

London Economic Development

# **Snapshot** mid-year update

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Transport  
for London

**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).

The *Snapshot* report is produced by the London Development Agency's Economic Analysis team, which is part of the wider GLA Economics unit. The *Snapshot* report comprises one of three GLA Economics publications that monitor and analyse the performance of London's economy on a regular basis. *London's Economy Today* is a monthly bulletin featuring the most up-to-date information on the state of London's economy (see [http://www.london.gov.uk/mayor/economic\\_unit/lon-ec-today.jsp](http://www.london.gov.uk/mayor/economic_unit/lon-ec-today.jsp)). *London's Economic Outlook* is a six-monthly publication that provides a forecast for London's economy over the next three years (see [http://www.london.gov.uk/mayor/economic\\_unit/glaepublications.jsp#economy\\_forecasts](http://www.london.gov.uk/mayor/economic_unit/glaepublications.jsp#economy_forecasts)).

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# Introduction

The Snapshot Report provides information on the progress made in delivering the objectives set out in the Economic Development Strategy (EDS) for London. The aim of the Snapshot report is to:

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

From 2008, the Snapshot report will be published on an annual basis in January of each year. This document acts as a mid-year update to the main Snapshot report and aims to highlight any significant changes in the past six months. More analysis and details of the performance against all 13 EDS objectives will be available in the next full Snapshot Report which will be published in January 2009.

This report has been produced by the London Development Agency's Economic Analysis team, which is part of the wider GLA Economics unit, drawing on data from a variety of sources. For details on sources, the reader can refer to the data appendix of the January 2008 Snapshot Report, which is available at:

[http://www.lda.gov.uk/upload/pdf/London\\_Economic\\_Development\\_Snapshot\\_Jan\\_2008.pdf](http://www.lda.gov.uk/upload/pdf/London_Economic_Development_Snapshot_Jan_2008.pdf)

# Main findings

Considering the performance against the objectives of the EDS, the area of greatest concern remains London's employment rate. Whilst the gap between the employment rate for London's disadvantaged areas and that for London as a whole has closed over the past three years or so and London's overall employment rate has increased recently, forecasts for the London economy over the next two years or so suggest that these recent improvements will be difficult to sustain. Another area that London needs to improve on is the skills of the workforce where recent data points to a deterioration in London's skill position when compared to the rest of England. The extent to which this deterioration in London's skills position is a result of cyclical factors remains to be seen.

London performs well on most other indicators. More specifically:

## Places and Infrastructure

- In 2006/2007 housing completions exceeded the targets set in the London Plan for all London sub-regions.
- In the same year there was a net gain of five hectares of designated open space after accounting for developments and change of land use.
- Provisional data for the year to January 2008 show that the air quality index for ozone reduced by 22.8 per cent when compared to the previous year. Changes in the other air quality indicators are mixed.
- Revised data for 2006/2007 and more timely, but provisional, quarterly data for 2007/2008 show that London remains below the England average for the proportion of household waste that is recycled.

## People

- London's employment rate stood at 70.5 per cent when averaged over the year to March 2008 compared to 74.7 per cent for the UK as a whole<sup>1</sup>.
- The gap between the employment rate for London and that for the UK as a whole has narrowed down from around 5 percentage points in 2005 to around 4 percentage points in 2008.
- GLA Economics' most recent forecast suggests slower economic growth for the London economy when compared to the UK economy. This could widen the gap between the employment rate for London and that for the UK as a whole<sup>2</sup>.
- In the year to March 2008 the employment rates for older and disabled people increased by more than the employment rate for London as a whole.
- The employment rates for other disadvantaged groups (women, women with children, people from Black, Asian or other Minority Ethnic backgrounds) have not improved compared to London as a whole in the past year.
- According to the 2007 Index of Multiple Deprivation (IMD), London's seven most disadvantaged boroughs are now Barking and Dagenham, Hackney, Haringey, Islington, Lambeth, Newham and Tower Hamlets. The combined employment rate for these boroughs stood at 65.7 per cent in the year to March 2008.
- Since the beginning of 2007 the gap between the employment rate for London and that for the seven most disadvantaged boroughs has narrowed to below 5 percentage points for the first time since the early 1990s.

## Enterprise

- Over the current economic cycle (1997- to date) productivity grew on average faster for London when compared to the UK as a whole. Nonetheless productivity growth remains below that for the previous economic cycle (1986-1997).
- The London Annual Business Survey (LABS) shows that in 2007 a higher proportion (31.2 per cent) of employers found that the availability of appropriately skilled employees was a significant or a very significant problem, compared to 2006 (29.3 per cent).
- The 2007 National Employer Skills Survey (NESS) shows that staff in London are more likely to have skill gaps when compared to staff in the rest of England. It also shows that employers in London are more likely to have skill shortage vacancies when compared to the rest of England.
- The extent to which these skills issues are largely cyclical remains to be seen. The fact that both NESS 2007 and LABS 2007 were conducted at a buoyant time for the economy could at least in part explain the relative deterioration in London's skills position.

## Marketing and Promotion

- The number of overseas students in London grew in the academic year 2006/2007.
- The number of Foreign Direct Investment (FDI) projects increased significantly in 2007.
- Visits and spending by overseas tourists to London grew in 2007 but the nights spent decreased slightly.
- Nights spent, visits, and spending by UK residents visiting London fell in 2007.

## Footnotes


*1 It should be noted that in May 2008, the Office for National Statistics published revisions to the Labour Force Survey. The revisions were due to the reweighting of the datasets to the latest population estimates and to the reviewing of seasonal adjustment. Revised data for all indicators, except women with dependent children, are available back to 1997.*

*2 For more information see: London's Economic Outlook Spring 2008 available at <http://www.london.gov.uk/gla/publications/economy.jsp#leo08>*

# Summary of performance

	Objective	New Information	Previous Status	Current Status
Places and infrastructure	1 Support the delivery of the London Plan, to promote sustainable growth and economic development.	The London Plan housing completion targets were exceeded for 2006/2007.	good	good
	2 Deliver an improved and effective infrastructure to support London's future growth and development.	New information on this objective will be available for the January 2009 Snapshot report.	good	good
	3 Deliver healthy, sustainable, high quality communities and urban environments.	The household recycling rate for London remains below the England average and the performance on air quality is mixed.	unclear	unclear
People	4 Tackle barriers to employment.	London's employment rate is around 4 percentage points below that for the UK as a whole.	poor	poor
	5 Reduce disparities in labour market outcomes between groups.	Over the economic cycle to date, there has been no significant change in the employment rate for most disadvantaged groups relative to London's employment rate.	poor	poor
	6 Address the impacts of concentrations of disadvantage.	The gap between the employment rate for the seven most disadvantaged areas and London as a whole continued to close over the past 6 months.	unclear	unclear
Enterprise	7 Address barriers to enterprise start-up, growth and competitiveness.	New information on this objective will be available for the January 2009 Snapshot report.	good	good
	8 Maintain London's position as a key enterprise and trading location.	New information on this objective will be available for the January 2009 Snapshot report.	good	good
	9 Improve the skills of the workforce.	London's skills position deteriorated in 2007.	unclear	unclear
	10 Maximise the productivity and innovation potential of London's enterprises.	Labour productivity has been growing, on average, faster for London compared to the UK as a whole over the current economic cycle.	good	good
Marketing and promotion	11 Ensure a coherent approach to marketing and promoting London.	London performs well in attracting overseas students and FDI projects but the nights spent by visitors to London fell in 2007.	good	good
	12 Co-ordinate effective marketing and promotion activities across London.	The number of overseas visitors grew in 2007.	good	good
	13 Maintain and develop London as a top international destination and principal UK gateway for visitors, tourism and investment.	International visitors' spending grew in 2007.	good	good

 Performance is good, for example, achieving a specific target or performing above the UK average over a period of time.

 Performance is unclear at the present time, for example, London's performance is average compared to its main competitors, or a previously strong performance shows signs of weakening or there is some cause for concern about this objective in the short term.

 Performance is poor, for example, London's performance compares badly to the UK average and shows no sign of sustained improvement.



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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 ਫੋਨ ਕਰੋ ਜਾਂ ਹੇਠ ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

## Hindi

यदि आप इस दस्तावेज़ 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.



# Other publications



GLA Economics also produce *London's Economy Today* – a monthly e-newsletter that features the most up-to-date information on the state of London's economy. This includes a macroeconomic overview alongside recent data releases and previews of current economic analysis generated by the GLA Economics team.

If your interest lies in seeing a projection of London's economy over the next three years, GLA Economics also produce *London's Economic Outlook*. This six-monthly publication contains: an overview of recent economic conditions in London, the UK and the world economies with analysis of important events; a 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; and an in-depth assessment of a topic of particular importance to London's medium-term future.



If you wish to receive either or both of these reports fill in your contact details at [www.london.gov.uk/mayor/economic\\_unit/glaeconomics\\_form.jsp](http://www.london.gov.uk/mayor/economic_unit/glaeconomics_form.jsp) or email [glaeconomics@london.gov.uk](mailto:glaeconomics@london.gov.uk) or telephone us on 020 7983 4922.

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