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Key information

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Overview

- UK GDP grows sluggishly at the end of the year
- UK inflation falls back sharply in January
- London's unemployment rate rises

Economic indicators

- The underlying trend in passenger journeys on London public transport decreased in December 2025. 235.5 million passenger journeys were registered in December, 25.4 million less than in November.
- In January 2026, the sentiment of London's PMI new business activity increased with the PMI new business index in London moving from 54.0 in December 2025 to 55.5 in January 2026. An index reading above 50.0 indicates an increase in new orders on average across firms from the previous month.
- Consumer confidence in London dropped in January 2026. The consumer confidence index in London was 6 in January 2026, and it was 13 in December 2025. The GfK index of consumer confidence reflects people's views on their financial position and the general economy over the past year and in the next 12 months. A score above zero suggests positive opinions; a score below zero indicates negative sentiment.

The Green Book 2026: updates following the 2025 review

- Public investment decisions across the UK are underpinned by HM Treasury’s Green Book, the government’s guidance on appraisal. In January 2025 the Chancellor announced a review of the Green Book and how it is being applied in practice. The review culminated in the publication of Green Book Review 2025: Findings and actions and was followed by a revised edition of the Green Book in early 2026.
- The GLA and TfL welcome the new edition of the Green Book and its simplified format. The new 2026 edition represents a positive evolution rather than a departure in UK appraisal practice. The core welfare-based framework remains in place, but with clearer emphasis on value for money and use of the BCR, proportionality and transparency.
- Practitioners will await with interest the lessons learned from place-based business case pilots, the forthcoming guidance on transformational change, and the review of the discount rate. These could lead to more substantive changes in the way appraisal is undertaken in the capital.

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