	-30
Supplies & Services	588	731	-143
Operational Buildings Charge	174	174	0
Service Charges	174	174	0
Total Expenditure	1,676	1,774	-98
Income			
Fees & Charges	-1,205	-1,181	-24
Other Income	-45	0	-45
Total Income	-1,250	-1,181	-69
Net Expenditure	426	593	-167

These figures are subject to audit.

Note: the service charges above do not reflect additional management support service costs borne by the GLA.



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Chinese

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Vietnamese

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

Greek

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

Turkish

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

Punjabi

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

Hindi

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

Bengali

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

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 پتے پر رابطہ کریں

Arabic

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

Gujarati

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

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