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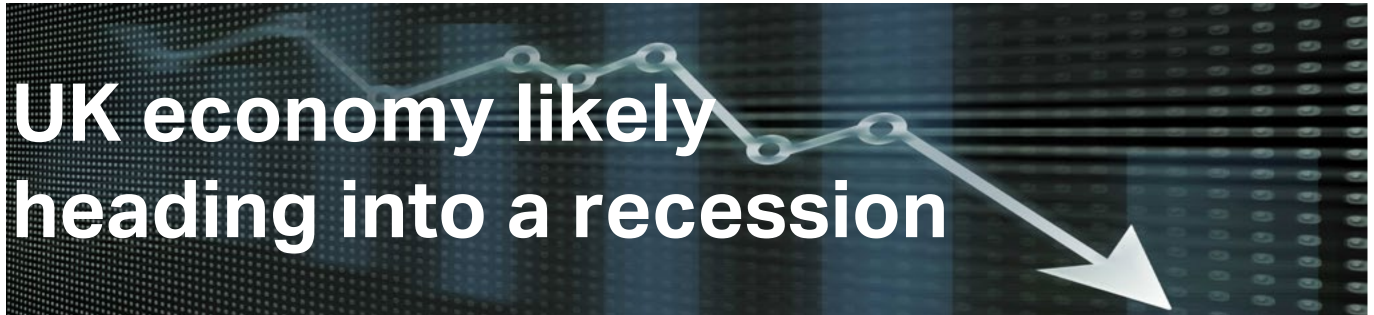

UK economy likely heading into a recession

By **Gordon Douglass**, Supervisory Economist, **James Watson**, Economist and **Jasmine Farquharson**, Project Management Apprentice

This month saw the outlook for the economy come into clearer focus. The Government announced the future of the Energy Price Guarantee (EPG) and the Bank of England and Office for Budget Responsibility (OBR) released official forecasts just as the Office for National Statistics (ONS) published Q3 UK GDP data. At the same time, despite projections that inflation would sharply decelerate from mid-2023, October saw inflation accelerate to its fastest pace since 1981.

The main headline from several of these developments is that the coming two years is set to see the tightest squeeze on real living standards in more than six decades, triggering a recession.

The OBR's forecast anticipates inflation-adjusted household disposable incomes falling over 7% in the next two years. This is the worst reading since at least 1958, when comparable records began, as inflation remains high while wages lag behind and tax bills creep up. As a result, the OBR sees GDP falling into recession at the end of this year, contracting until autumn 2023, and only recovering in late 2024. While the Bank of England does not seem to project quite as crushing an income squeeze, monetary policymakers expect a much deeper recession in output. The Bank sees GDP falling constantly for an entire two years and remaining more than 2% below mid-2022 levels even by the end of 2025.

Also in this issue

Big package of fiscal tightening announced by the Chancellor 2

Inflation grinds higher as energy and food prices surge 4

World economy facing challenges 5

London stock exchange loses out to Paris.................................... 5

Economic indicators 7

Economic inactivity trends in London: Are Londoners aged 50 and over leaving the London labour market? An update....... 13

Our latest publications 18

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The Organisation for Economic Cooperation and Development also released projections this month, with the UK set for the worst growth prospects in 2023 of any G7 nation. Yet the recession they forecast is shallower than in either the Bank or the OBR's projections (Figure 1).

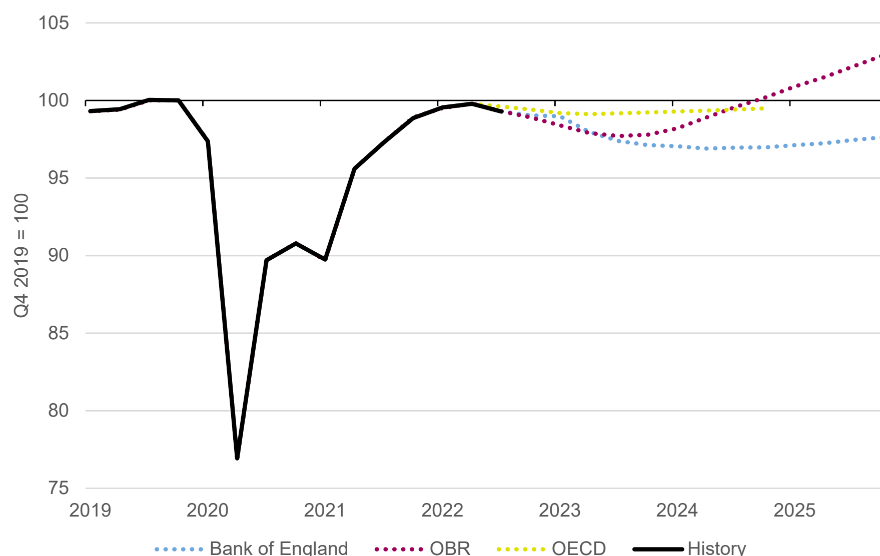


Figure 1: GDP levels under different official forecasts

Source: Bank of England November Monetary Policy report, OBR November 2022 economic and fiscal outlook, OECD November 2022 projections

In any case, the widely-projected recession has likely already begun, with the ONS release of Q3 UK GDP showing UK output contracting by 0.2%. Combined with previous revisions showing that UK output has not yet recovered from the pandemic, this means that UK economic activity may not reach late-2019 levels until 2025 – or even later. While this suggests that output faces a 'lost' half-decade or longer, the Resolution Foundation suggests that earnings face an even starker stagnant outlook. In their analysis of the Autumn Statement, the think tank finds that in 2027, real wages will only just manage to reach their pre-financial crisis levels in 2008 – 20 years of 'lost' wage growth.

Q3's GDP figures also saw the UK experience the worst output performance among the G7 so far (with Japan yet to release Q3 data). The decline was driven by a drop in consumer spending as households contend with rapidly rising prices. While investment rose, this was mostly driven by government activity, with business investment falling.

In terms of what this means for London, there are signs that the capital may not be set for as much economic damage. Average incomes are higher, Londoners tend to devote less of their spending to energy, and business and household surveys suggest less pessimism in the capital. The latest ONS regional GDP data suggest that although London saw some of the worst damage of any UK region in 2020, it also staged the strongest regional recovery after the final lockdown in 2021 (Figure 2). This momentum should put London in a relatively stronger position than the wider UK economy.

Big package of fiscal tightening announced by the Chancellor

The OBR forecast was published alongside the Autumn Statement, which was delivered by the Chancellor of the Exchequer, Jeremy Hunt, on 17 November. In this he announced a large fiscal tightening package. The size of the consolidation is projected to be £55 billion in 2027-28 being met by both tax and spending measures. It should be noted that a significant amount of this fiscal tightening is currently scheduled to occur after the end of the 2024-25 tax year, with some commentators expressing doubt as to whether these will actually occur.

While benefits and the state pension will rise with the rate of inflation, most departmental budgets did not see any further funds provided beyond those promised in the 2021 Spending Review. In total by 2027-28 public spending cuts should amount to around £30 billion.

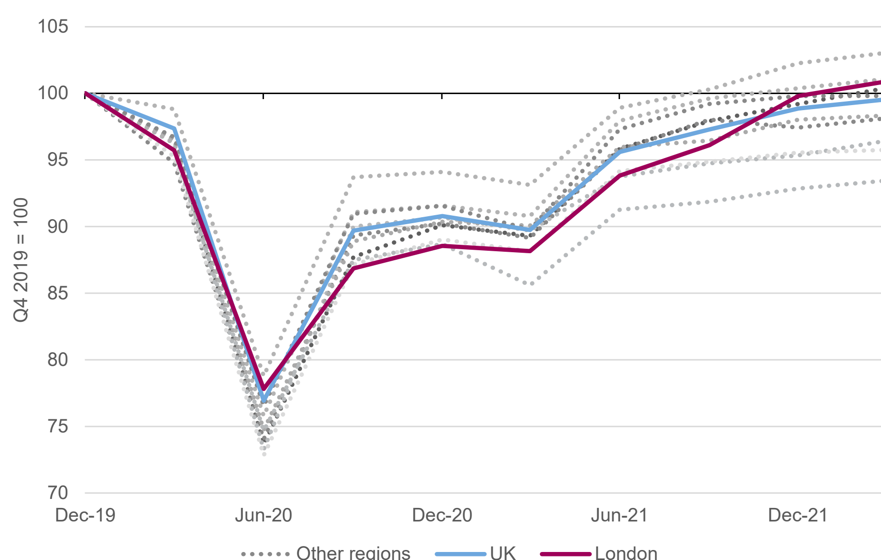


Figure 2: London's GDP recovery from the pandemic versus UK and other English regions

Source: ONS

For taxation, an extension of and increase in the Energy Profit Levy and the imposition of an Electricity Generator Levy were announced along with a number of other revenue raising measures. These included the freezing of national insurance and income tax thresholds as well as the lowering of the additional rate threshold to £125,140, along with other personal and business tax changes. Taking account of all these measures, tax as a share of GDP is set to reach 37.5% in 2024-25 its highest level since the Second World War. Despite this, debt as a share of GDP is projected to only just come below 100% of GDP by the end of the forecast period.

In terms of Government borrowing, public sector net borrowing is expected to be 7.1% of GDP in 2022-23. Borrowing then eases back somewhat to 5.5% of GDP in 2023-24 and 3.2% of GDP in 2024-25, before gliding slightly unevenly to 2.4% of GDP by 2027-28. All of these figures represent sharp upward revisions from the March 2022 projections, when borrowing was set to total less than 2% of GDP from 2023-24 onwards. It should be noted these forecasts are based on market interest rate expectations. Borrowing could thus be lower if interest rates turn out lower than these expectations.

Given the state of public finances the Chancellor has announced a new fiscal framework, which is less constraining than previous fiscal targets. As before, there are two fiscal targets – one for the budget deficit and one for government debt. While previously, the deficit goal was to have no current terms budget deficit (which excludes government investment) within three years, the new goal is for a total budget deficit of less than 3% of GDP within five years. In terms of total debt, the previous goal was to have government debt as a share of GDP falling within three years. The new goal is to achieve this outcome within five years.

Beyond the fiscal tightening other measures of interest for London announced in the Autumn Statement include that the Government has reversed plans for Investment Zones. Thus, existing expressions of interest will not be taken forward. Instead, the Government plans to support a limited number of the highest potential knowledge-intensive growth clusters. Beyond this it was also announced that the Government is planning to proceed with business rates revaluation in April 2023.

The Statement also confirmed that the second round of the Levelling Up Fund will allocate at least £1.7 billion to local infrastructure projects. Successful bids will be announced before the end of the year. The government will explore with the Greater Manchester Combined Authority and the West Midlands Combined Authority the potential to provide single departmental-style settlements at the next Spending Review. It will consider the eligibility of other mayoral combined authorities for these settlements.

Inflation grinds higher as energy and food prices surge

In another piece of bad news for the economic outlook, Consumer Price Index inflation accelerated to 11.1% year on year in October – the fastest pace of inflation since 1981. The main driver was a nearly 25% increase in household energy bills as the Energy Price Guarantee (EPG) came into action. The EPG currently caps unit costs at an equivalent to average household bills of £2500, but this is still a significant jump from the previous Ofgem price cap that implied average annual bills of just under £2000 a year. Nevertheless, with wholesale gas prices surging in August and September, previous estimates of the Ofgem cap would have implied an average household bill of over £3,500.

The other major pressure came from food, where prices were up 16.4% year on year – and the ONS estimates this is the fastest reading since 1977. Dairy was a particular pressure, with average prices for milk, cheese and eggs rising more than 27% annually.

Both these categories highlight the global inflationary impact of Russia's invasion of Ukraine. While Russia's status as the second-largest producer of oil and gas makes higher energy costs an obvious result of the war, Russia is also the world's largest exporter of fertiliser. Both Russia and Ukraine are also major grain exporters. Disruptions to these markets mean that the war in Ukraine has resulted in soaring costs for feeding and grazing livestock for farmers worldwide. But inflation is certainly not restricted to specific areas of the basket, with it becoming increasingly broad-based. Services inflation, which tends to reflect broad domestic cost pressures, rose again to 6.3% year-on-year, while wider non-energy, non-food inflation held at an annual pace of 6.5% for a second month.

On average, Londoners tend to devote a smaller share of their spending to energy than households in other regions, but this is much less true for food. And in general, across the UK, lower-income households devote a larger share of their spending to food, energy and other essentials. Yet a struggle to pay the bills is not restricted to the lowest-income households. October polling by YouGov, commissioned by the GLA, showed that 44% of Londoners believe that they will definitely or probably struggle with energy bills in the next six months (Figure 3).

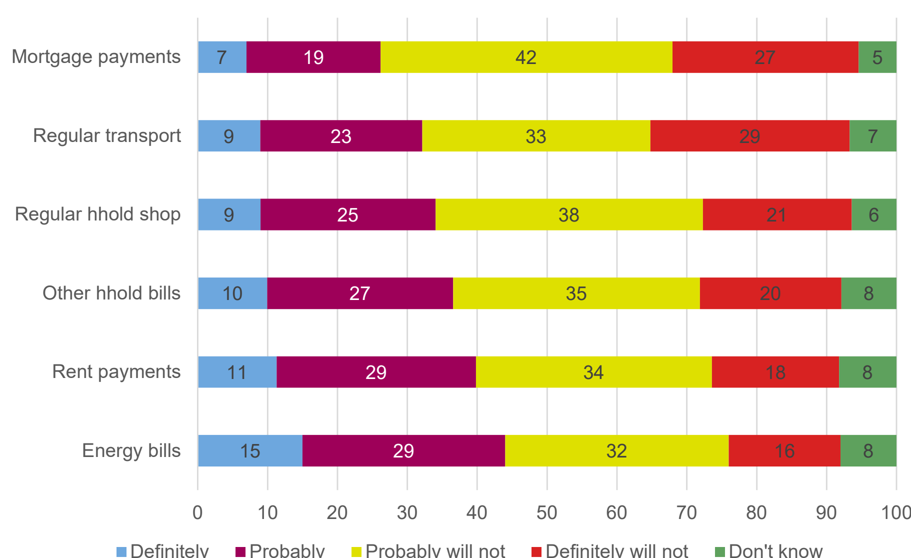


Figure 3: Share of Londoners set to struggle with different types of household costs

Source: GLA/YouGov poll – October 2022; total sample size was 1162 Londoners.

Looking ahead, the Bank of England and the OBR agree that while inflation is likely to hold around current levels over this winter, the pace of price increases should decelerate sharply from the middle of 2023. While the Bank still expects inflation to be at around 5% year on year by the end of 2023, it is then set to drop below 2% as soon as spring 2024 – and to approach 0% by the end of 2025. The OBR goes even further, expecting deflation by mid-2024.

Part of the underpinnings of these forecasts comes from the part-extension of the EPG after next April. While the Bank of England did not know whether the EPG would continue when it made its forecast, policymakers assumed some extension was likely – and the final scheme is close to their assumptions. Ultimately, the EPG will still cap unit prices, but in line with average annual bills of £3000 – i.e. an increase of 20% for many households. There will also be more targeted direct income support for those on means-tested benefits, those on disability benefits and anyone claiming a state pension. However, these supplements will not show up in aggregate inflation figures, helping keep inflation elevated close to current levels up to around halfway through 2023.

While the partial extension of the EPG will give London households better certainty around their bills in the future, London businesses have almost no guidance on what will happen to support for their energy costs beyond April 2023. A sharp surge in business costs could see inflation across the economy persist for longer.

World economy facing challenges

It is not just the UK which is facing economic challenges, with the world economy also showing signs of weakness. For example, the European Central Bank (ECB) has continued to raise interest rates in the Eurozone with rates being increased by 75 basis points to 1.5% in October after being below zero for eight years when rates began to rise in July 2022. ECB policymakers have suggested more rises are needed. This was seen when Joachim Nagel, the President of the Deutsche Bundesbank said that the ECB should "press ahead with monetary policy normalisation with determination — even if our measures dampen economic growth". Looking forward the latest economic forecast from the European Commission expects both the Eurozone and wider EU to enter a recession with output in both areas expected to fall in Q4 2022 and Q1 2023. Still the Eurozone and EU are expected to grow next year by 0.3%. Elsewhere the International Energy Agency has sounded "the alarm bell" for gas prices next year, warning European leaders to not become complacent due to recent price falls. They thus warned that "we think gas markets will still be tight and volatile. This is an alarm bell for next winter as we believe we need to take immediate action now to avoid a shortage next year".

China's economy also faces challenges with exports dropping for the first time since 2020 due to a slowing global economy and the impact of its zero Covid policy. Exports thus fell by 0.3% year on year in October compared to 5.7% growth in September. The zero Covid rule is also impacting business confidence in Chinese cities, with, for example, a survey of companies in Shanghai by the American Chamber of Commerce finding that around a fifth of the 307 surveyed companies were pulling back on investment mostly due to Covid-19 measures.

Still the picture for the US economy is slightly more optimistic. Thus, although job growth slowed in October, it remained solid with the US adding 261,000 jobs. US inflation also dropped slightly in October to 7.7% down from 8% in September.

London stock exchange loses out to Paris

The French stock exchange has narrowly overtaken the UK's in terms of the value of companies listed on it according to Bloomberg analysis. This found that all companies listed on the French stock market were worth $2.823 trillion compared to $2.821 trillion for the UK. Back in 2016 the value of companies on the UK stock market were collectively worth $1.5 trillion more than those on the French market.

London's prime property market is also suffering in the aftermath of the September mini-Budget according to analysis by LonRes. This found that since then 262 prime home sales have collapsed, an 82% increase on the same period last year. Commenting on this Anthony Payne, managing director of LonRes, said "there is a pause in the market which is a direct result of the mini-Budget, and which I suspect will lead to price reductions". Looking at commercial property, firms that own property in the west end have reported falls in the value of their estates. Thus Capital & Counties which owns Covent Garden said the value of its

estate had dropped by 2% in the three months to the end of September, while Shaftesbury which owns Carnaby Street and Chinatown said its portfolios value had declined by 3.6% in the six months to the end of September.

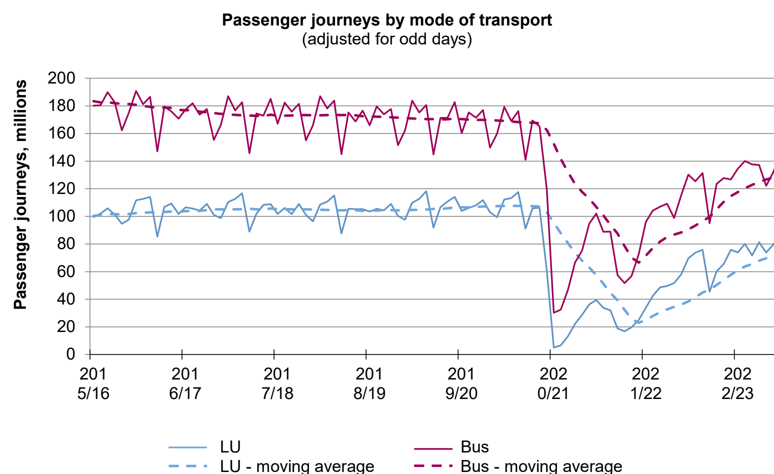
London's economy is thus facing a challenging end to the year with indicators such as the business activity PMI showing a decline in activity in October, its first decline since January 2021. GLA Economics will continue to monitor these and other aspects of London's economy over the coming months in our analysis and publications, which can be found on our publications page and on the London Datastore.

Economic indicators

The underlying trend in passenger journeys on London public transport remains marginally upward

- 234.4 million passenger journeys were registered between 18 September and 15 October 2022, 22.7 million more than in the previous period, 21 August 2022 and 17 September 2022.
- In the latest period, 88.2 million of all journeys were underground journeys and 146.2 million were bus journeys.
- The 13-period-moving average in the total number of passenger journeys rose from 199.2 in the previous period to 201.9 in the latest period.

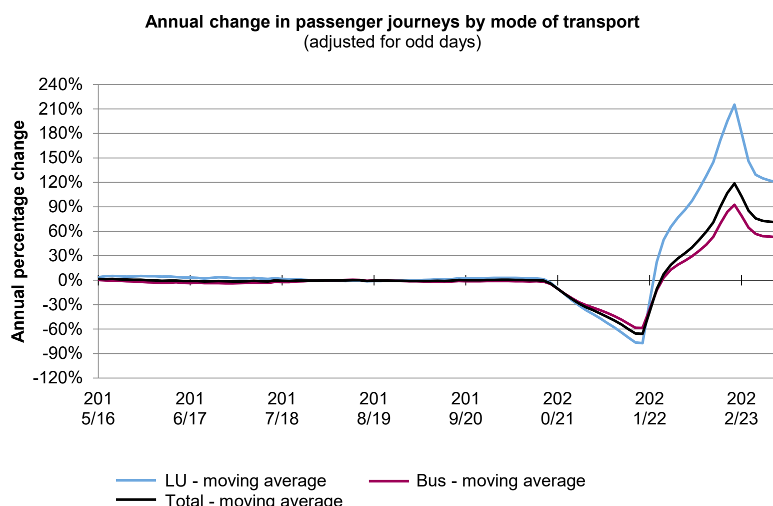
Source: Transport for London
Latest release: November 2022, Next release: December 2022



Annual growth in passenger journeys remained strongly positive, if slowing

- The 13-period moving average annual growth rate in the total number of passenger journeys was 69.0% between 18 September to 15 October 2022, down from 70.9% between 21 August 2022 and 17 September 2022.
- The moving average annual growth rate of bus journeys decreased from to 52.8% to 51.6% between the above-mentioned periods.
- Likewise, the moving annual average of underground passenger journeys decreased from 120.3% to 116.5% between those periods.

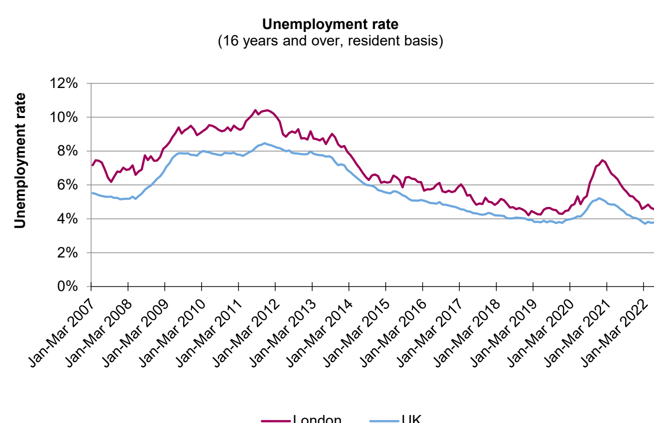
Source: Transport for London
Latest release: November 2022, Next release: December 2022



London's unemployment rate remains low at 4.2% in the quarter to September 2022

- Around 211,000 residents 16 years and over were unemployed in London in July – September 2022.
- The unemployment rate in London was 4.2% in that period, less than in the previous quarter, April – June 2022 at 4.6%.
- The UK's unemployment rate also fell, from 3.8% April – June 2022 to 3.6% July - September 2022.

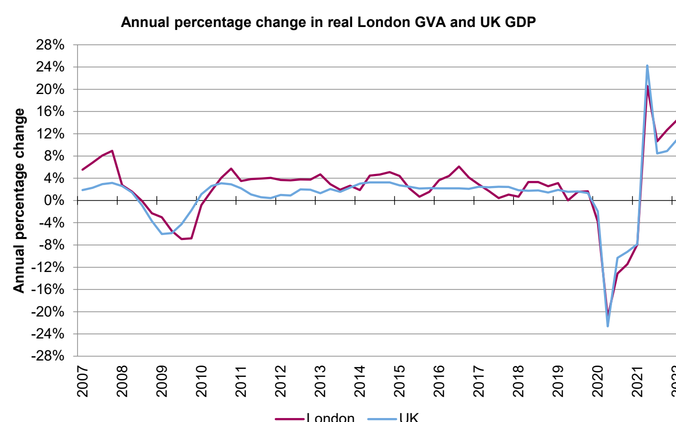
Source: ONS Labour Force Survey
Latest release: November 2022, Next release: December 2022



London's economy had surpassed pre-pandemic levels of output by Q1 2022

- By Q1 2022 London's GVA was 0.9% above its pre-pandemic level (Q4 2019), and UK GDP was 0.5% below.
- London's real GVA increased by 1.1% in Q1 2022 - compared with Q4 2021 - after increasing by 3.8% in the previous quarter.
- The UK's real GDP quarterly growth rate for Q1 2022 was 0.7% after increasing by 1.6% in the previous quarter.
- While GDP and GVA are different measures in output their trends have been comparable. UK GDP estimates incorporate a broader range of data than GVA estimates, and so is more robust.
- London's real GVA quarterly estimates for the period Q1 1999 to Q4 2012 have been produced by GLA Economics. Estimates for the intervening period are outturn data from the ONS, which does not publish quarterly estimates for London's real GVA prior to 2013.

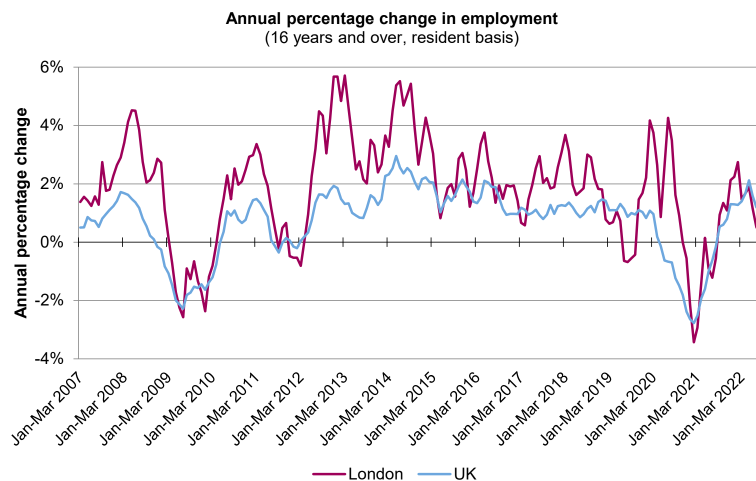
Source: ONS and GLA Economics calculations
Latest release: November 2022, Next release: February 2023



London's year-on-year employment growth rate slows to close to zero in the quarter to September 2022

- Around 4.8 million London residents over 16 years old were in employment during the three-month period of July – September 2022.
- The rate of employment growth in the capital was 0.2% in the year to this quarter, slower than the rate of 1.2% in the previous quarter to June 2022.
- The change in the UK's employment annual growth rate was 0.7% in the most recent quarter, slower than the rate of 1.6% in the previous quarter.

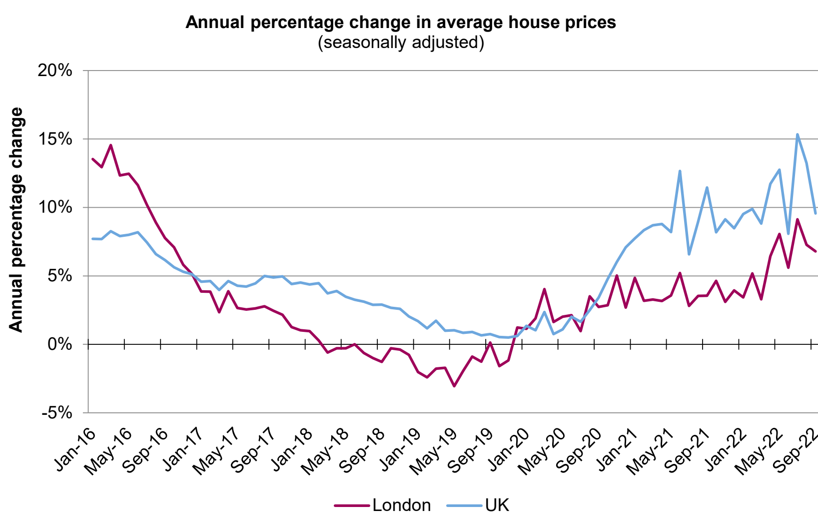
Source: ONS Labour Force Survey
Latest release: November 2022, Next release: December 2022



House price growth in London continued to decrease in September

- In September 2022, the average house price in London was £538,000 while for the UK it was £290,000.
- Average house prices in London rose by 6.8% year-on-year in September, less than the rate of 7.3% in August.
- Average house prices in the UK rose by 9.6% in September on an annual basis, less than the rate of 13.2% in August.

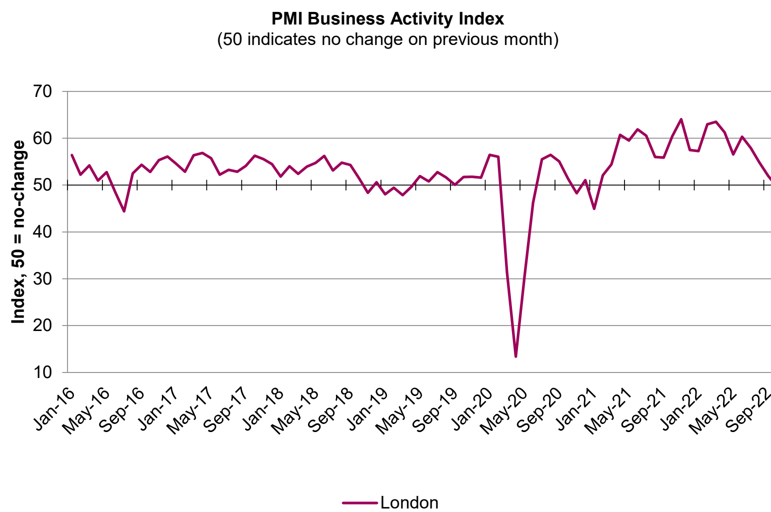
Source: Land Registry and ONS
Latest release: November 2022, Next release: December 2022



In October, the sentiment of London's PMI business activity index decreased and became negative

- The business activity PMI index for London private firms decreased from 52.0 in September to 49.7 in October.
- The Purchasing Managers' Index (PMI) survey shows the monthly business trends at private sector firms. Index readings above 50 suggest a month-on-month increase in activity on average across firms, while readings below 50 indicate a decrease.

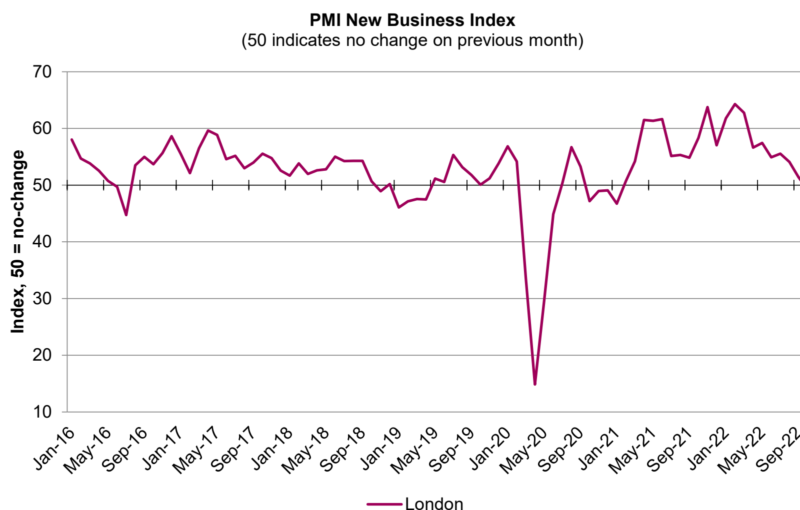
Source: IHS Markit for NatWest
Latest release: November 2022, Next release: December 2022



In October the sentiment of London's PMI new business activity index decreased and became negative

- The PMI new business index in London decreased slightly from 51.4 in September to 49.2 in October.
- An index reading above 50.0 indicates an increase in new orders on average across firms from the previous month.

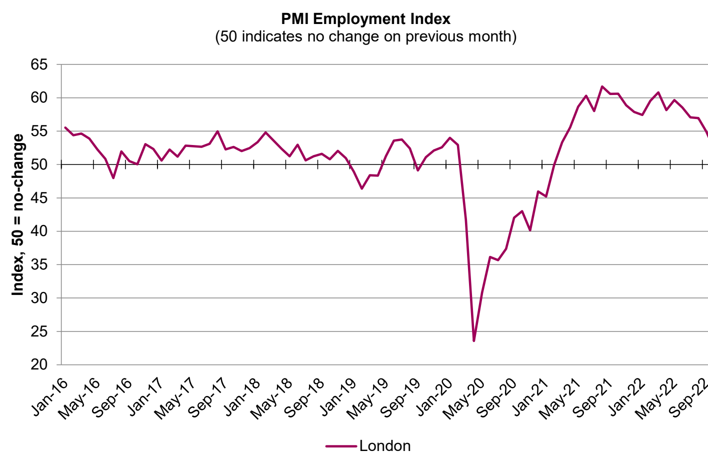
Source: IHS Markit for NatWest
Latest release: November 2022, Next release: December 2022



In October, the sentiment of the PMI employment index in London decreased slightly but remained positive

- The Employment Index for London decreased slightly from 54.9 in September to 52.2 in October.
- The PMI Employment Index shows the net balance of private sector firms of the monthly change in employment prospects. Readings above 50.0 suggests an increase, whereas a reading below 50.0 indicates a decrease in employment prospects from the previous month.

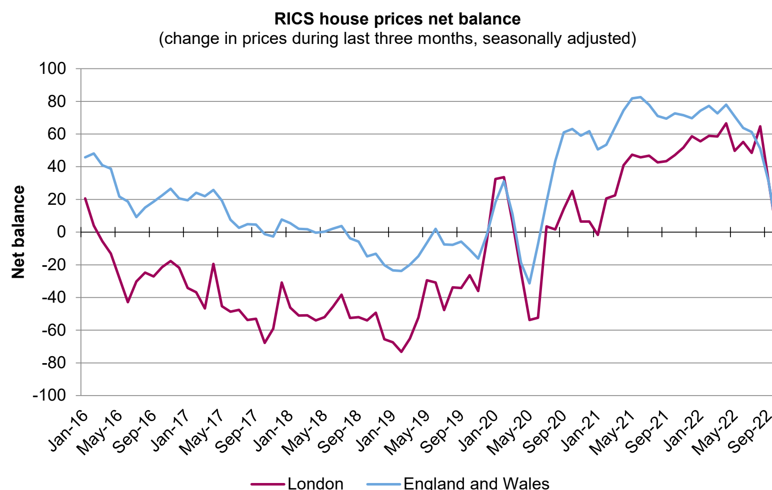
Source: IHS Markit for NatWest
Latest release: November 2022, Next release: December 2022



A net balance of property surveyors in London reported house price falls in October

- In October, property surveyors in London saw a decrease in the net balance of those reporting rising prices. The net balance index was -3, and in September it was 30.
- For England and Wales, the RICS house prices net balance index decreased from 30 in September to -2 in October.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

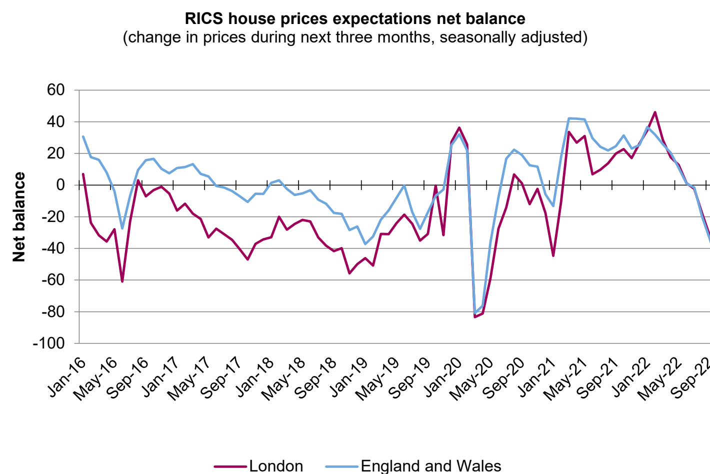
Source: Royal Institution of Chartered Surveyors
Latest release: November 2022, Next release: December 2022



In October, net expectations for house prices in London for the next three months became more negative, according to surveyors

- The net balance of house prices expectations in London was -58 in October, significantly lower than the balance of -32 in September.
- The index for England and Wales was -49 in October, lower than the value of -34 in September.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

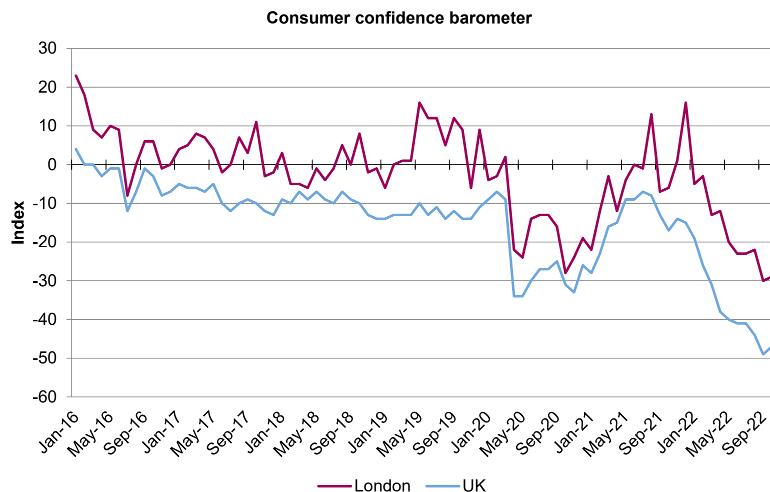
Source: Royal Institution of Chartered Surveyors
Latest release: November 2022, Next release: December 2022



Consumer confidence in London remained strongly negative in November, if slightly better than in October

- The consumer confidence index in London increased from -29 in October to -22 in November.
- The sentiment for the UK increased from -47 in October to -44 in November. The UK has not seen a positive index score since January 2016.
- 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.

Source: GfK
Latest release: November 2022, Next release: December 2022



Economic inactivity trends in London: Are Londoners aged 50 and over leaving the London labour market? An update

By **Ruth Moxon**, Economist

While London's unemployment rate has fallen to a record low in recent months, the number of economically inactive Londoners (those not seeking and/or unavailable for work) has risen. Previous GLA Economics analysis highlighted a particular increase in the number of older workers leaving the labour market since the coronavirus pandemic. There are now around 88,000 more inactive Londoners aged between 50 and 64 years than in early 2020.

To better understand these trends, the Office for National Statistics (ONS) conducted a detailed survey of 50-70-year-olds in February 2022 – the Over 50s Lifestyle Study (OLS).[1] A second wave of the OLS was undertaken in August 2022 and forms the basis of this supplement.[2] Wave 2 of the OLS only surveyed adults aged between 50 and 65 years, so regional results are not directly comparable between waves.[3]

In wave 1, a large factor in rising inactivity was people retiring: 54% of 50–70-year-old Londoners said they left a previous job to retire from paid work. Retirement as a reason fell in prevalence in wave 2, with only 19% of 50–65-year-old Londoners citing it as the reason why they left a previous job.[4] Although retirement remains a primary reason for inactivity among older workers, it does not appear to be the reason inactivity has risen recently.

1 ONS Over 50s Lifestyle Study (Wave 1)
2 ONS Over 50s Lifestyle Study (Wave 2)
3 Reasons for inactivity vary by age: people aged between 66 and 70 years are, for example, more likely to have retired from paid work.
4 Although, as stated above, these results are not directly comparable.

Instead, the latest wave of the OLS points to a wider (and potentially less permanent) set of factors driving inactivity among the over 50s in London. Notably, over half (53%) of Londoners aged 50 to 65 years who do not currently have a paid job would consider returning to work in the future – the highest proportion for any UK region or country (Figure A1).

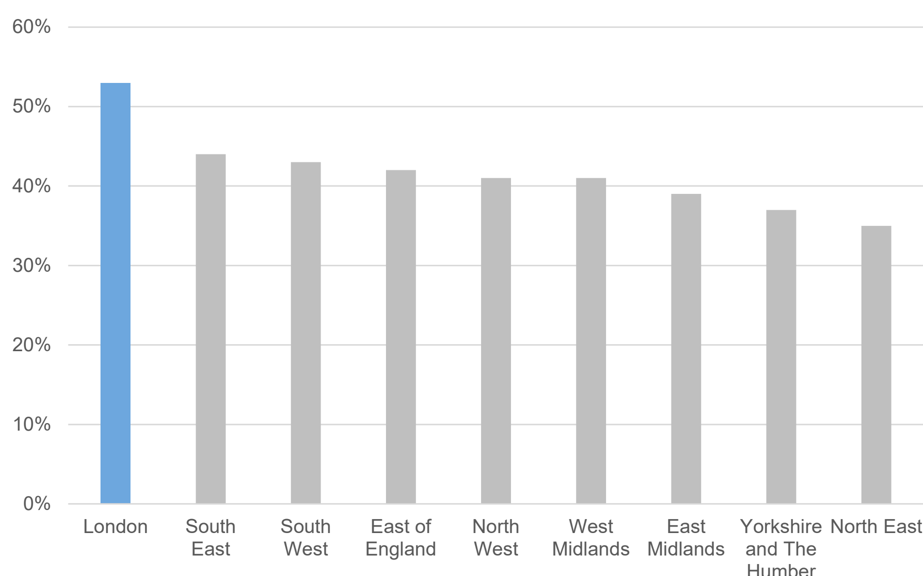


Figure A1: Percentage of people aged 50 to 65 years who do not currently have a paid job but would consider returning to paid work in the future

Source: ONS Over 50s Lifestyle Study Wave 2

So, what could bring older workers back into work? This supplement explores three factors. Two which could be restricting the ability of older workers to return to the labour market: poor health, and access to workplace support and flexibility. And one – the rising cost-of-living – which could be increasing the need to return to paid work.

Poor health

Poor health is a key reason for inactivity among the over 50s. In wave 2 of the OLS, 41% of Londoners aged 50 to 65 years reported having a physical or mental health condition or illness, with two-thirds of those saying that it reduced their ability to carry out day-to-day activities. Among Londoners aged 50-65 who were not in employment, over a fifth (23%) said that illness or disability was a reason why they had not returned to paid work.

The OLS suggests that the Covid-19 pandemic itself is now a relatively minor factor for older workers leaving the labour market. While nearly half (44%) of Londoners aged 50 to 65 reported being worried about the pandemic, a relatively small proportion cited it as a reason for having left (8%) or not returned to paid work (4%). Less than 1% of Londoners aged 50-69 years cited long Covid as a reason for not returning to paid work in wave 2.

However, an increase in NHS waiting lists for treatment could be playing a role. Nearly 1 million patients were waiting to start NHS treatment in London at the end of August 2022, up from 676,000 in August 2019.[5] This could be a growing barrier to work. According to the OLS, 14% of 50-65-year-olds in Great Britain were on an NHS waiting list for receiving treatment (13% among Londoners). However, this figure rose to 18% among adults aged 50 to 65 years who had left work since the start of the pandemic and had not returned, and to 35% among those who had left work because of a health condition.[6] Figure A2 shows how the percentage of respondents on NHS waiting lists varies by respondent's employment over the pandemic.

5 https://www.england.nhs.uk/statistics/statistical-work-areas/rtt-waiting-times/

6 Whereas for those who left in the pandemic and have now returned to the labour market 15% are on a waiting list, and 12% of those who are active in the labour market are on a waiting list. Note: it is difficult to know if waiting lists are a cause of inactivity or if both inactivity and waiting lists are driven by other causes.

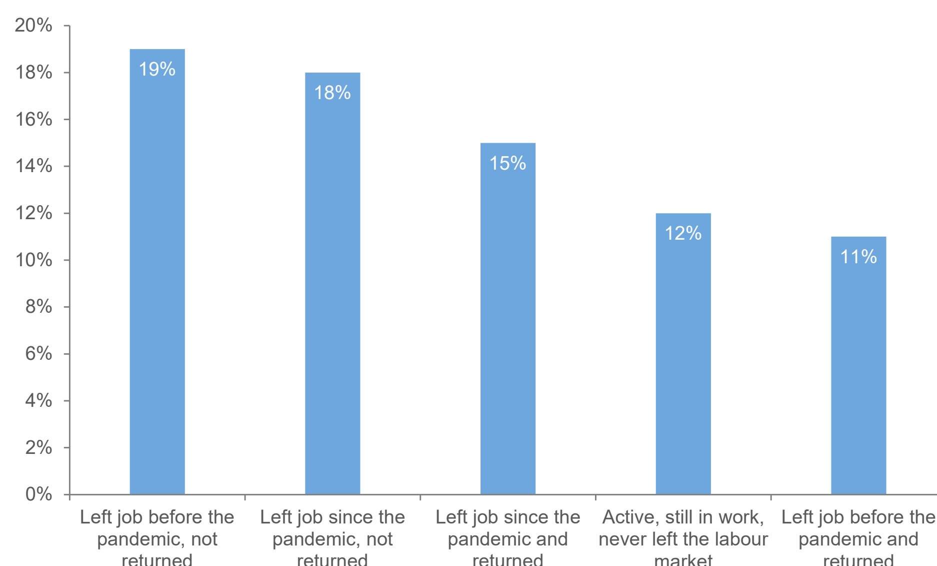


Figure A2: Percentage of over 50s in Great Britain who are currently on an NHS waiting list

Source: ONS Over 50s Lifestyle Study Wave 2

The direction of causality is not obvious though. And other research suggests that an increase in inactivity due to long-term sickness is part of a longer-term trend which started before the pandemic and is related, in part, to population ageing (rather than being down to more recent factors such as long-covid or waiting times).[7] We might expect similar factors to have an impact in the capital, although trends over time at the London-level are unclear.

Ongoing analysis is needed to monitor the links between poor health and inactivity.

Workplace support and flexibility

Wave 2 of the OLS also shows that flexible working and access to support are key factors in retaining older workers.

Figure A3 shows a striking divergence in the labour market status of Londoners aged 50 to 65 years depending on whether they accessed support from their employers. For those who were currently in work, only 23% had not accessed any of the support listed here. However, that figure rose to 54% among those who had lost or left a previous job. It is concerning that older workers who had left and returned to the labour market also reported a low rate of access to support while working. This could be linked to industry type or employer size.

Job appeal is another factor in attracting older workers (Figure A4). Most Londoners aged 50 to 65 years who would consider returning to paid work were looking for a job that: was in the right location (71%), suits their skills and experience (71%), pays enough (57%), and offers flexible working (57%). More than a third of this group would like a job that offers working from home, while a fifth were looking for a job that fits around caring responsibilities.

7 ONS Long Term Sickness Analysis & Health Foundation Economy Inactivity Analysis

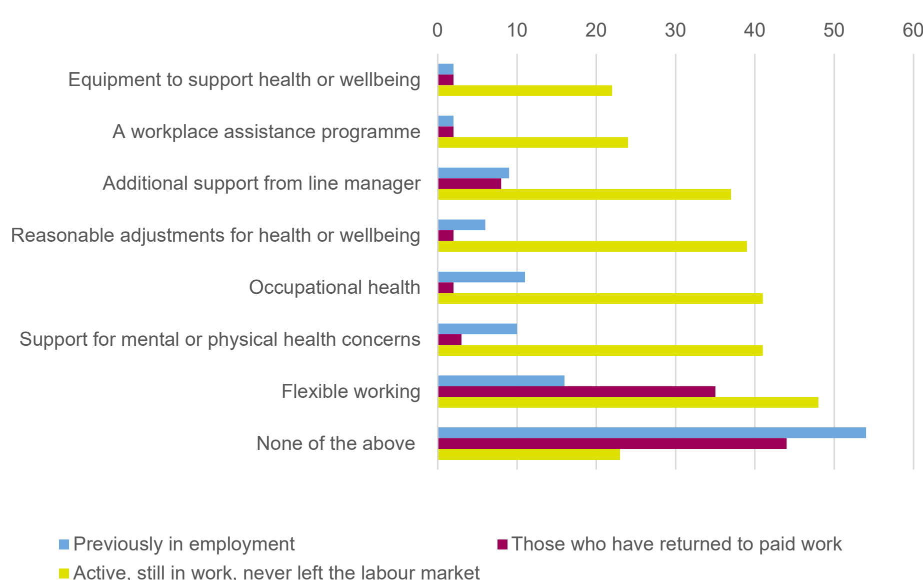


Figure A3: Support accessed by Londoners aged 50 to 65 years in their current or previous job (%)

Source: ONS Over 50s Lifestyle Study Wave 2

Figure A4: What is important for Londoners aged 50 to 65 years when looking for a paid job (for those who would consider returning to paid work) (%)

Source: ONS Over 50s Lifestyle Study Wave 2

Affordability and the cost of living

Among 50-65-year-olds who had returned to work, financial considerations are an increasingly significant factor (Figure A5). Two-thirds (66%) of Londoners who had left or lost a job and returned to paid work said they did so because they 'needed the money'[8] while a quarter (23%) cited an increase in their cost of living. These findings suggest that high inflation over the winter could prompt more inactive older workers to return to the labour market.

Financial considerations are also of particular concern among those living in London. For example, among Londoners aged 50 to 65 years:

- 45% said that it was very or fairly likely that they will rely on some paid work in retirement (40% nationally)
- 57% of those who do not currently have a job worried that their cost of living had been increasing (55% nationally)
- 15% of those with debt were somewhat unconfident or not at all confident about being able to meet repayments (11% nationally).

8 This compares to 39% of Londoners aged 50 to 70 years in wave 1 of the OLS.

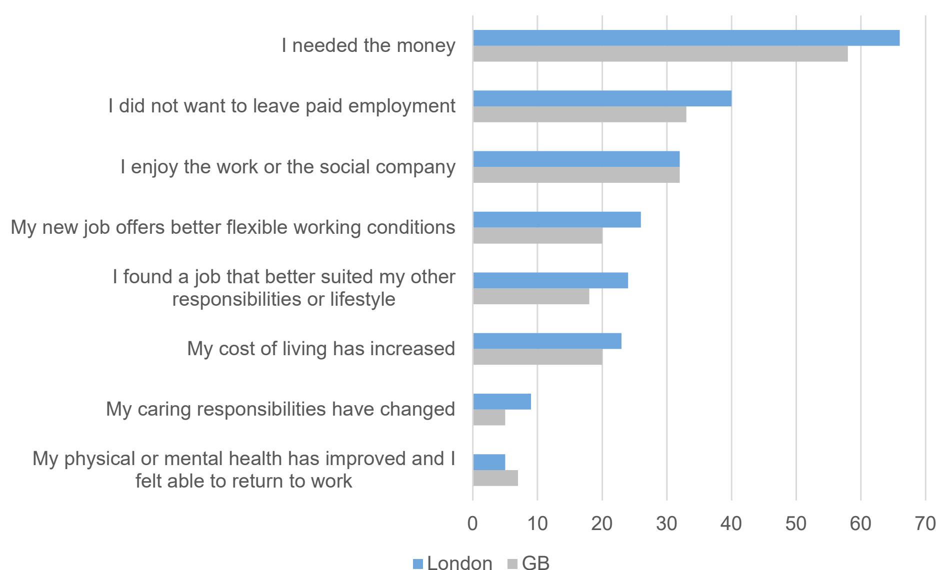


Figure A5: Reasons that people aged 50 to 65 years have returned to paid work (%)

Source: ONS Over 50s Lifestyle Study Wave 2

This could be partly related to housing tenure. Only 36% of Londoners aged 50 to 65 years reported owning their home outright, compared to 48% in Great Britain as a whole. At the same time, the proportion renting their home was above average (25% vs. 16% nationally).[9]

What does this mean?

Wave 2 of the ONS's Over 50s Lifestyle Study suggests that inactivity among older workers in London could be less permanent than previously thought. Over half of Londoners aged 50 to 65 years without a paid job would consider returning to work in the future. This could be good news for employers in the context of a tight labour market, while rising costs could prompt more inactive Londoners to return to the workforce in the coming months.

However, there are also concerns arising from the OLS:

- An increasing number of older workers are inactive due to poor health and potentially waiting for NHS treatment – many of whom will be unable to work. This could be compounded if the cost-of-living crisis further erodes peoples' health.[10]
- Workplace support and flexibility are important for retaining older workers, but access to support and adjustments remains uneven. There is scope for more employers to introduce measures to make the workplace more age friendly.
- More time with work coaches for jobseekers over the age of 50 could help those who do want to return to the workforce. However, this support will only reach those who are claiming benefits. According to the OLS only 14% of 50-65-year-olds who are not in paid work are on some sort of state benefit (including pension credit).

With a fifth of Londoners aged 50 to 64 years reporting that they were struggling financially in October 2022, it will be important to tackle these barriers to support labour market participation.

9 Moreover, according to wave 2 of the OLS, over 4 in 10 Londoners aged 50 to 65 years paying off a mortgage or loan reported finding it very or somewhat difficult to afford payments.

10 https://www.health.org.uk/news-and-comment/charts-and-infographics/is-poor-health-driving-a-rise-in-economic-inactivity

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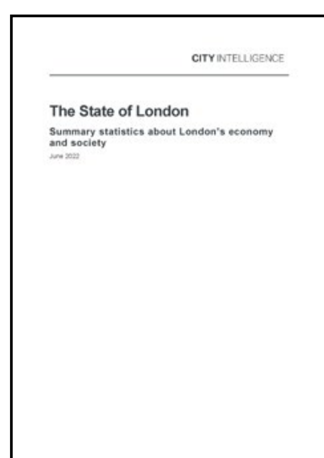

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GLA Economics provides expert advice and analysis on London's economy and the economic issues facing the capital. Data and analysis from GLA Economics provide a sound basis for the policy and investment decisions facing the Mayor of London and the GLA group. The unit was set up in May 2002.

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