

Wage and productivity growth in London since 2008

Key information

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Context

There is ample evidence that London's (and the UK's) macroeconomic productivity have slowed down since the 2008 Financial Crisis, with adverse consequences for certain economic and social outcomes in the capital.

GLA Economics recently compared growth in real average pay by London borough to demonstrate the vulnerabilities caused by the productivity slowdown since 2008.

Key points

- Office for National Statistics (ONS) data shows that London's productivity (output per hour) grew by 1.5% between 2008 and 2021 (in real terms).
- This compares to 6.9% and 5.9% growth in real productivity over the same time period for the UK and England, respectively.
- While London remains the country's most productive region (the capital was over 30% more productive than the UK average in terms of output per hour worked in 2021), its productivity growth has lagged the national average over the past 15 years.

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[Note to readers](#)

With respect to this note, it is important to highlight the presence of data quality issues, particularly when comparing changes in employee pay in boroughs over time. The reader is encouraged to use caution when interpreting the results.

ASHE is an Office for National Statistics survey of a sample of employees and as such it reports estimates of pay alongside a statistical measure summarising the uncertainty of the estimates. **After applying standard statistical tests to the estimates of changes from 2008-23, and taking into account the reliability issues currently affecting ASHE data, it cannot be determined (with the usual level of statistical confidence) that real pay went up or down in each borough over the period.**

Moreover, we used the Consumer Price Index (CPI) to adjust nominal figures for inflation, when typically we use Consumer Price Index including Housing (CPIH). That said, using either index would not considerably alter the main points communicated in the note. In addition, while we examined the mean nominal pay, it is worth highlighting that the mean is impacted by the pay of high-income earners (compared to the median for example).

Finally, please note that for Barking and Dagenham, the note states that there was a -11% change when in fact the figure is -13%.

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