

London Economic Development
Snapshot

ISSUE 03 JULY 2006

Main findings

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

- **PLACE AND INFRASTRUCTURE:** Indicators continue to improve.
- **PEOPLE:** Performance against all three 'people' objective continues to be poor.
- **ENTERPRISE:** London's previously good performance on enterprise indicators appears to have stalled, although this is likely to be due to the stage of the economic cycle as the latest data on economic output suggest that things picked up in 2005.
- **MARKETING AND PROMOTION:** Indicators have shown a good recovery after the terrorist attacks in London in July 2005.

The priority for London's economic development remains improving the employment rate. The EDS 'people' objectives are the only objectives which London is consistently failing to meet. Over 30% of working age adults in London are not in work – a higher proportion than any other region of the UK except Northern Ireland. Government spending on employment policies in London was £234 per workless person in 2005/2006 - much lower than the UK average of £403 per workless person.

Recent GLA Economics research has shown that London has a higher proportion of people with characteristics associated with labour market disadvantage than the rest of the country, and that many of them face multiple barriers to work. Effective policies are those which address an individuals' needs and barriers to work, such as help with job search and personal presentation or tackling individuals' deficits in skills. As a result London's regional and sub-regional agencies should devote more of their resources to tackling individuals' barriers to work and should continue to lobby for more national funds to be devoted to employment programmes which are effective for London. Forthcoming research on what works with helping individuals move into employment should be helpful in this respect.

The Snapshot provides a good overview of progress made in delivering the objectives of the EDS, but data limitations prevent detailed analysis for some objectives and indicators. Policy makers in London should continue to make the case to government for better quality and more timely regional data.

Summary of performance

	Objective	Headline	Status
Places and infrastructure	1 Support the delivery of the Mayor's London Plan	Housing completions exceeded housing targets in 2004/2005.	●
	2 Improve the infrastructure for London's future growth and development	Significant work is being done to improve London's infrastructure, but funding for Crossrail – the largest project – remains unresolved.	●
	3 Deliver healthy, sustainable, high quality communities and urban environments	Health and environment indicators for London show improvements over time.	●
People	4 Tackle barriers to employment	London's employment rate fell over the whole of 2005, but increased over the first quarter of 2006, and is now 5.3 percentage points below the UK.	●
	5 Reduce disparities in labour market outcomes between groups	The employment rates of most disadvantaged groups do not appear to have improved relative to the employment rate for London as a whole.	●
	6 Address the impacts of concentrations of disadvantage	The employment rate in disadvantaged areas does not appear to have improved relative to the employment rate for London as a whole.	●
Enterprise	7 Address barriers to enterprise start-up, growth and competitiveness	London's net business start-up rate fell in 2004 after picking up in 2003.	●
	8 Maintain London's position as a key enterprise and trading location	London is perceived as the best European city to locate a business.	●
	9 Improve the skills of the workforce	There is some growth in the number of businesses in London considering the lack of appropriately skilled employees to be a problem, but this continues to be less of a problem than for England as a whole.	●
	10 Maximise the productivity and innovation potential of London's enterprises	Workforce productivity in London has grown at a similar rate to the UK as a whole over the economic cycle to date.	●
Marketing and promotion	11 Ensure a coherent approach to marketing and promoting London	London is outperforming the rest of the UK in attracting overseas students and business investment.	●
	12 Co-ordinate effective marketing and promotion activities across London	The number of overseas visitors to London grew over 2005 but at a lower rate than UK growth.	●
	13 Maintain and develop London as a visitor destination	International visitor spending in London continued to grow in 2005.	●

Key

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

Introduction

This is the third in a series of regular, six-monthly reports which show the progress made in delivering the objectives set out in the Mayor's Economic Development Strategy.

The aim of this report is to:

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

The report has been produced by the London Development Agency (LDA) in conjunction with GLA Economics drawing on data from a variety of sources. The structure follows the structure of the EDS Action Plan, highlighting performance against 13 key objectives, under four Investment Themes.

For the first time, Issue 3 of the Snapshot includes a "traffic light" scheme to give a clear indication of progress against each objective.

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Places and Infrastructure

1. Support the delivery of the Mayor's London Plan.	5
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3. Deliver healthy, sustainable, high quality communities and urban environments.	8

Objective 1

Objective:

Support the delivery of the Mayor's London Plan.

Indicator:

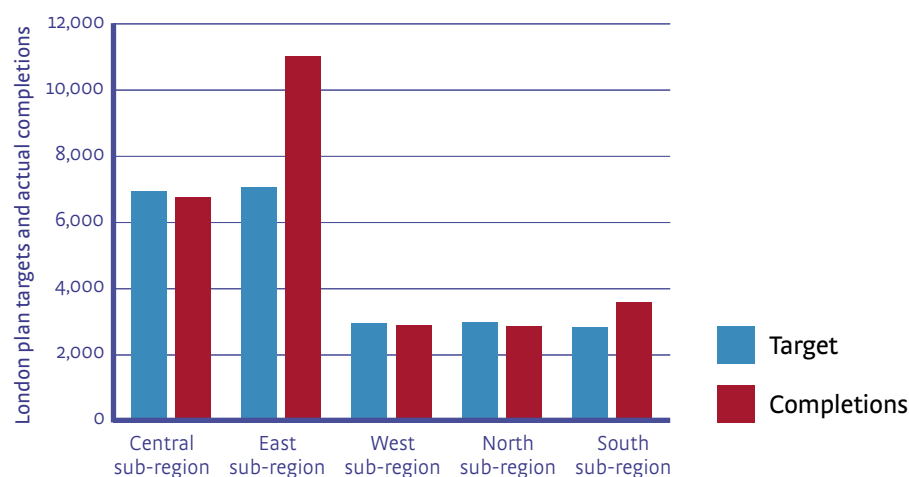
Achievement of London Plan housing targets and job projections in London's sub-regions.

Housing completions exceeded housing targets in 2004/2005; jobs up in 2005.

Housing targets

In 2004/2005, 27,364 new homes were created in London, exceeding the targets set out in the London Plan by 19%. Housing completions in London's East and South sub-regions exceeded their target, significantly so in the East; although completions in the Central, West and North sub-regions were all very slightly under target.

Fig. 1.1 Housing completions by London sub-region, 2004/2005



Source: London Plan Annual Monitoring Report

For more information see: London Plan Annual Monitoring Report available at www.london.gov.uk

Job projections

Previous issues of the Snapshot have used data provided by Experian broken down by London sub-regions. This is an annual dataset and there is no change in the 2003 data reported in the last Snapshot. More recent data is available for the whole of London. Jobs in London grew 2.6% in 2005, after falling by 2.1% in 2004. Across the UK, jobs grew by 0.4% in 2005 and 0.9% in 2004.

Objective 2

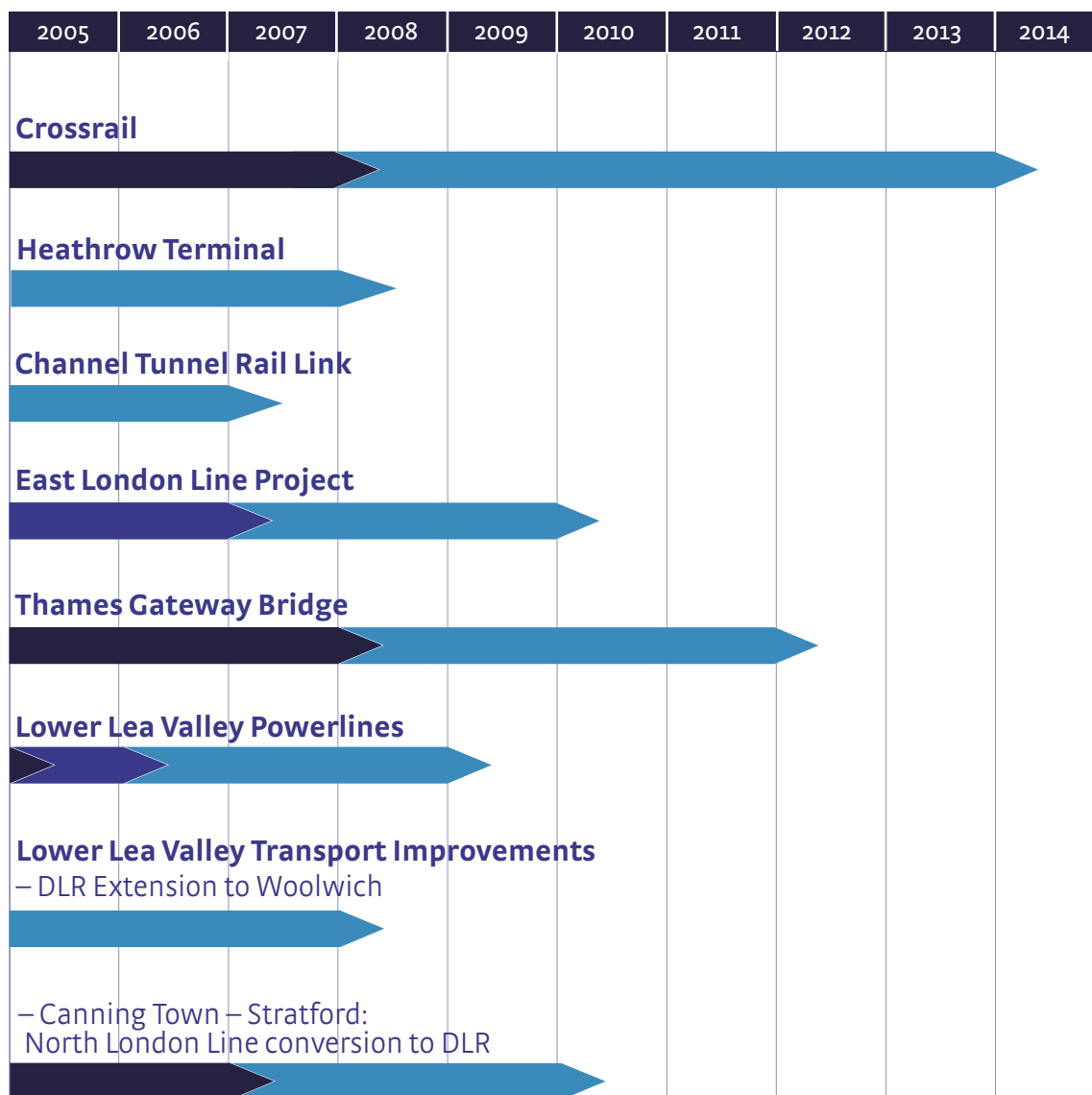
Objective:

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

Indicator:

Delivery of identified key projects.

Significant work is being done to improve London's infrastructure, but funding for Crossrail – the largest project – remains unresolved.



Key

- Planning Phase
- Preliminary Works Phase
- Construction Phase

Crossrail £16bn

The Crossrail Hybrid Bill is currently at the House of Commons select committee stage. A funding package for Crossrail has not yet been agreed.

Heathrow Terminal 5 £4.2bn

Construction is continuing on schedule with opening planned in March 2008.

Channel Tunnel Rail Link £3.3bn

The Stratford International Station has now been completed, with St Pancras Station on track for completion in 2007. International Eurostar services will commence in 2007 with domestic services commencing in 2009.

East London Line Project £900m

The existing Shoreditch Station closes on 9th June 2006 to enable the station upgrade.

Thames Gateway Bridge £400m

The Thames Gateway Bridge Public Inquiry concluded on 4th May.

Lower Lea Valley Powerlines £230m

An essential precursor of land and venue development in the Olympic Park is the replacement of overhead with underground power lines. Thirteen km of cables and 52 pylons will be replaced by two 6 km long tunnels at a cost of £230m.

Lower Lea Valley Transport Improvements

A variety of public transport improvements servicing the Olympics and Lower Lea Valley are planned. These will enable visitors and those directly involved in the Games to access the site during the Games and provide effective transport provision for residents, workers and visitors beyond 2012.

Objective 3

Objective:

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

Indicator:

Indicators of health and environmental improvement.

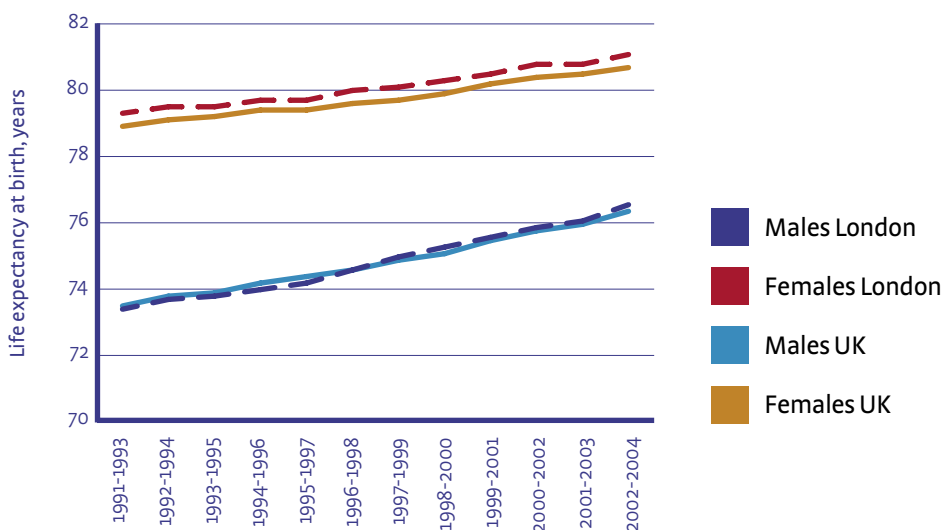
Health and environment indicators for London show improvements over time.

There is no single indicator with which to judge performance against this objective. Moreover for many of the indicators that do exist there is not robust time series of data. As a result the Snapshot reports the most recently available data.

Life expectancy at birth

The average life expectancy of babies born in London in 2002-2004 is 81.1 years for females and 76.5 years for males. This can vary across boroughs by as much as seven years. Life expectancy is higher in London than the UK average for males and females. Life expectancy at birth has increased in both London and the rest of the UK since 1991-1993.

Fig 3.1 Life expectancy at birth



Source: ONS

Carbon dioxide (CO₂) emissions

London produced 43.6 million tonnes of CO₂ in 2003. This is an increase of 8.25 % compared to 1999/2000, when London produced 40.3 million tonnes.

Air quality

Provisional results for 2005 suggest that improvements in air pollution have continued. In the period since November 1996, five of the six commonly used measures of air pollution fell significantly (CO by 56%; PM₁₀ by 28%; SO₂ by 73%; NO_x by 41%; and, NO₂ by 73%.) Ozone is the only measure to have increased over the period (by 33%), although there was no change to this measure between 2004 and 2005.

Waste

The waste produced by London's households has continued to fall, falling 9% in 2004/2005 to 3,301 thousand tonnes. Over the same period there was an increase in household waste of 1% across England.

Access to open space

There was a net gain of 24.4 hectares of open space as a result of developments and land use changes granted planning permission during 2004/2005.

People

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

Objective 4

Objective:

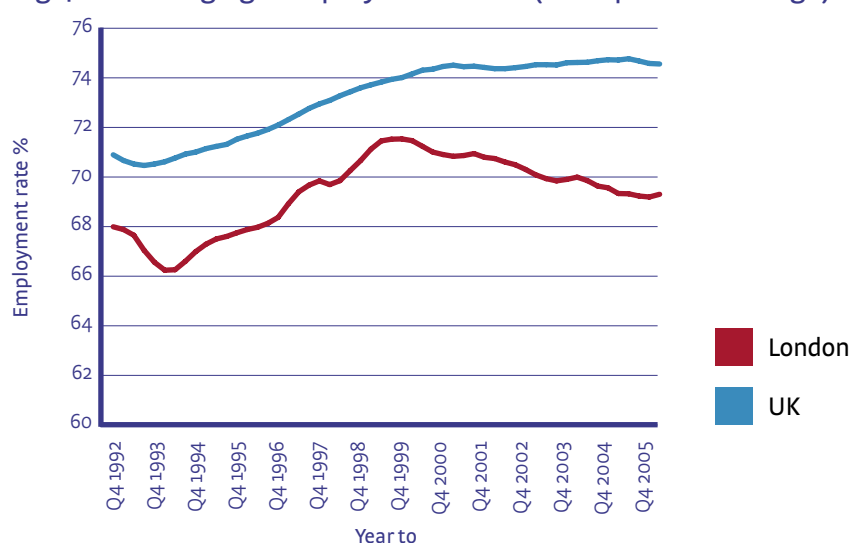
Tackle barriers to employment.

Indicator:

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

London's employment rate fell over the whole of 2005, but increased over the first quarter of 2006, and is now 5.3 percentage points below the UK.

Fig 4.1 Working age employment rates (four quarter average)



Source: LFS

London's employment rate (that is the proportion of the working age population living in London that are in employment – see data appendix for more details) stood at 69.3% when averaged over the year to Q1 2006 compared to 74.6% for the UK as a whole. Although the employment rate improved over the most recent quarter, the chart shows that while the rate has shown improvements at various points over the past 6 years or so these have not been sustained; more data is required to evaluate whether the most recent quarter's improvement is a sign of a more permanent turn around in the London economy.

Over the current economic cycle to date (see glossary) the gap between the employment rate for London and that for the UK as a whole, which stood at 3.3 percentage points in 1997, has grown to reach 5.3 percentage points now.

There has been only the smallest of increases in London's employment rate over the current economic cycle from 69.2% in 1997 to 69.3% now. Over the same period the employment rate for the UK has increased from 72.4% to 74.5%, an increase of 2.1 percentage points over the current economic cycle. Therefore, whilst London's employment rate has increased very slightly over the current economic cycle, it has increased by less than the increase in the UK employment rate and the gap between the two is unlikely to close significantly unless there is a marked increase in employment (in excess of the growth in working age population) in London in the next few years.

In 2006 the ONS changed the structure of the Labour Force Survey with each quarter now covering a different group of months. The ONS plan to produce a backseries for data using the new quarters and it is important that the backseries includes regional data for future issues of the Snapshot.

Objective 5

Objective:

Reduce disparities in labour market outcomes between groups.

Indicator:

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

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

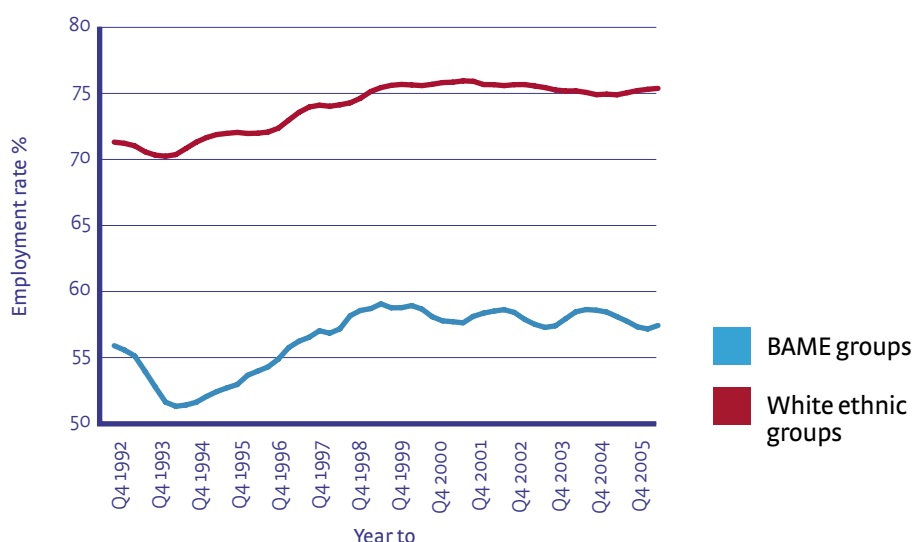
The average employment rate of **women** stood at 63.2% in the year to Q1 2006, around 6 percentage points below the rate for all London. The average employment rate for **women with dependent children** stood at 53.9% in Q1 2006, around 15 percentage points below the employment rate for all London. There is no evidence to suggest that the gap between the employment rate for both women and women with dependent children and the employment rate for all London has reduced significantly over the economic cycle.

The employment rate for **people aged between 50 and retirement age** (older people) stood at 70.7% in the year to Q1 2006, about the same rate as the rate for London as a whole. Provisional analysis suggests that the employment rate for older people might have increased by more than the employment rate for London as a whole in recent times.

According to the LFS, the average employment rate for **disabled** people (as defined by the Disability Discrimination Act) stood at 41% in the year to Q1 2006. Data from the LFS is not robust enough to suggest that there has been a convergence between the employment rates of disabled people and the employment rate for London as a whole in recent times.

Due to the limitations of the data (see Snapshot Issue 1 and the data appendix), the chart below compares the employment rate for all black, Asian and minority ethnic (BAME) groups with the employment rate for the white ethnic group in London. The data shows a large gap between the two groups that has remained fairly constant over the past decade.

Fig 5.1 Employment rates of Black, Asian and Minority Ethnic groups and white ethnic groups in London (four quarter average)



Source: LFS

For more information see: **Worklessness in London – Explaining the Difference between London and the UK** available at www.london.gov.uk

Objective 6

Objective:

Address the impacts of the concentrations of disadvantage.

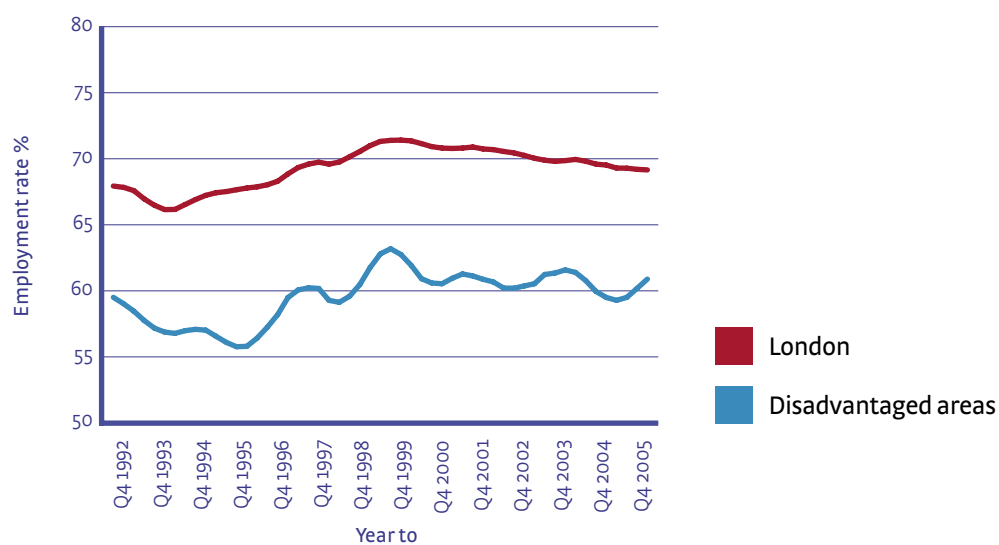
Indicator:

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

The employment rate in disadvantaged areas does not appear to have improved relative to the employment rate for London as a whole.

The employment rate for the combined seven London boroughs: Camden, Hackney, Haringey, Islington, Newham, Southwark and Tower Hamlets is displayed in the chart below. These boroughs rank as the bottom 20% of London boroughs according to the English Indices of Deprivation 2004 (average score across domains) and are therefore considered to represent London's **most** disadvantaged areas (see data appendix for further details).

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



Source: LFS

The chart shows that over time there has been little change in the difference between the combined employment rate for these disadvantaged areas as compared to that for London as a whole. The average gap over the economic cycle to date is around 10 percentage points. The chart shows that fluctuations in the employment rate in disadvantaged areas have typically been short term and have not been sustained over time.

It should be noted that concentrations of disadvantage in London can be very localised, such that within the same borough there may be particularly disadvantaged wards together with much more prosperous wards. Whilst disadvantage can be measured using a number of different variables, this EDS indicator focuses on employment. Unfortunately robust employment data is not available for small geographical areas and as a result, for this Snapshot, we have continued to focus on employment at the borough level, whilst recognising that the employment situation can vary, sometimes substantially, within boroughs.

Enterprise

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

Objective 7

Objective:

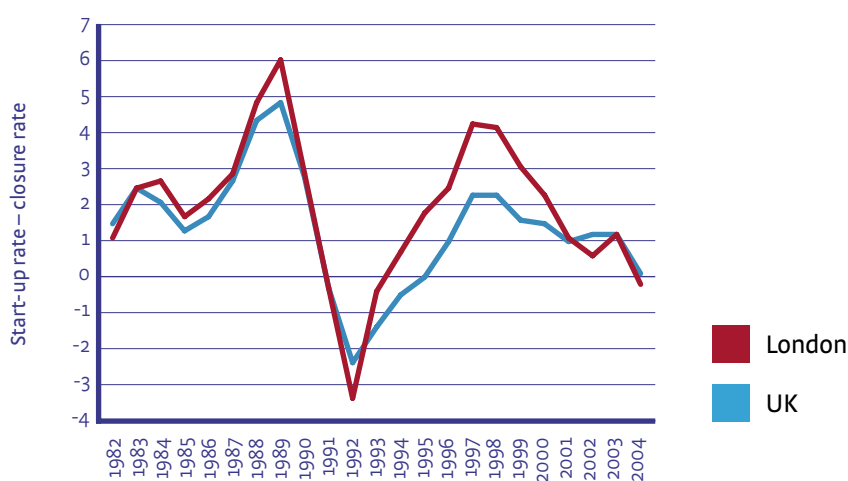
Address barriers to enterprise start-up, growth and competitiveness.

Indicator:

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

London's net business start-up rate fell in 2004 after picking up in 2003.

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



Source: IDBR

As this is annual data there is no change from the last Snapshot report. There will be an update in Snapshot Issue 4.

In 2004 London's net business start-up rate fell below zero to -0.2% (meaning more businesses closed than were started) for the first time since 1993, whilst the UK rate fell to just above zero at 0.1%. This fall in the net start-up rate – for London and for the UK – may be a result of the slowdown in economic activity that occurred during 2004. Since the beginning of 2005 economic output data suggest there has been an improvement in activity, which we might expect to feed through to an improvement in the net start up rate.

In the absence of better data on business start-up and closures the number of businesses registering to pay VAT and deregistering is used as a proxy. The net start-up rate of VAT registered business shows the rate of business registrations minus the rate of business de-registrations (all shown as a proportion of the stock of all VAT registered businesses). It should be noted that many small businesses do not reach the level of turnover required to register for VAT. As a result, these figures will miss very small businesses (though this is the case for both London and the UK as a whole).

For more information see:
London's Economic Outlook available at www.london.gov.uk

Objective 8

Objective:

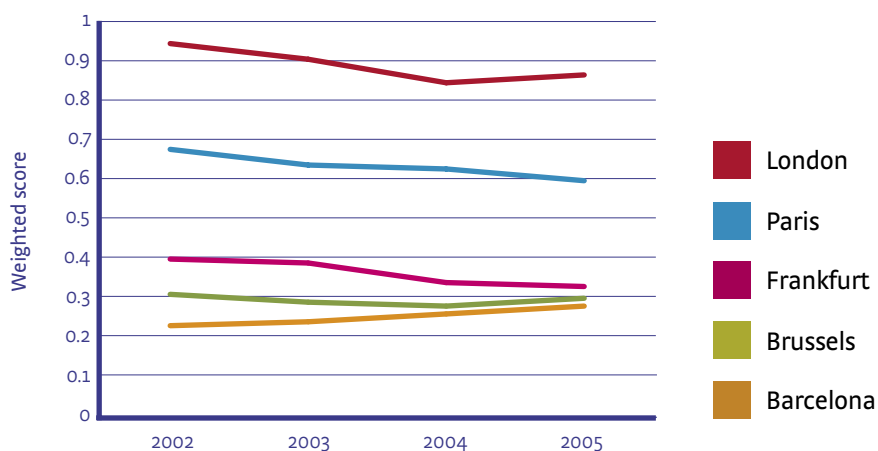
Maintain London's position as a key enterprise and trading location.

Indicator:

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

London is perceived as the best European city to locate a business.

Fig 8.1 Top five European cities to locate a business in



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

As the data is available on an annual basis it has not changed since the last Snapshot report. There will be an update in Snapshot Issue 4.

The Cushman & Wakefield, Healey & Baker European Cities Monitor 2005 found that London continues to be perceived as the best European city to locate a business, with a slightly higher score in 2005 than in 2004. London was the only city in the top three to see a rise in its weighted score.

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

Among the 30 cities surveyed, London was ranked lowly in terms of value for money of office space (twenty-fourth in 2005), freedom from pollution (twenty-fifth in 2005), and the quality of life for employees (thirteenth in 2005).

Objective 9

Objective:

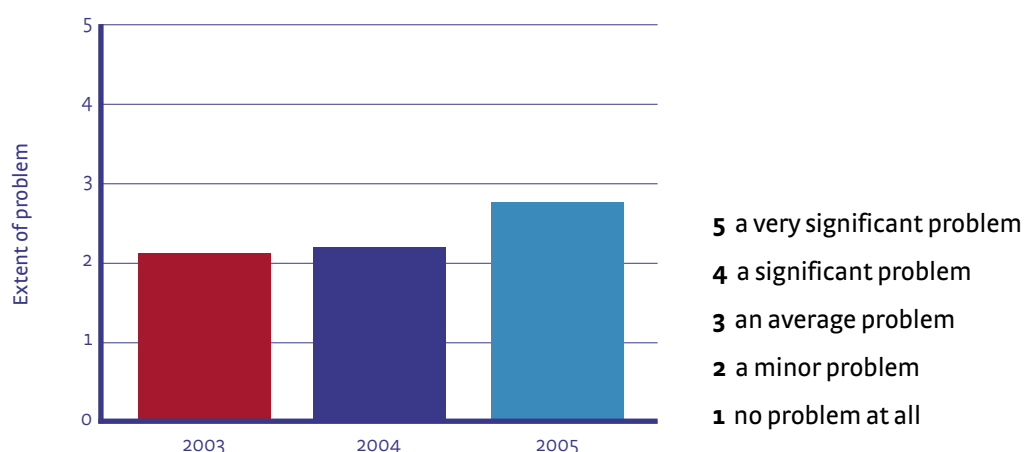
Improve the skills of the workforce.

Indicator:

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

There is some growth in the number of businesses in London considering the lack of appropriately skilled employees to be a problem, but this continues to be less of a problem than for England as a whole.

Fig 9.1 The extent to which London businesses consider a lack of appropriately skilled employees to be a problem (average score)



Source: LABS

The London Annual Business Survey (LABS) asks businesses to consider a list of specified issues which may affect the successful running of their businesses. Businesses assign a score between 1 and 5 to each issue to indicate its importance and secondly to indicate the extent to which the business is having a problem with each issue. The issues cover premises, transport, skills and labour costs, proximity to customers and suppliers, and housing. Averaging across all London businesses, the availability of appropriately skilled employees scored 2.8, which ranks between a “minor problem” and an “average problem”. This is an increase from an average score of 2.2 – closer to being a minor problem than an average problem – in 2004. The chart shows that whilst the overwhelming majority of businesses are not facing significant problems as a result of skills issues, the number of businesses that are has gone up since 2004. The proportion of businesses citing a lack of appropriately skilled employees as a “significant” or “very significant” problem has increased to 34% in 2005, up from 20% in 2003.

To compare the position in London with the rest of the country we use the National Employer Skills Survey (NESS) 2004. Businesses in London continue to be in a favourable position compared to firms across England. The survey found that firms across England reported a skills gap amongst 7.1% of employees, compared to 5.4% of employees in London. Additionally, firms across England reported having 6.7 vacancies per 1000 employees as a result of a shortage of skills in the labour market, compared to 3.9 vacancies per 1000 employees in London.

Objective 10

Objective:

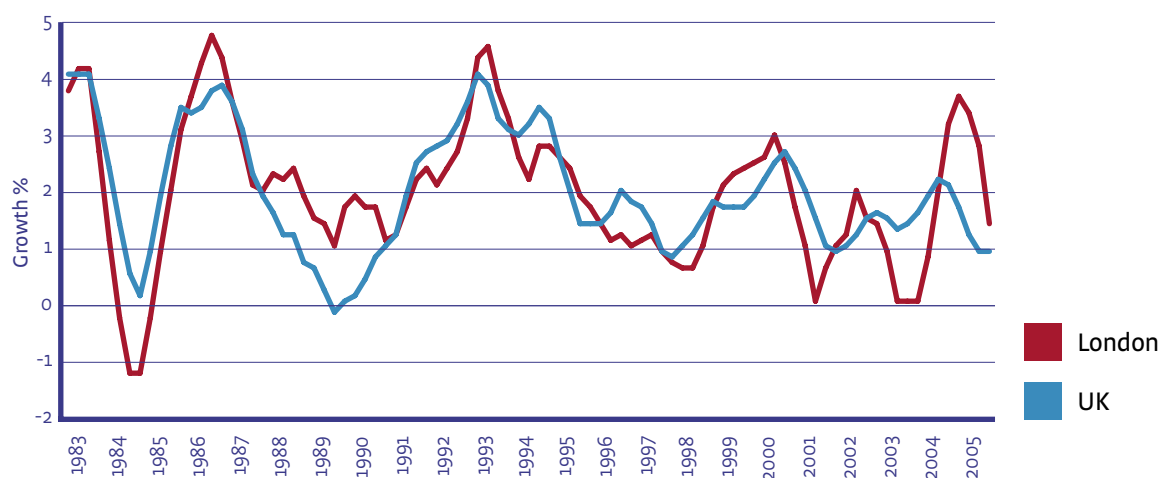
Maximise the productivity and innovation potential of London's enterprises.

Indicator:

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

Workforce productivity in London has grown at a similar rate to the UK as a whole over the economic cycle to date.

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



Source: EBS

The chart shows that growth in GVA per worker (where 'worker' means a full-time equivalent position) is volatile but on the whole the rate of growth has increased over time.

Whilst there has been a recent fall in the growth of GVA per worker, for both London and the UK, London's GVA per worker has grown at a similar rate to that for the UK over this economic cycle and at a faster rate than that for the UK over the last year. Average growth in GVA per worker has been 1.6% per annum in both London and the UK over the current economic cycle (1997 – 2005). In contrast, over the economic cycle that ran between 1986 and 1997 annual growth in GVA per worker in London averaged 2.3%, compared to 2.1% for the UK as a whole.

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

Marketing and promotion

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

Objective 11

Objective:

Ensure a coherent approach to marketing and promoting London.

Indicator:

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

London is out-performing the rest of the UK in attracting overseas students and business investment.

Tourism

In the year to December 2005 there was a rise of 0.9% in the number of nights spent in London by overseas tourists compared to 2004. Over the same period there was growth of 8.9% in the number of nights spent in the UK. As a result, London's share of the total number of overseas tourist nights spent in the UK dropped by 3 percentage points to 36.8% in year to the end of 2005.

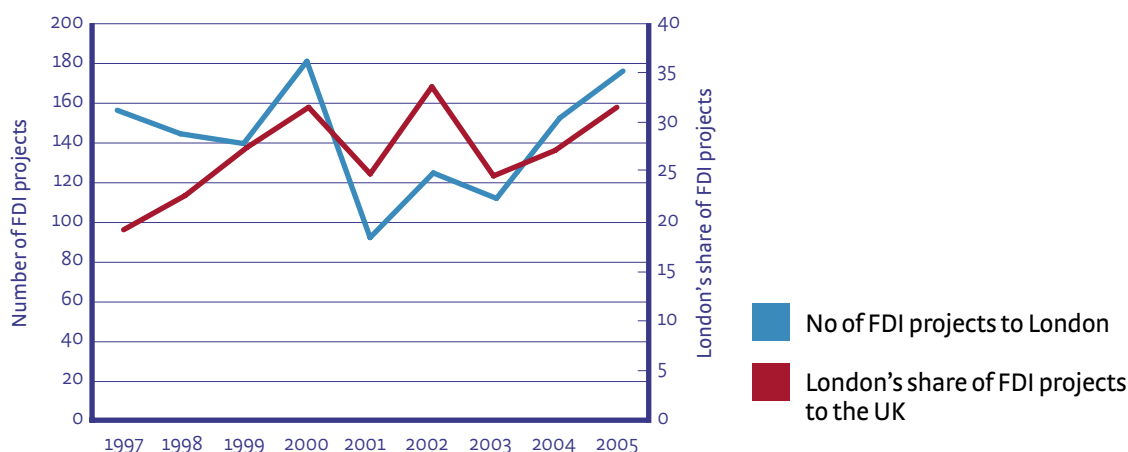
Overseas students

Strong growth in the number of overseas students attending Universities in London continued in 2004/2005. In a continuation of the trend seen since the 1999/2000 academic year, the total number of international students in London rose 13% year-on-year in 2004/2005, compared to just 6% nationally; 22% (82,660) of London's students came from overseas in 2004/2005.

Business

London's share of the total number of Foreign Direct Investment (FDI) projects in the UK rose to 31.7% in 2005 from 27.3% in 2004.

Fig 11.1 London's share of FDI projects



Source: Ernst and Young

London's share of FDI projects amongst European Cities remains stable at 24.3% and London continues to attract a greater share of FDI projects than any other European city considered by the data.

Objective 12

Objective:

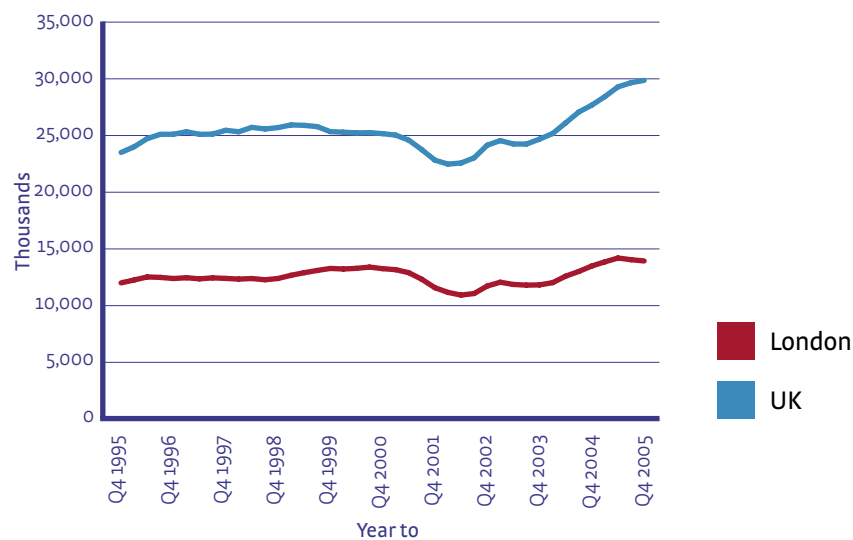
Co-ordinate effective marketing and promotion activities across London.

Indicator:

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

The number of overseas visitors to London grew over 2005 but at a lower rate than UK growth.

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



The number of overseas visitors to London grew in the year to December 2005 compared to the same period a year earlier. However, the strong growth in the first half of the year fell after the terrorist attacks in London in July 2005. There was a 3.3% increase in London over the year, compared to an increase of 8% for the UK. As a result, London's share of all international visitors travelling to the UK fell slightly to 46.2% from 48.2% in the year to December 2005.

In the 6 months following the July terrorist attacks there was a small fall in the number of overseas visitors to London compared to the same period a year earlier, but the effects of the attacks do not seem to have been as detrimental as initially feared.

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

Objective 13

Objective:

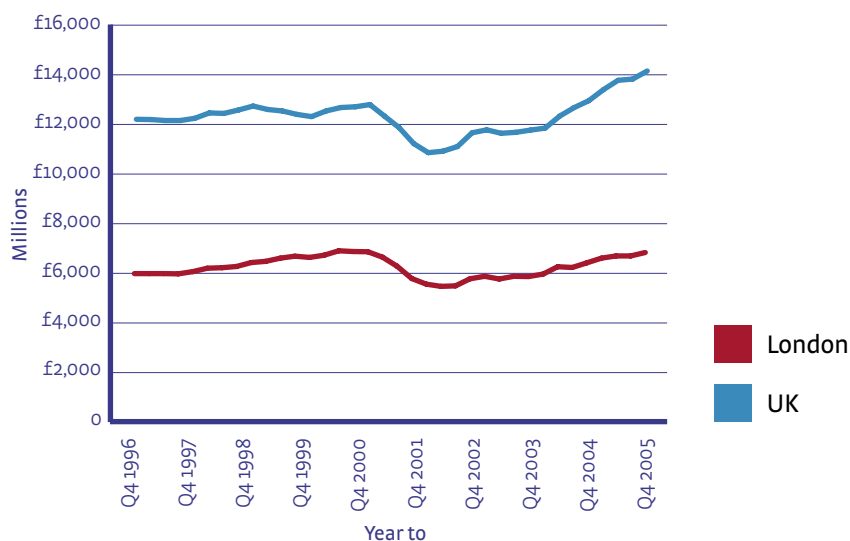
Maintain and develop London as a visitor destination.

Indicator:

Achieve real growth in visitor spending over the economic cycle.

International visitor spending in London continued to grow in 2005.

Fig 13.1 International visitor spending (last four quarters)



Source: IPS

International visitor spending in London grew by 6.6% in the year to December 2005, compared to 9.3% growth in the UK over the same period. As a result London's share of visitor expenditure fell very slightly to 48.1% from 49.4% a year earlier.

It can be seen from the chart that growth in visitor spending to London continued in the 6 months following the July 2005 terrorist attacks, despite the small fall in the number of overseas visitors. There has been steady growth in visitor spending in London and the UK since the end of 2003. Spending in the UK increased by 20.3% in the last six quarters compared to 16.9% for London.

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

Glossary

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

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

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

Carbon dioxide (CO₂): Carbon dioxide is a naturally occurring gas, comprising 0.04% of the atmosphere. The burning of fossil fuels releases carbon dioxide fixed by plants many millions of years ago, and this has increased its concentration in the atmosphere by some 12 percent in the past century. It contributes about 60% of the potential global warming effect of all greenhouse gases released through human activity.

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

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

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

EDS: The Mayor’s Economic Development Strategy

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

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

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

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

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

The Mayor sets the budget for the GLA group and appoints people to the boards of the four organisations.

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

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

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

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

Nitrogen dioxide (NO₂): Formed in the combustion of fossil fuels. Nitrogen dioxide is harmful to health and is also an important component in the formation of ozone.

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

Ozone (O₃): Generated when oxides of nitrogen and hydrocarbon compounds react in the presence of sunlight. High levels of ozone can irritate and inflame the lungs. It can also cause eye irritation, migraine and coughing. Ozone is also a strong oxidising agent. This means that it can attack materials such as rubber and pigments and damage vegetation. The international costs of ozone pollution through damage to health, crops and materials are thought to be considerable.

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

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

London's sub-regions comprise:

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

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

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

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

North: Barnet, Enfield, Haringey and Waltham Forest.

Sulphur dioxide (SO₂): Produced when a material, or fuel, containing sulphur is burned. Short-term exposure to high levels of sulphur dioxide may cause coughing, tightening of the chest and irritation of the lungs.

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

Data appendix

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

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

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

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

Main Findings

Data on Government spending comes from the Public Expenditure Statistical Analyses 2006, published by the HM Treasury. Figures for spending per workless person are based on the Labour Force Survey (LFS) Spring 2005 to Winter 2005 data.

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

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

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

The employment projections in the London Plan look at projections for total employment at workplaces in London. In Snapshot Issue 3, data on workforce jobs – that is total employment at workplaces in London is taken from ONS's workforce series based on the ABI and STES. This series is timely but is particularly prone to revisions.

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

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

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

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

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

Carbon dioxide: Data taken from the London Energy and CO₂ emission inventory 2003.

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

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

Waste: Data on household waste comes from the Department for Environment, Food and Rural Affairs (DEFRA), www.defra.gov.uk. Data on waste from other sources is available from the GLA, www.capitalwastefacts.com and the Environment Agency.

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

Objective 4: Tackle barriers to employment

Employment: Details on the sources for regional employment data and the difference between residence-based employment and workplace-based employment are discussed under Objective 1. Data for Objective 4 comes from the LFS. In contrast to the data used for the employment projections in Objective 1 above, this data is residence-based. This means that it looks at the employment of people that live in London.

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

Seasonal Quarters	Calendar Quarters
Winter = Dec – Feb	Q1 = Jan- Mar
Spring = Mar - May	Q2 = Apr – Jun
Summer = Jun - Aug	Q3 = Jul – Sept
Autumn = Sept - Nov	Q4 = Oct – Dec

Snapshot Issue 3 uses the new calendar quarters for 2006 and the old seasonal quarters from 1992 to 2005. This causes some difficulties in comparing changes over time, for example comparing the position now with the position a year earlier and means that data for January and February 2006 is reported both in Q1 2006 and Winter 2005. The ONS plan to produce a backseries for LFS data, initially for the period between 1997 and 2005. It will be important that the backseries includes regional data for future issues of the Snapshot.

Objective 5: Reduce disparities in labour market outcomes between groups

Employment of disadvantaged groups: In Snapshot Issue 1 Census and LFS data was used to look at the various different groups. The Census surveys the population as a whole every ten years. As a result, we can be very certain of its results, even for very small groups of the population. However, in between times practitioners rely on other surveys, such as the

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

Objective 6: Address the impacts of the concentrations of disadvantage

In addition to the seven London boroughs regarded as London's most disadvantaged areas, a further six London boroughs fall within the bottom 20% of boroughs in the Index of Multiple Deprivation (IMD) nationally and receive Neighbourhood Renewal Funds (Lambeth, Westminster, Greenwich, Barking and Dagenham, Lewisham, Hammersmith and Fulham). However, these boroughs fall within the bottom 40% of London boroughs in terms of their IMD ranking and therefore are not to be considered to be London's most disadvantaged areas.

See also Objective 5.

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

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

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

Data for this indicator is taken from the Cushman and Wakefield, Healy and Baker European Cities Monitor 2004 (ECM). The ECM is based on a sample of 500 companies from nine European countries selected from Europe's 15,000 largest companies. A representative sample of industrial, trading and services companies is taken. The results are based on telephone interviews with senior managers or board directors with responsibility for the company's location. The survey poses a number of questions and cities are given a score for being nominated best, second best or third best. The weighted score provides a comparison with other cities scores and over time for the same city.

Objective 9: Improve the skills of the workforce

Businesses reporting a lack of appropriately skilled employees as a significant problem:

This data comes from the LDA/Business Link for London (BL4L) London Annual Business Survey (LABS). LABS is an annual telephone based survey of over 4000 private sector businesses in London. The survey consists of questions on the performance of businesses, the difficulties they are experiencing in running their business, how the physical/social infrastructure and business environment of London affects them, and questions on specific areas such as access to finance, information technology and innovation, management, and business support needs. There is no data at the national level that is directly equivalent to

that from LABS, thus it is necessary to use data from the National Employer Skills Survey (NESS) to draw a comparison between London and the UK

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

NESS 2003 was the largest survey of its kind ever commissioned, involving 72,100 interviews with a representative sample of employers in England. As such, it allows analysis at a level of detail not possible in earlier surveys.

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

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

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

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

Overseas student numbers: This data comes from the Higher Education Statistics Agency (HESA), 2004/2005. HESA is the official agency for the collection, analysis and dissemination of quantitative information about higher education in the UK. Data is collected from students during student enrolments over the academic year at each publicly funded higher education institution in the United Kingdom.

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

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

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

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

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

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

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Arabic

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

Bengali

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

Chinese

中文
如果需索此文檔的您的母語拷貝，
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Greek

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

Gujarati

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

Hindi

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

Punjabi

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

Turkish

Bu broşürü Türkçe olarak edinmek
için lütfen aşağıdaki numaraya
telefon edin ya da adrese başvurun.

Urdu

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

Vietnamese

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

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