

# Annual Report 2010



**Transport  
for London**

**LONDON**  
DEVELOPMENT  
AGENCY

**MAYOR OF LONDON**

**Greater London Authority  
July 2010**

**Published by**

Greater London Authority  
City Hall  
The Queen's Walk  
London SE1 2AA

**[www.london.gov.uk](http://www.london.gov.uk)**

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ISBN 978-1-84781-380-0

**Photographs**

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Inside photography: © visitlondon.com, Transport for London Visual Image Service, Shutterstock.com

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GLA Economics provides expert advice and analysis on London's economy and the economic issues facing the capital. Data and analysis from GLA Economics form a basis for the policy and investment decisions facing the Mayor of London and the GLA group. The unit is funded by the Greater London Authority (GLA), Transport for London (TfL) and the London Development Agency (LDA).

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# Foreword

I want London to be the best city on earth. That is why the GLA group needs to ensure the decisions we make are founded on the best evidence and advice. GLA Economics has once again proved to be instrumental in helping London's government make sound investment and policymaking decisions. From their expert input into the Economic Recovery Action plan that helped to set out how London government would help London's businesses and people through the longest and deepest recession in London for the past two decades, through to providing the Economic Evidence Base that provides the bedrock for my Economic Development Strategy, Transport Strategy and London Plan, GLA Economics' advice has been both challenging and timely.

In these straitened times, GLA Economics is informing us as to how we can get the 'biggest bang for our buck'. They help us decide which of the programmes delivered through the LDA are providing best value for taxpayers. They are key to the case for Crossrail: their work has shown that it should deliver wider economic benefits of at least £36 billion (Net Present Value) over 60 years. Any delay would delay receipt of £1 billion of benefits per year.

I am determined to ensure that London remains an international, diverse, competitive and socially cohesive city. The capital relies on the work of many who carry out the city's essential functions on a daily basis – from office cleaners to care-workers in social services. It is right that their skills and commitment to London's success are recognised, and one of the most fundamental ways of doing this is to ensure that all Londoners are paid properly. That means receiving at least the London Living Wage, which is designed to combat poverty and also ensure that people are better off in work than out of work. I rely upon GLA Economics to calculate the Living Wage each year.

Analysis by GLA Economics informed my decision to support an amnesty for irregular migrants. If we are not to embark on a mass deportation scheme we must consider how we can bring an estimated 400,000 people out of the shadows and into proper work, where they can contribute taxes to support the services that they use.



There are many other streams of work to which GLA Economics contributes – from the environment through to understanding our international competitiveness. As this Annual Report demonstrates, they have an unrivalled knowledge of London's economy. I very much look forward to continuing to work with them to ensure that London takes its rightful place as the world capital of business, the top international destination for visitors and students and the provider of the most competitive business environment anywhere. I also want London to be a global leader in the transition to a low-carbon economy, and for all Londoners to have the opportunity to participate in London's economic success. Arguments led by GLA Economics will make sure that London gets the investment it needs, both to maintain and improve our infrastructure and to enable regeneration of places in need.

A handwritten signature in black ink, which appears to read 'Boris Johnson'.

**Boris Johnson**  
Mayor of London

At the beginning of the year covered by this report, the UK was in the depths of recession. Indeed we were living through the turning point, although of course the data had yet to show this since they are at least three months behind the curve. We did not then know quite how deep the recession had been or would be and the challenge was to understand how the world would evolve especially for London and its world scale financial centre. At the time, many forecasters were producing views that said that there would be a permanent loss of jobs and activity and that London would not be able to recover.



This was particularly important in regard of the need to produce the long-term view out to 2031 required by the London Plan process. We took the view and argued the case that in the longer term London was still well placed to provide finance to the world, and especially to the growing Asian countries. Although there was clearly a short-term loss, we believed that we should not allow this to suggest a different long-term trend than that suggested by the data. A year on, this position has been vindicated by the recovery of nerve amongst the other forecasters, who have mostly revised their views upwards for the long term over the past year.

Another challenging aspect of the short-term position was an understanding of the difference between this and previous cycles, in which London had shown more volatility than the rest of the country. On this occasion, London's fall, while precipitous, has been somewhat less sharp than the rest of the country. Indeed it is Birmingham that has seen the sharpest rise in unemployment as manufacturing has been hit hard by the general decline in world trade.

Presenting the continuing strengths of London as the recession has unfolded, and its important service industries outside banking, has been a key role over the past year. Allied to this has been a focus on the role of the public sector and the need to cut the deficit in an intelligent way.

As recovery becomes increasingly established it becomes more important than ever to invest in future growth. We have worked to ensure that this is understood in central government – and that government has a role to play in helping this investment to take place, whether directly or enabling tax based funding.



London is one of the world's leading cities and an incredible asset to the UK. This year has been key for getting that message across in spite of the unpopularity of banks and a deep recession. The challenge for the coming year is to deepen that message and ensure that we have the right resources to invest in our continuing success.

A handwritten signature in black ink that reads "Bridget Rosewell".

**Bridget Rosewell**  
Chief Economic Adviser

# Introduction

Welcome to the 2010 Annual Report from GLA Economics. This report outlines the achievements of the team and their contribution to policy formation within the GLA group for the period April 2009 to March 2010. As we did not produce an Annual Report last year, a summary outlining major achievements from April 2008 to March 2009 is given as an annex to this report.



This report fulfils a requirement of the Service Level Agreement between the funding bodies of the unit to clearly demonstrate what the unit has achieved in the previous financial year.

GLA Economics was established in May 2002 and is jointly funded by the Greater London Authority (GLA), London Development Agency (LDA) and Transport for London (TfL). The team 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 and the GLA group. The team provides a service that has been recognised by the Mayor's forensic audit panel as an example of effective joint working within the GLA group.<sup>1</sup>

The LDA also funded additional fixed-term posts for the unit to enable them to have economists based within their own organisation. The purpose of these additional economists is to further improve the effective use of economic analysis within the LDA.

There are three main areas where GLA Economics contributes to the GLA group remit. These are:

- innovative thinking to support transport and planning proposals to ensure that London's interests and specific needs are properly understood
- challenging policy and providing an independent evidence base for policy decisions
- forecasting the economy to inform the GLA group and others for business planning and investment decisions.



<sup>1</sup> <http://www.london.gov.uk/archive/mayor/publications/2008/docs/final-report-08-08.pdf>

In these straitened times, GLA Economics has responded by providing efficiency savings and reduced their total budget by 15 per cent in 2009/10. For 2010/11 our budget is still under discussion. One of the major challenges in the coming year is to provide a sustainable longer term funding solution for GLA Economics.

This will include a review of the economics service required by the GLA group in light of potential changes to the Mayors powers and the changing structure of London government.

GLA Economics' staffing structure as of 1 June 2010 is set out below:

<b>Senior Manager</b> Margarethe Theseira  <b>Marketing and Publications Manager</b> Daryl Rozario	<b>Senior Economists</b> Matthew Waite Christopher Lewis Jonathan Hoffman
<b>Economists</b>	
<b>GLA Economics core funded</b> Alan Freeman Elizabeth Smart (0.5 FTE) Simon Kyte Gordon Douglass Nick Ennis Brian Smith (temporary agency worker)  <b>Trainee Economists (GLA HR funded)</b> Benjamin Behrens Ben White	<b>LDA funded</b> Stephen King Zoe Jankel Melisa Wickham  <b>LDA fixed-term appointments</b> Sweta Deb Kimberley Mesken

The GLA have a consultancy agreement with Bridget Rosewell from Volterra Consulting for her to provide strategic economic advice to the GLA group. GLA Economics is now part of a wider Intelligence Unit at the Greater London Authority where it is intended to strengthen the analytical offer available to policy staff within the GLA group.

Within this report is a summary of the research projects undertaken by the team and a brief overview of projects that are currently planned for the coming year.





# Work streams

GLA Economics cover a broad remit. This section outlines the major work streams during 2009/10.



## Monitoring London's economy

### Mayors Economic Recovery Action Plan

Through the latter half of 2008, GLA Economics supported the development of the Mayor's Economic Recovery Action Plan to help London's economy through the economic downturn. The plan consisted of a number of measures to support businesses, support Londoners, and to ensure that the capital was equipped for the eventual upturn in the economy.

As well as providing economic analysis and advice on the range of measures to be introduced, GLA Economics provided the 'Economic context: London's current economic position and immediate outlook' to the plan as well as the 'Timely indicators' section of the plan.

### London's Employment Projections and Technical Papers

Working Papers 38 and 39 were published in November 2009. Together with two technical papers, these presented the GLA's new medium term trend-based forecasts for employment in London, disaggregated by sector and Borough. Working Paper 38 calculates the total employment forecasts for London and for the sectors in London, by a 'bottom-up' approach employing the trends of sectoral employment in each borough. But the

borough employment forecasts then require a further step – as set out in Working Paper 39. The borough forecasts based purely on trends are compared with forecasts of transport accessibility and workplace capacity.

This generates borough employment projections according to a set of (borough-specific) rules that identifies which of the three forecasts dominates. The two technical papers set out the forecasts of transport accessibility and of workplace capacity.

Some boroughs with expected future improvements in accessibility and additional site capacity seem set to see stronger growth in employment than in the past. An example is Newham which will see doubling of the employment supported by site capacity and a near 20 per cent rise in accessibility.

On the other hand there are boroughs where employment has grown rapidly in the past but which are now 'mature' – that is, where the transport infrastructure has already been extended and where new employment sites are limited. In these boroughs employment may grow more slowly than in the trend-based projections. A possible example is Southwark.





### **London's Economy Today**

Policymakers need a timely interpretation of the latest economic developments in the capital to inform their decision-making processes. GLA Economics collates a wide range of economic indicators covering London, the United Kingdom (UK) and the international economy.

GLA Economics releases a monthly electronic newsletter called London's Economy Today. This e-zine provides an overview of the current state of the London economy and each issue has an interpretation of the latest economic developments. Subscriptions to London's Economy Today have steadily increased and stand at over 2500. We will celebrate our hundredth edition in December 2010.

### **London's Economic Outlook**

Twice yearly, GLA Economics produces London's Economic Outlook: The GLA's medium-term planning projections. These reports contain:

- an overview of recent economic conditions in London, the UK and the world economies with analysis of important events
- the consensus forecast – a review of independent forecasts indicating the range of views about London's economy
- GLA Economics' forecast for output, employment, household expenditure and household income in London.

During 2009/10 London's Economic Outlook included special sections on: the UK recession in its historical context; and 'quantitative easing' by the Bank of England.

### **Business Enterprise and Regulatory Reform Monthly Economic Briefings**

The intelligence provided is drawn from a range of sources, including anecdotal evidence from Business Link in London, to provide a snapshot and assessment of the latest developments in London's economy. These are then discussed and relayed to BIS and other regions in the monthly Regional Intelligence Network meetings. The updates are also circulated to members of the GLA and its wider group.





Alongside the monthly ONS labour market release, GLA Economics produce a briefing paper to inform the GLA and its members of the latest developments in London's and the UK's labour market.

### **Budget and pre-Budget Briefing**

GLA Economics provide briefings to the Mayor, Mayoral Advisors and GLA about the implications for London of Budgets and pre-Budget Reports. In the December 2009 pre-Budget Report London was hit disproportionately by the increased employment tax represented by the 2011-12 rise in National Insurance Contributions. One fifth of the rise in National Insurance Contributions is borne by London-based employment, far more than London's share of one eighth of UK population. Some of the tightening measures in the March 2010 Budget also bore disproportionately on London - the changes in Stamp Duty on house purchase and the freezing of the inheritance tax threshold until 2014-15, for example.

### **Focus on London**

This annual publication looks at London statistics across a wide range of indicators, including population and migration, diversity, labour market, skills, economy, business, income and lifestyles, poverty, emergency services, health, housing, environment, and transport. The report aims to tackle subjects that are in the spotlight in order to build up a complete current image of the capital, and is aimed at both general and specialist readers, being of interest to those people who live in, work in, study or visit London. As a long running series it also aims to help in understanding long-term patterns and trends within London and in comparison to the UK. GLA Economics contributes chapters in this report on London's economy, businesses and skills



### Labour Market Balance Sheet

GLA Economics uses a 'balance sheet' approach to set out the implications of the GLA's population and employment projections for London. This is needed because there are significant statistical inconsistencies between labour market data drawn from different sources. The principal inconsistency is between the LFS (Labour Force Statistics) and ABI (annual Business Inquiry) measures of employment. The LFS data is derived from surveying households and the ABI data from workplaces. To look at the consistency of the forecasts, we forecast a number of variables – such as commuting in and out – using systematic rules.

### International Engagement

GLA Economics were asked by the International Relations team at the GLA to produce a background paper for the Promote London Council to help them understand the current economic status of key overseas countries. The paper covered the rationale for public sector intervention in promoting London overseas and

informed on where key trading partners are, where visitors to London originate and which countries are sending higher education students to study in the capital. The report looked at trends over time and movements in foreign currency exchange rates. The report also looked at forecasts for Foreign Direct Investment and tourists.

### Defining and Monitoring Metropolitan Regions

In September 2009 GLA Economics hosted a technical seminar to define a world standard for the definition of city boundaries and benchmarks. The meeting, organised by the territorial indicators group of the Organisation for Economic Cooperation and Development (OECD), brought together experts from the UK, Japan, Canada, France, Germany, Eurostat's Urban Audit and OECD itself.

A framework was agreed for measuring Functional Urban Regions (FURs) that would provide comparable definitions of city boundaries for OECD member countries. It





decided to test the robustness and accuracy of this emerging standard by commissioning data from ten cities, worldwide, based on a range of alternatives within this framework – using, for example, different population densities or commuting ratios.

The test results will be submitted to the OECD late in 2010 and it is hoped that, going forward from this, a workable standard for comparisons between cities – so far sadly lacking, as previous GLA Economics research has shown – will emerge.

In the absence – to date – of a recognised world standard, GLA Economics procured an update to its interim dataset covering 34 European cities from BAK Basle, reporting on population, output, employment and productivity all measured on a standardised basis.

The 2009 London data on employment supplied by BAK was found to conflict with the data that the GLA itself publishes in Focus on London. The conflict arises because there is no universal standard, within Europe, for reporting workforce employment. Some European countries rest on the Labour Force Survey, a household survey whilst others use a mix of employer-based and household surveys. UK workforce data traditionally uses the latter, whereas BAK data, which aims to provide a standardised measure

of employment usable for all European countries, based its London data on the household measure of employment. For this reason, publication of the report was postponed, pending a revision of BAK's employment data that is now underway.

### **In the coming year**

#### **International Evidence Base**

Given the extensive linkages that London's economy has with other parts of the world, GLA Economics will analyse London's position in the global economy. The work seeks to provide a more detailed picture on issues such as London's trade with the rest of the world (and the sectors of London's economy that are particularly focused on trade) and how global economic trends are likely to affect London's trade patterns in the future amongst other things.

#### **Economic Development Strategy Snapshot**

The London Economic Development Snapshot monitors the progress of London's economy against the objectives of the Economic Development Strategy. It also provides a basis on which the LDA can review the priorities for London's economic development. The Snapshot is being revised to ensure consistency with the Mayor's new Economic Development Strategy and the next edition from GLA Economics is likely to be published in 2011.

## Sector studies

### London's Cultural and Creative Economy

GLA Economics published its London's Creative Workforce, its 2010 update to its Cultural and Creative industries dataset. The report formed an important part of the evidence base for the GLA's Cultural Strategy, itself released for consultation in June 2010, and the LDA's 2010 Economic Development Strategy.

The new report confirmed that the decline in creative industry employment that set in after 2002 had reversed and, by 2007, creative employment in London had reached its highest ever point.

The GLA Economic's evidence base on the creative industries continues to serve as a reference point for national and regional planners inside the GLA Group and outside.

2010 also saw the publication of a detailed study of the Creative Industries in Isle-de-France (Paris) using an identical methodology to that of the GLA. These studies will therefore be fully comparable.

The report included a new dataset, providing reliable data on the creative industries at local (MSOA) level. This used new data that the ONS has made available to researchers, providing for disclosure-controlled enquiries drawing on the Inter Departmental Business Register (IDBR). The IDBR data is more accurate than the survey-based data that the DCMS and GLA have hitherto mainly used, because the sample size is much larger - the IDBR includes all VAT and PAYE-registered business. For this reason, GLA Economics' report provides data that can be used by boroughs and other strategic local organisations. Our 2006 update had previously obtained data drawing on the same source, but the present dataset is the first to be directly commissioned from the ONS.

### Logistics Sector

The logistics industry manages the flow of goods and resources into, out of and around London and is an important element of London's economy. GLA Economics provided a descriptive overview of the sector, looking at its direct production value, its location in the Greater South East, the type of jobs within the sector, and the demographic and skills profile of those working in logistics. There are a number of important activities going on in this sector, and it is heavily impacted by GLA policy, particularly the Low Emissions Zone and industrial land release policy.

### Tourism Borough Reports

In conjunction with the LDA, GLA Economics produced a further round of estimates from the Local Area Tourism Impact model. The robust estimates of tourism activity provide a consistent and comparable means of identifying the scale and characteristics of tourism in London boroughs and highlight the contribution it makes to local economies.

After initial development the model is now becoming more established. The latest round of borough reports presented time series data for 2004-2007 based on the transparent, published methodology. Timely estimates of tourism day visitor activity in London were made available following survey research initiated with the help of GLA Economics.





## In the coming year

### Defining the Green Sector

When people use the term green jobs or green technology it is often hard to know exactly what they mean by these terms which makes the 'green sector' hard to measure. GLA Economics is attempting to identify those activities which can be said to be 'mostly green' using the Standard Industrial Classification. Using this approach we estimate around 25,000 employees in the sector in London (around 0.6 per cent of the capital's total employees). With some heroic assumptions about people doing 'green' jobs in sectors of other colours, we can potentially bring this number up to as much as 150,000. There is likely to be further work on this issue for the LDA over the coming year.

### London's Leisure Economy

GLA Economics will also be updating its 'Spending Time' report, originally published in November 2003. For the purposes of the report the sector is defined as restaurants, bars, sports locations, gambling & betting and museum & visitor attractions. At the time of the last report, leisure was one of the fastest growing parts of the capital's economy with a consumer market of £9.5 billion. Changes in exchange rates, demographics, earnings growth, changes to disposable incomes and employment will all have impacted on London's leisure economy.

# Influencing government

## Investing for Recovery

GLA Economics undertook work to provide an evidence base for the Mayor's Investing for Recovery document.

Cuts in public spending will occur in the near to medium term. However, there is a strong case for government to think carefully about what type of cuts should take place and where they should be located geographically. London – along with its commuter belt – is the driver of the UK economy and the UK benefits considerably from the agglomeration economies that derive from London. Over the economic cycle, London is likely to provide a better return on any public investment than other UK regions.

There has also been a tendency to 'blame' the recent recession on London and on its financial services. However, whilst some parts of the sector may have exacerbated the recession, most financial services reflect a historical tradition in which London has specialised for centuries and this seems likely to continue. Furthermore, London's specialisms are not just in financial services: the capital's business services and the cultural industries also play an important role in the national economy in both employment and output terms.

Cutting public spending in the capital would have serious consequences for the specific challenges faced by London. Not continuing to invest could have medium to long term costs far exceeding the short-term savings. The Mayor has set out his vision to make London 'the best big city in the world'. It is in the country's interest that that vision is realised. It cannot be without continued investment in transport infrastructure, enough suitable, high-quality housing, a reduction in London's levels of worklessness and poverty leading to an improved and healthier quality of life in the capital and a continued reduction in costly crime.

## Economic Impact on the London and UK Economy of an Earned Regularisation of Irregular Migrants to the UK

In 2007, the UK provided a home to an estimated 618,000 irregular migrants – of these 442,000 live in London. At the request of the Mayor, GLA Economics commissioned the London School of Economics to research the potential economic impact of allowing those with an irregular status to become regularised based on two criteria – residency in the UK of at least five years and no serious criminal record.

The report covered four main sections:

- An estimate of the numbers of irregular migrants in the UK and in London and the proportion who might be eligible for regularisation;
- A discussion of the factors to take into account when designing a scheme;
- An assessment of the impacts of regularisation on social welfare through its potential effects on migrants' engagement with the labour market, the housing market, neighbourhoods and social cohesion; and
- An estimate of the fiscal impacts from increased tax revenues on the one hand and increased costs of public services and financial support on the other.

It is important to note that due to limited availability of official data and the complex political and public attitudes to migration, this research and any regularisation scheme can only advance on the basis of approximate and estimated impacts. Hard data are few and far between.

The report was launched at a conference hosted by GLA Economics that featured guest speakers from London School of Economics and Royal Holloway College alongside GLA representatives. The article was also summarised by GLA Economics for publication in the Joint Council for the Welfare of Immigrants Bulletin.

### **Housing Investment Summit**

The Mayor hosted a housing investment summit in 2009 to discuss and advance ideas for stimulating house building in London. GLA Economics conducted an analysis of four policy proposals, examining the strengths and weaknesses of each and assessing the likely effects – both intended and unintended – of each proposal.

### **Supporting the Mayor's Policies on the Financial Services Industry in London**

The Mayor has taken – and will continue to take – a visible and robust lead in defending London's financial sector against ill-thought out and excessive regulation. As the industry moves further into the black, the Mayor is confident that it will wish to play a central role in nurturing recovery elsewhere in the city. He has emphasised the importance of any changes to tax legislation and other regulations in the UK being congruent with those in our global rivals. Through its research, GLA Economics has played a central role in the shaping of the Mayor's stance on the financial sector as it recovers from the subprime crisis.

### **Steering Group for 'London's Place in the UK Economy'**

GLA Economics worked closely with The City of London on the eighth annual edition of London's Place in the UK Economy (published in October 2009). We served on the Steering Board for the project and commented extensively on the draft report written by the London School of Economics. The special article in this edition focused on outer London's place in the wider London economy.

### **Migration Advisory Committee**

The Migration Advisory Committee (MAC) advises the government on migration issues. It is a non-departmental public body sponsored by the Home Office and is made up of a chair and four other independent economists. The MAC approached GLA Economics in April 2010 for advice on the inclusion of 'London weighting' in the salary calculation for admission of a prospective migrant under the points-based

system. We advised that to exclude the 'London weighting' from the points-based system would be suboptimal for the allocation of resources and would potentially damage London's competitiveness.

### **In the coming year**

#### **Public Spending in London**

Public services in London provide essential services for Londoners, London's workers and visitors. Understanding how these are financed and how spending priorities are set is a crucial background to the necessary forthcoming debate on how best to close the deficit gap. GLA Economics have commissioned the London School of Economics to review the pattern of public spending in London and how it differs from other regions; demonstrate how needs differ between London and the rest of the UK; and give some indication of whether and how priorities might shift to meet strategic needs.

#### **Comprehensive Spending Review**

In the coming year GLA Economics is likely to input to the GLA group's 2010 Spending Review submission to government. With public spending due to reduce significantly over the course of this Parliament, this work will focus on providing evidence to support the GLA group's key requirements for London from government.

#### **Economic Impact of Double Summer Time Savings on London**

At the request of the Mayor's office, GLA Economics is conducting research into the impact on London of a change in the clocks. The proposition is to examine the impact on the London economy and Londoners of moving the clocks forward by one hour. This would take the UK to GMT plus one hour in the winter and GMT plus two hours in the summertime. As part of this we have worked with the London Chamber of Commerce to survey the opinion of its members. The research is being drafted and is due to be published later in the year.

## Environmental economics

### Low Carbon Economy

GLA Economics has been helping to advise and evaluate an LDA project undertaken by consultants, Ernst & Young. London already has a substantial low carbon and environmental goods and services market that Innovas had already estimated to be worth in excess of £21bn per annum. Phase 1 of this project suggested that this could be far larger with 'conservative' estimates suggesting that should London win a proportionate share of forecast global spend on decarbonising the existing economy, an additional prize of £3.7bn of investment is available for London annually to 2025.

To facilitate the transition to a leading low carbon capital, the rate of investment in the UK's energy infrastructure must now be stepped up, and that investment must address the low carbon imperative. Alongside new infrastructure, demand management and energy reduction will be key. Energy efficiency measures were viewed as the first step for businesses and individuals.

The Phase 2 report sought to identify the specific actions and projects required to drive London's transition to become a leading low carbon capital. The work was outcome-driven and focused on identifying and prioritising those actions which will drive up gross value add and jobs for London and the UK, while reducing London's carbon footprint in line with ambitious mayoral targets. Recommendations focused on building on the capital's existing strengths, stimulating aggregate demand, driving inward investment, fostering innovation, changing behaviour and aligning low carbon policies. In addition a number of specific leadership projects were identified, aimed at establishing London's position as 'first mover' in the global low carbon economy.

### Reviewing the Evidence on Carbon Emissions from Rail and Air Travel

This analysis looked at the potential environmental impacts of high-speed rail and short-haul aviation. It reviewed a broad selection of reports and studies by a range of organisations

to explain the methods and assumptions used in the literature. Evaluating the methods and assumptions used by these papers to develop an understanding of the results. The resulting short report aimed to assist policymakers in understanding how carbon emissions from high-speed rail and short-haul aviation are calculated, how to interpret the findings and develop an understanding of the key issues involved with emissions estimates.

### 'Climate Prosperity': The Economics of Sustainable Urban Development

GLA Economics participated in a broad team that included representation from Global Urban Development, the Grantham Institute and Urban Age to examine the potential economic returns to sustainable urban development as part of a global emissions reduction strategy. The study investigated the evidence on whether compact, connected urbanisation can raise carbon efficiency and incomes at the same time and whether low carbon plans can improve competitiveness relative to other cities. The extensive literature review revealed that the single most important difference between 'optimistic' and 'pessimistic' studies of the greening of urban economies was the choice of modelling type.

### East London Green Enterprise District

GLA Economics has provided advice and input to workshops on the development of policy around the east London Green Enterprise District, commissioned by the LDA and being undertaken by a variety of consultants. GLA Economics was involved in providing comments on numerous drafts of the Final Report, with particular regard to the economic strategy underpinning the district.

### Tyndall Centre Climate Change Modelling

Alongside other officers with the GLA Climate Adaptation team, GLA Economics provided steering board input into The Tyndall Centre for Climate Change Research to develop an Urban Integrated Assessment Facility (UIAF). The project simulates the main processes of long-term change at the scale of whole cities. The UIAF couples a series of simulation modules within a scenario and policy analysis framework.



## In the coming year

### Valuing Greenness

GLA Economics are updating and extending their original research into how to value green spaces in London. Applying hedonic modelling approaches to output area level geography and relating house prices in London to a range of variables from the built environment, through to socio-economic factors and access to public transport we hope to better understand how access to green spaces can influence property prices. Progress so far is promising with improved model performances. The report will be released in summer 2010.

### London's Energy Gap

GLA Economics has been requested by the Mayor's Environment Advisor to assess the potential scale of gap between demand for electricity and available supply and the costs and benefits of different methods of preventing the emergence of this gap with a primary focus on electricity supply. In order to avoid an energy gap materialising, it is essential to continue investing. If no new investment goes into developing plant or reducing demand and planned new power stations are not built then there would be a UK electricity energy gap estimated to be in the order of 43 TWh by 2015/16.

### Water Neutrality

GLA Economics will be undertaking some cost-benefit analysis in support of the GLA-led 'water neutrality' project. London has only enough water in a typical year to meet its current level of demand by taking more water out of the environment than is sustainable. Continued demographic growth, smaller households and the EU Water Framework Directive will mean that across the capital, we all have to use less water if overall demand is not to rise. The challenge is to accomplish this in an economically effective manner.

### Work for London Sustainable Development Commission

GLA Economics was asked to review a paper by Professor (Emeritus) Richard Wilkinson and Professor Kate Pickett written for the London Sustainable Development Commission. The authors suggest that a reduction of income inequality – and not a general reduction in poverty – in London is the key to improving society and community life and reducing both physical and mental illness. The review – written by Bridget Rosewell and Jonathan Hoffman (forthcoming) – concludes that neither this paper nor the book upon which it is based (*The Spirit Level*) provides empirical support to the proposition that income inequality causes social problems.



## London Plan

### Economic Evidence Base for Mayor's Strategies

Throughout 2009 and into 2010 GLA Economics supported the development of the London Plan, Transport Strategy and Economic Development Strategy through the development of an Economic Evidence Base. The development of this enabled GLA group officers drafting the strategies to base the strategies on the most up-to-date and authoritative evidence relating to London's economy.

The evidence base was initially presented in early 2009 to influence early drafts of each of the strategies. Following the publication of the early 'Statements of Intent' for each of the strategies, a more complete evidence base was produced to support the public consultation drafts of each strategy. A completed version of the public consultation draft of the evidence base was completed in early summer 2009 and was presented to various officers working on the strategies – again to influence their development. This version was published in October 2009.

After public consultation comments the final version of the evidence base was developed to inform the final versions of the Mayor's Transport Strategy and Economic Development Strategy with the final draft being published in May 2010.

### Outer London – Economic Data and Statistics

Following publication of a paper detailing the economic characteristics of outer London and its role in the London economy, GLA Economics has continued to provide support and advice to the London Plan team and LDA on economic issues relating to outer London. Further analysis on Outer London formed part of the Economic Evidence Base for the three Mayoral strategies produced during the year.

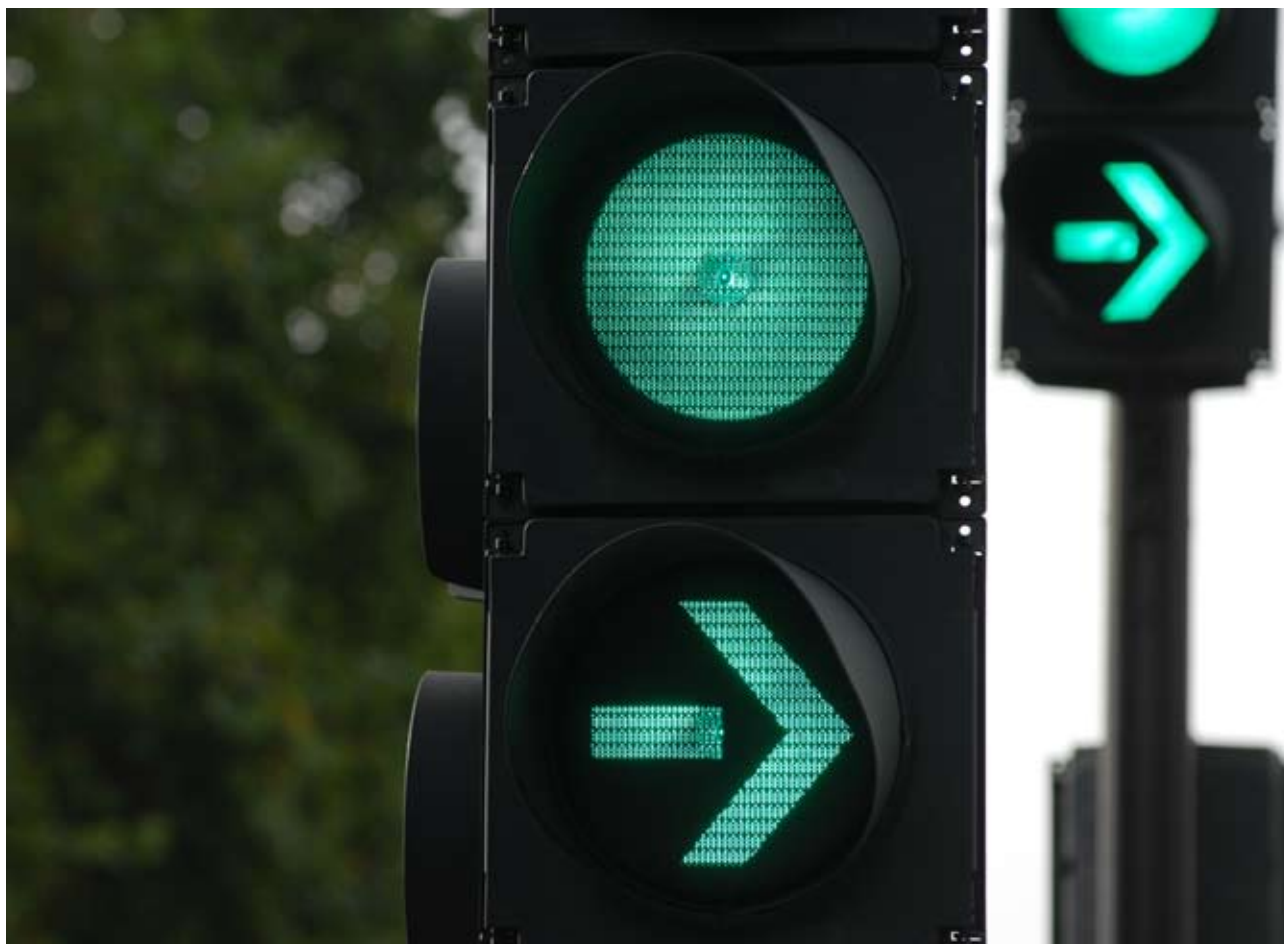
## In the coming year

### London Plan Examination in Public

The Examination in Public (EiP) of the Draft Replacement London Plan began with a Technical Seminar on 21 June. It then ran from 28 June through to mid-October (with a six week break from mid-July to end-August). GLA Chief Economic Adviser Bridget Rosewell presented the group's employment forecasts at the Technical Seminar. GLA Economics prepared the presentation for this and also submitted memoranda for other parts of the EiP. With the EiP very much in mind, GLA Economics published (May 2010) a paper entitled 'Scenarios, planning and economic outlooks'. It describes the role and function of scenario planning and reports on a seminar held with external speakers to discuss the potential for scenarios to inform the London Plan and other mayoral strategies. This helpfully clarified the different roles scenarios would play during the preparation of a strategic plan. A number of options emerged but there was no consensus or supporting evidence around a particular scenario that should be developed into the kind of detail required for the plan.

### Inner London Work

GLA Economics is assisting the London Plan team in forming an evidence base for spatial policy dealing with inner London, particularly the area outside the Central Activities Zone. The purpose was to build up a picture of inner London in a way similar to the Outer London Commission's work on outer London. This work provided a profile of Inner London, including an in-depth examination of its economy, population and many social indicators like qualifications and employment rates.



## Transport economics

### Economic Impact of Traffic Signals

In recent years there has been a sustained debate on the role of traffic signals in London. GLA Economics, seeking to better understand the wider economic impact of traffic signals in London, commissioned Colin Buchanan and Partners to model actual traffic flows at a selection of signalised junctions in London during different times of the day.

TfL helped to select five junctions that were broadly representative of London and comparative models were run with a 'Do Minimum' option, that is, the traffic signals

operate as now yet with minor timing adjustments to achieve optimum performance if necessary, and a 'Do Something' option which is to remove the traffic signal control. For each junction the model output included data on average delay per vehicle for the morning peak, inter-peak (ie the time between the morning and evening peaks), the evening peak and at night. These delay figures

were then converted to financial values using standard transport economic appraisal guidance from the Department for Transport.

The results of the analysis showed considerable variation. All the junctions showed time-savings at night by the removal of signals and hence an economic benefit. Four junctions showed benefits of removing signals during the inter-peak period, but at one, there was a significant disbenefit due to the proportion of conflicting movements taking place. In three instances there are clear benefits from traffic signals in the morning and evening peaks. The study has demonstrated that on the basis of the junctions modelled there are significant benefits to road users arising from having traffic signals in London.

Since the report launch, the London Streets – Traffic Directorate at TfL have continued to investigate the case of removing those traffic signals that appear to no longer provide the benefits for which they were originally designed as well as to put a heightened level of scrutiny on proposals for new signals (regardless of source).

## Transport and Regeneration

GLA Economics led a working group with representatives from the LDA, GLA and TfL examining the link between transport infrastructure and regeneration. The purpose of the work was to review the way transport appraisal acknowledges any relationship between transport and economic development and how these benefits could be valued. It sought to include benefits beyond improvements in employment rates. The working group surveyed evidence of the link between transport and economic development and international methods of transport scheme appraisal to put forward a recommendation on how regeneration could be measured and valued. GLA Economics will shortly produce a summary of the group's work.

## Commuting Patterns in London by Qualification Level and Employment Location

An initial exploration in 2007 found a relationship between qualifications and travel to work patterns in London. But this work was restricted by data availability to commuting within the GLA administrative boundary. Therefore GLA Economics commissioned a special Census dataset for the whole of the Greater South East to fully understand the relationship between qualification level and distance travelled to work. The research found that those with higher qualifications were likely to travel further to work, especially amongst people working in central London. The relationship held for outer London employment centres too, but the distances were in general less here and labour catchment areas were markedly smaller.

## Airport Choice in London

There are five airports in London and because of the significant attention given to the decision of where to expand capacity GLA Economics examined the location and size of each airport's passenger catchment area. Using data from the Civil Aviation Authority's passenger survey, GLA Economics found that each airport had a local market and that passengers prefer flying from the airport that is nearest to his or her point of origin/destination, confirming research in other cities. This relationship was less strong for

business and premium-ticket travel, where Heathrow dominates.

## Valuing Public Realm

GLA Economics provides input into the steering board for TfL led work about how to value public realm investments. TfL have commissions a number of consultants and been in contact with recognised experts in the field to determine how public realm investments can be included with TfL's business case development manual and associated procedures.

## In the coming year

### Freight

Much attention is being given to the various users of London's roads, including freight vehicles. Freight vehicles deliver valuable goods and services that help London's economy operate. But in the process these vehicles have negative side effects on others, including congestion, pollution, noise and safety. There has been a sharp rise in light goods vehicles in London and there is interest in developing policy to maximise the efficiency of the sector and to minimise external costs derived from freight activities. GLA Economics is researching the causal factors and scale of these costs to identify specific behaviours that can be improved for the benefit of freight operators, customers and the whole of London.

## Land Use Transport Interaction Modelling

Working alongside Professor Mike Batty at University College London, GLA Economics are inputting into a project developing land use transportation models as part of an integrated assessment of the impact of climate change in the Thames Gateway.





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## Development economics

### LDA Project and Programme Evaluation Advice

GLA Economics continues to provide economic analysis and advice to the LDA Performance Team on the evaluation of LDA activities – principally regarding the economic rationale for and net impacts of projects and programmes. Support has also been extended to project concept proposals and a review by the Performance Team of the Gateway process and appraisal system that govern how projects are developed.

Guidance on the design of evaluation methodologies was provided to help improve the robustness of future measures of net economic impacts of LDA activities. Greatest involvement

was with methodology studies for destination marketing and promotion activity (alongside other RDAs), and for Design, Development and Environment activities.

### LDA Budget Setting

GLA Economics have provided analysis and advice on LDA budget allocations using their Investment Methodology to underpin the direction of resources. Furthermore, significant work has been undertaken to develop the Investment Methodology. Part of the work has been to collect and document new evidence on the effectiveness of economic development projects and programmes.

A further aspect has been development of the model that uses public expenditure data and evidence on benefits and costs of activities to





suggest where LDA funds might be directed. Flexibility of the model has been increased for more straightforward incorporation of new areas of spending and evidence. Changes also permit improved sensitivity testing and clearer analysis of the robustness of results for communication to decision makers.

### Review of LDA 'Metrics'

GLA Economics led in the development of a comprehensive set of 'metrics' for use within the LDA to measure its own performance. Development of new and improved metrics sought to reflect the most relevant outputs and outcomes of LDA projects, and allow the agency to demonstrate its value for money and contribution to achieving the Mayor's objectives for economic development.

### ONS Regional Presence

The last year saw GLA Economics represent the LDA (and wider GLA group) in the management of the ONS regional presence. This 'presence' was a recommendation from the Allsopp Review of the statistical requirement for monetary and wider economic policy making that GLA Economics contributed to in 2003.

Since April 2007 the ONS has had two members of staff in the LDA working closely with GLA Economics. Their work has included: providing improved access to the Inter-Departmental Business Register (IDBR) for analysis of the size of London's businesses by sector; attempting to reconcile the difference in employment measures for London; and providing analysis and advice to a range of users of statistics across London.

### In the coming year

#### Continuing Advice and Support for LDA Functions

Over the coming year GLA Economics is likely to be required to provide support to various teams across the LDA on a number of different issues relating to economic development. These are likely to include economic analysis and advice on issues relating to business support,

labour market economics, regeneration issues and international promotion.

### Business Start-ups and Closures

GLA Economics has undertaken research on business start-ups and closures in London and the UK, with particular focus on the net start-up rate and economic churn in different spatial delineations to help inform the LDA's Enterprise Team. The research has demonstrated that it is important to look at the variables together, rather than in isolation, so that a holistic view can be taken of a particular location's economic health. Therefore rather than concentrating on a high start-up or high closure rate it is more appropriate to look at whether an area's net start-up rate (representing an overall increase in business stock) or churn rate (representing productivity) is higher or lower than other areas.

### Innovation

To support policy developments we will analyse the issue of how innovation is most effectively encouraged in a service based economy like London. This will involve:

- understanding how innovation takes place in the services sector;
- understanding the relative importance of different factors that are important in driving innovation in this industry, and thus policies that would most effectively encourage innovation in a service-based economy;
- gathering empirical evidence on the effectiveness of policies aimed at encouraging innovation within services; and
- bringing all the above together to provide a view on the most efficient way of furthering innovation in London.

### Changes in Deprivation Over Time and Geography

GLA Economics is seeking to work with academics to better understand how deprivation patterns have changed over time and geography within London.



## Labour market economics

### The London Story Update

During 2008 and 2009 GLA Economics produced an annual update to the London Story – the evidence base underpinning the London Skills and Employment Board's strategy. This work required close working with the LSEB, the coordinating body on skills and employment issues across London. The updates were produced to support the monitoring and development of the LSEB's strategy (which was subsequently revised in the light of the economic downturn). This work is published on the LSEB's website and the labour market observatory.

### Living Wage

The Living Wage Unit has undertaken work over the past year to re-calculate and update the living wage for London in 2010. This culminated in the publication of the sixth annual living wage report in June – A Fairer London: The 2010 Living Wage in London. This year we have been able to access data from the Annual Survey of Hours and Earnings to get a better picture of the proportion of employees in London earning less than the living wage. There are now close to 100 organisations that have committed to paying the living wage.

We have also been keeping up to date with new research in this field funded by the Joseph Rowntree Foundation and the Centre for Research in Social Policy – this research is entitled the Minimum Income Standard (MIS) for Britain. We have been looking at how a MIS for London might be calculated.

### London Skills and Employment Board Skills Observatory

Complementing the LSEB, the LSEO is an online portal for data and information on the London labour market. GLA Economics input to the development and sits on the steering group for the observatory. The objectives of the observatory are to:

- build a clear picture of London's labour market;

- demonstrate a shared understanding of labour market concepts, data and future policy co-ordination among the major labour market information providers in London;
- bring together all relevant existing London labour market data sources, research and projections, and provide users with easy online access to them;
- help identify information gaps and develop solutions to tackle these; and
- become the first port of call for labour market information and analysis for all stakeholders, serving as the benchmark information source on skills and employment issues in London's labour market.

### Women in London's Economy

GLA Economics have updated figures exploring the labour market outcomes of women in London. The picture that emerges from this research shows a London where females in full-time employment are worse off than their counterparts in the rest of the UK. Furthermore, it shows a London where the gender pay ratio has not reduced substantially since the start of the decade and under representation in senior positions continues. Not only do these facts point toward a strong unjust inequality, but also suggest London businesses and enterprises have a rich base of talents that are not being deployed effectively.

### Active Labour Market Policies with Emphasis on Youth

For public policy purposes there is a need to better understand which type of interventions aimed at reducing youth worklessness will yield the highest return to each pound invested in London. Such evidence will enable public authorities to develop better, more effective, policies in this area. Research was commissioned from SQW to identify the effectiveness of various interventions aimed at reducing worklessness amongst young Londoners. The evidence review showed that robust evidence (in terms of evaluations showing the relative costs and



benefits of different interventions) is scarce. In spite of the lack of usable cost-benefit analysis information, useful information on the findings from various evaluations of youth interventions was provided to the LDA's youth team.

### **In the coming year**

#### **Living Wage Unit**

The next annual living wage report is due to be published next Spring/early summer.

Under the remit of the Health and Inequality<sup>2</sup> Strategy and following the Sir Michael Marmot's report on Health Inequalities, we are looking at how the method for calculating the London living wage might be adapted to calculate a 'living income' for individuals who are not in paid employment.

#### **London Skills and Employment Board Observatory**

The LSEB Skills Observatory will grow into a comprehensive, up-to-date accurate and user-focussed London labour market information portal. It will continue to identify gaps in existing labour market knowledge and develop solutions to address these gaps. The Observatory will also develop quarterly updates on the state of London's labour market that will roll into a more comprehensive annual review to replace the London Story publications. GLA Economics will input to the development of the observatory over time through its involvement in the steering group.

<sup>2</sup> Fair Society, Healthy Lives: A Strategic Review of Health Inequalities in England Post-2010 was published on 11 February 2010. <http://www.ucl.ac.uk/gheg/marmotreview>

# Widening the audience

Over the past year, GLA Economics has continued to host seminars enabling our target audience to learn more about our research and interact with us over our key findings. For the first time, GLA Economics participated in the Economic and Social Research Council's Festival of Social Sciences. We also heard from expert speakers debating issues as diverse as the economic impact of a regularisation programme for irregular migrants through to what may happen if we turn off selected traffic lights in London. Our events have been as popular as ever and we are indebted to all those speakers both within and external to the GLA who have helped make them a success.

## GLA Economics' hosted events

### The Economic Impact of Immigration on London

In 2007, London provided a home to an estimated 518,000 irregular migrants. At a seminar hosted in City Hall, GLA Economics launched a report that they had commissioned from the London School of Economics that sought to better understand the potential economic impact of allowing those with an irregular status to become regularised. The event brought together experts in this field to discuss the evidence base used to inform policy development for migration related issues. Speakers discussed how immigration and in particular irregular immigration impacts on the UK and London economies. The event was chaired by Bridget Rosewell, Chief Economic Adviser to the GLA, with Professor Jonathan Wadsworth from Royal Holloway College sharing his analysis on immigration to the UK and the labour market effects of immigration

Professors Ian Gordon and Christine Whitehead outlined key findings from their work on the Economic impact on the UK and London of regularising irregular migrants to the UK. John Hollis from the GLA shared his work on recent trends in long-term migration to and from the UK and London.

In addition to the speakers above, Tony Travers and Kathleen Scanlon from the London School of Economics participated in a lively panel discussion. The research was widely reported in national and local media.

### The Economic Impact of Traffic Lights in London

Traffic signals are ubiquitous in our road system yet remarkably little is known about their costs and benefits beyond the traffic and safety measures. As more and more traffic signals appear on our streets, concerns about how we evaluate this have become more widespread. This seminar addressed these issues and launched a report on the economic impact of traffic signals in London.

We invited expert speakers who talked about the policy issues, how to research these issues, international comparisons and new modelling methods with Bridget Rosewell chairing the seminar. Theresa Villiers, Conservative MP for Chipping Barnet and then Shadow Secretary of State for Transport opened the seminar. Cynthia Grant, Transport Advisor for London First highlighted the concerns about congestion in London that were held by business. Citing that road congestion is a major concern for 85 per cent of business, improving travel reliability was the number one concern for business and that it ranked in the top ten of issues for incoming businesses into London.





John Siraut outlined the work that Colin Buchanan and Partners had undertaken for GLA Economics which showed that there were economic benefits for certain traffic lights to be removed at selected times of day. Keith Firth, also from Colin Buchanan and Partners outlined a proposal for a before and after study of the effects of removing traffic control regulations at road junctions in the UK. Professor Helbing from the Swiss Federal Institute of Technology shared his groundbreaking research into what happened in Dresden, Germany with the implementation of self-organised traffic light controls. Kulveer Ranger, the Mayor's Director of Transport outlining the Mayor's traffic policies and initiatives underway at Transport for London, drew the seminar to a close.

Since the report launch, the London Streets – Traffic Directorate at TfL have continued to investigate the case of removing those traffic signals that appear to no longer provide the benefits for which they were originally designed as well as to put a heightened level of scrutiny on proposals for new signals (regardless of source).

### **Is our Evidence Fit for Purpose?**

In the run up to the publication of the London Plan, the Economic Development Strategy and the Transport Strategy, it is important for the GLA group to consider whether we have the evidence we need to base them on and if we have used it to best effect.

This GLA group staff seminar shared the experience from external and internal speakers on evidence evaluation, best practice experience, some common problems and new methods of data collection. The seminar informed both analysts and policy developers and all those engaged in strategy development in the GLA, LDA and TfL.

Bridget Rosewell discussed 'Economic data: revisions, forecast and uncertainty'; Matthew Waite, GLA Economics, shared how his team had determined what to use within the Economic Evidence Base. Nigel Campbell, TfL, discussed developments in land use and transport planning analysis. Emer Coleman, GLA, shared how new technology and social media offer opportunities

to explore how real time data capture might inform public policy. Natalie Penrose, Audit Commission brought with her examples of improving information services from local government, while Tony Munton, Matrix Evidence, looked at Treasury guidance on how evidence and analysis supports effective policy development and delivery. Simon Griffiths from the LDA brought the session to a close, sharing his experiences of how he has developed the LDA's approach to evaluation.

### **London Plan Scenarios Seminar – Considering The Future of the London Economy**

In July 2009, GLA Economics hosted a workshop to consider the potential range of economic scenarios that might be painted for the London economy over the next 25 years. The workshop was for an invited audience and debated the potential economic outcomes from a number of experts including Martin Simmons from the Town and Country Planning Association, David Fell from Brook Lyndhurst and Ian Gordon from the London School of Economics. The workshop was used to inform the London Plan and the scenarios which it includes and to consider the risks to these and the extent to which the Plan is likely to be robust to various economic outcomes.

### **What Can Economics Learn From The Other Social Sciences?**

For the first time, GLA Economics participated in the Economic and Social Research Council Festival of Social Sciences week. Following the financial crisis of 2008/09 the dominant paradigm of behaviour in economics (the rational agent, rational expectation approach) has been widely criticised. This lively seminar brought together commentators from a range of social sciences backgrounds to explore how things could be done better in the future. Paul Ormerod from Volterra Consulting brought forward insight from the physical sciences; Professor Luc Bovens from London School of Economics gave the view from philosophy on who was to blame for the financial crisis. Professor Avner Offer from Oxford University shared examples from economic history whilst Professor Neil Stewart, Warwick University, gave the view from a psychology perspective.

## Discussing London's Economy

GLA Economics continued to host monthly meetings for LDA, GLA and TfL staff, covering the latest news on global and local economies, presenting new economic indicators

and including brief presentations from GLA Economics staff or invited guest speakers on their latest research. Details of the meetings from April 2009 to March 2010 are set out below.

Title	Speaker	Organisation
Economic evidence base for Economic Development Strategy	Matthew Waite	GLA Economics
London's Economic Outlook: Spring 2009	Gordon Douglass	GLA Economics
Local area tourism	Stephen King & Sweta Deb	GLA Economics
The London Story update	Richard Prothero	GLA Economics
Local Area Tourism Impact model	Stephen King & Sweta Deb	GLA Economics
Logistics	Spencer Thompson & Simon Kyte	GLA Economics
London Story update	Richard Prothero	GLA Economics
Employment projections	Jonathan Hoffman	GLA Economics
Creative industries	Alan Freeman	GLA Economics
London's Economic Outlook	Gordon Douglass	GLA Economics
Greater South East Region	Andy Rumfitt	Innovacion
Regional Short Term Indicators	Trevor Fenton	Office for National Statistics
London's Sectors of Global Leadership	Andrew Lilico & Jonathan Todd	Europe Economics
Evidence Base	Matthew Waite	GLA Economics
Business Start-ups and Closures	Zoe Jankel	GLA Economics
Travel in London 2	Arif Samad	Transport for London
London's Economic Outlook	Gordon Douglass	GLA Economics

## GLA Economics' participation in external events

GLA Economics staff regularly contribute presentations on different aspects of the London economy to a wide variety of bodies.

### TfL Policy and Interchange

The Commuting patterns in London by qualification level and employment location report was presented to TfL's Interchange Team as part of their 'Food for Thought' series. The key lesson for

them was that the geography to consider for large new developments would not always be the same size and shape.

### Regression Analysis Made Easy

This technical presentation to LDA Project Management Office was on 23 November 2009. It was primarily intended for LDA staff members who regularly work with external consultants performing project evaluations. It was written and presented on the basis of a request from the LDA evaluation team to better understand

regression analysis – both how it is used, and more importantly, why it is used in the evaluation of LDA programmes. The main issues covered were selection bias and which econometric techniques can control for this, including matching techniques, the Heckman selection model and OLS regression. In addition the presentation covered key terms and important issues to look out for when consultants perform regressions such as the inclusion of outliers, small sample-sizes and omitted variable bias.

### **London Skills and Employment Board**

During 2008 and 2009 GLA Economics provided a couple of presentations to the London Skills and Employment Board on early developments in London's labour market as a result of the economic downturn. These presentations provided the board with an up-to-date view of London's labour market when forming policy and strategy.

### **Presentation to LDA Contracts Management Divisional Meeting**

The monthly LDA contracts management divisional meeting requested a presentation on the state of the London and UK economy, the size of the UK's fiscal deficit and the possible impact on government spending. GLA Economics delivered a presentation on this subject on 10 December 2009 at the LDA to them, which was widely attended.

### **Bank of England**

The Bank of England's Agency for Greater London holds four economic briefings a year around the time when each Inflation Report is published. Alongside the Bank of England's London regional agent Peter Andrews, GLA Economics presented at the economic briefing on 18 August 2009. The presentation updated the audience of Bank of England London regional contacts on the capital's economic performance during the recession. The economic briefing was held at the Bank of England's conference centre.

### **LCCI Presentation on Skills and Employment**

GLA Economics was invited to present at a London Chamber of Commerce and Industry economic breakfast briefing on skills and

employment on 16 July 2009. A presentation on the current unemployment and skills situation in London was given with presentations also given by representatives of Fathom Financial Consulting and City and Islington College.

### **BIS Presentation on England and the Downturn**

On 15 July 2009, BIS organised a seminar on 'England and the Downturn' at which GLA Economics presented on behalf of the LDA and the southern regional development agencies covering the effect of the recession on London and the rest of the south. Representatives from across BIS, other government departments and the regions attended the meeting, with presentations on the North and Midlands also delivered. A discussion on whether a North-South divide had developed in the impact of the recession then followed.

### **Communities and Local Government**

This presentation was to the Spatial Analysis unit at CLG and outlined how GLA Economics considers geography in its economic analysis. It outlined how economic data is analysed and presented by the unit to show differences and similarities across space, using examples from the Economic Evidence Base and research into commuting patterns by employees in London with different qualifications.

### **Presentation to BIDS**

Business Improvement Districts in London requested that GLA Economics give an overview of the London economy for their meeting on 27 May 2010. A summary of the impact of the recession on London's economy was delivered along with how the economy was performing in the early part of the recovery and forecasts for 2010-12 were also covered.









### London's Economy Today

GLA Economics produces a monthly e-newsletter London's Economy Today (LET) featuring the most up to date information on the state of London's economy. If you wish to subscribe to LET please email GLA Economics [economics@london.gov.uk](mailto:economics@london.gov.uk) or call 020 7983 4922.

### Reports

#### London Story Update – December 2009

An update to the board's evidence base, The London Story Update 2009 paints a picture of a city with continuing structural challenges but dominated by a need to deal with the impact of the recession.

#### Economic Impact of Traffic Signals – November 2009

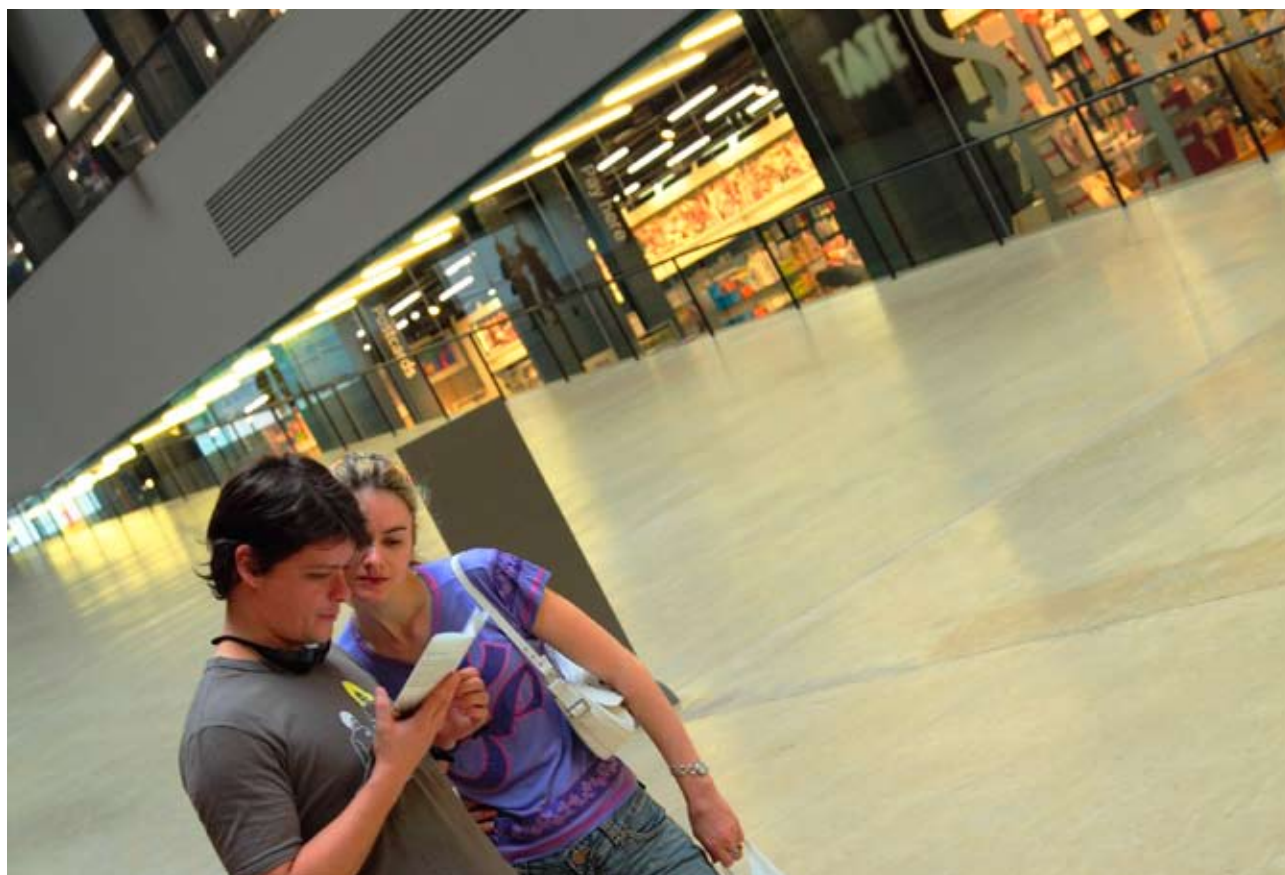
In recent years there has been a sustained debate on the role of traffic signals in London. This report seeks to better understand the wider economic impact of traffic signals in London by modelling actual traffic flows at a selection of signalised junctions in London during different times of the day.

### Economic Evidence Base: October 2009 version – October 2009

This document aims to provide an economic evidence base to support the public consultation drafts of the three Mayoral strategies currently being revised: the London Plan, the Economic Development Strategy and the Transport Strategy: see Shaping London. The purpose of the evidence base is to provide an understanding of the economic forces impacting on London and some of the main issues facing London.

#### Local Area Tourism Impact model (LATI) – July 2009

The London Development Agency's (LDA) Local Area Tourism Impact (LATI) model takes London-level data from the major national surveys (International Passenger Survey, UK Tourism Survey) and new data on day visitors from an omnibus survey, and distributes it across the boroughs. The results provide borough-level estimates of tourism volume and value to inform tourism policy development, investment and marketing.



### **Economic Impact on the London and UK Economy of an Earned Regularisation of Irregular Migrants to the UK – June 2009**

In 2007, the UK provided a home to an estimated 618,000 irregular migrants – of these 442,000 live in London. GLA Economics commissioned the London School of Economics to research the potential economic impact of allowing those with an irregular status to become regularised based on two criteria – residency in the UK of at least five years and no serious criminal record.

### **A Fairer London: The 2009 Living Wage in London – May 2009**

People and their skills are crucial for London's success. We cannot sustain success if those in work are paid less than they need to avoid poverty. This fifth annual report from a programme of research by the Living Wage Unit takes a systematic approach to identify what is a living wage in London. The result is a London Living Wage of £7.60 per hour. About one in seven of London's full-time workers and almost half of our part-time workers are paid at a rate below this Living Wage. These figures give some idea of the scale of the challenge facing London.

### **Forecasts**

#### **London's Economic Outlook: Autumn 2009. The GLA's Medium-term Planning Projections – October 2009**

GLA Economics' fifteenth London forecast suggests that London's Gross Value Added (GVA) growth rate should fall to -3.5 per cent in 2009. London is likely to see contractions in employment in 2009, 2010 and 2011.

#### **London's Economic Outlook: Spring 2009. The GLA's Medium-Term Planning Projections – April 2009**

GLA Economics' fourteenth London forecast suggests that: London's Gross Value Added (GVA) growth rate should slow sharply to -2.7 per cent in 2009 and -0.2 per cent in 2010. Positive growth of 1.7 per cent is forecast for 2011.

### **Working Papers**

#### **Working Paper 40: London's Creative Workforce (2010 update) – February 2010**

London is known around the world for its uniquely rich cultural and creative sector. As well as being home to many of the world's most significant museums, galleries and heritage sites, the city has seen a rapid growth in commercial creative industries and is a global hub for innovation. Some of the world's most successful creative businesses are located in London and contribute to the UK economy. This publication is GLA Economics' third update on London's creative industries, a comprehensive survey of employment and production by London's creative workforce. It confirms that London and its surrounds remain the dominant focus for the UK's creative industries.

#### **Employment Projections to 2031 – November 2009**

GLA Economics is publishing four papers (two technical papers and two working papers) that describe its updated employment projections out to 2031 and which appeared in the recently published Economic Evidence Base.

#### **Working Paper 39: Borough Employment Projections to 2031**

Working Paper 39 takes the projections in the other three papers (Working Paper 38, Technical paper 1 and Technical paper 2) and combines them according to a set of 'triangulation rules'. This then yields the borough employment projections which are in the London Plan and which are used elsewhere in the GLA group for planning purposes.

#### **Working Paper 38: Employment Projections for London by Sector and Trend-based Projections by Borough**

Working Paper 38 projects employment in London out to 2031 on the basis of trends identified in the data from 1971-2007. It also projects sector employment (12 sectors) on the basis of individual trends, and borough employment on the basis of 30 sector historic data.



### **London Employment Sites Database – Technical Paper 1**

The first technical paper is entitled ‘London employment sites database’. This projects additional physical employment capacity in boroughs to 2026 (in one of the working papers – Working Paper 39 – we explain how we extrapolate out to 2031). The extra site capacity maps into new jobs, according to the use of the site (office space, industrial space or ‘other’).

### **Accessibility-based Employment Projections – Technical Paper 2**

The second technical paper is called ‘Accessibility-based employment projections’. Using a ‘gravity model’ this projects the employment impact on boroughs of future changes (to 2031) in transport.

### **Working Paper 37: London’s Logistics Sector – August 2009**

Working Paper 37 provides a descriptive overview of the logistics sector and its importance to the London economy. It explores how the sector operates in London compared with the rest of the UK, the geographic extent of logistics jobs across London, the nature of logistics businesses (size, occupations, qualifications, skill requirements, labour market) as well as specifically covering the sectors contribution to GVA and employment in London.

### **Working Paper 36: Commuting Patterns in London by Qualification Level and Employment Location – July 2009**

Working Paper 36 explores whether there is a relationship between qualification level and distance travelled to work and to understand the role of geography in employment rates and access to work. Our research on travel-to-work patterns in London suggests that: employees in London with no qualifications travel shorter distances to work than people with high qualifications; central London sources many of its low-qualified employees from the east where there are fewer employment centres; and only the Thames Valley competes significantly with central London for employees with high

qualifications, so a relatively smaller share of residents there commute to central London.

### **Working Paper 35: Come Fly with Me – Airport Choice in Greater London – April 2009**

Our research on airport choice in London suggests that: Competition for passengers is highest for those originating in central and inner London where accessibility to each airport is most similar; Each London airport has a distinct passenger catchment area but Inner London is the main source of passengers; and Demand for new airport capacity will be correlated with population distribution in the Greater Southeast, with Inner London being a major source of demand.

### **Current Issues Notes**

#### **Current Issues Note 24: Reviewing the evidence on Carbon Emissions from Rail and Air Travel – March 2010**

This paper analyses the existing literature on calculating the carbon emissions from high-speed rail and short-haul aviation.



GLA Economics did not produce a published copy of their annual report covering their achievements between April 2008 and March 2009. Our major topic areas over this period included the following:

- Economic assessment for the five Olympic boroughs
- Patterns of low pay in London
- Input into the Housing Strategy Evidence Base and updating figures on London's rental market.
- Supporting the LDA and Homes and Community Agency on housing investment models
- Understanding how the credit crunch may impact on London's property market
- Understanding London's employment structure by firm size and how employment rates have evolved differently from the rest of the UK
- Inputting into the NATA refresh, Low Emission Zone, Oxford Street Transit, Air Transport Policy, Crossrail, Land Use and Transport Interaction Models and monitoring the Congestion Charge Zone.
- Looking at how food price increases may impact on London's lowest income groups and understanding how raising energy prices effects behaviour
- Providing evidence for the work of the Outer London Commission.

A list of our publications, events and external presentations during this period are given below. For further information on any of these please do not hesitate to contact us on [GLAEconomics@london.gov.uk](mailto:GLAEconomics@london.gov.uk) or by telephone on 0207 983 4922

## Publications

### London's Economy Today

- Twelve monthly editions were produced

### Reports

- London Economic Development Snapshot – Issue 8 – January 2009
- Filling the coffers: London's tax export – November 2008
- Self-directed adult social care in London – September 2008
- London Story Update – August 2008
- London's environmental effectiveness – an update: Comparing London with other English regions – July 2008
- A Fairer London: The 2008 Living Wage in London – July 2008
- London Economic Development Snapshot mid-year update – Issue 7 – July 2008
- GLA Economics Annual Report 2008 – June 2008
- Credit crunch and the property market – May 2008

### Forecasts

- London's Economic Outlook – Autumn 2008 – October 2008
- London's Economic Outlook – Spring 2008 – May 2008

### Working Papers

- Working Paper 34: Outer London – Economic data and statistics – March 2009
- Working Paper 33: The evolution of UK and London employment rates – August 2008
- Working Paper 32: Building Bridges – Some lessons from the Middle Ages on the long-term

economic impact of bridges over the Thames – August 2008

- Working Paper 31: Employment in London by firm size – May 2008

### Current Issues Notes

- Current Issues Note: 23: Food price increases and their impact on London's lowest income groups – December 2008
- Current Issues Note: 22: Patterns of low pay in London – August 2008

- Current Issues Note: 21: Rising energy prices and their effects on environmental behaviour – July 2008

### GLA Economics' Hosted Events

- Investing in London: Good for London, good for the UK – 20 November 2008
- The credit crunch and the London economy – 26 June 2008

## Discussing London's Economy

Title	Speaker	Organisation
Overcoming barriers to institutional investment in residential housing	Sandeep Sankoli	GLA
Heathrow	Stephen King	LDA
Tourism	Stephen King	LDA
Environmental effectiveness	Simon Kyte	GLA
Fine scale modelling of the London housing market	Andrew Crooks	UCL
London's Economic Outlook	Gordon Douglass & Richard Davies	GLA
Large/medium-sized firms distribution	Matthew Waite	GLA
Long-term employment trends	Lubomira Chirmiciu	LDA
Snapshot	Katerina Angelopoulou	LDA
Adult social care	Matthew Barry	GLA
International evidence base	Matthew Waite & team	LDA
Valuing public realm	Stuart Reid	MVA Consultancy
London Annual Business Survey	Keith Blakemore	LDA
London living wage	Duncan Melville	GLA
Business start-ups	Katerina Angelopoulou	LDA
London's Economic Outlook	Gordon Douglass	GLA
Transport	Nick Ennis	GLA
Airports for London	Sweta Deb	LDA
Building bridges: Lessons learned	Dr Andrew Roach	Glasgow University
Snapshot report: January 2009	Alkesh Hirani & Spencer Thompson	GLA
Outer London economic data and statistics	Stephen King	LDA
Airport choice in Greater London	Nick Ennis	GLA



## External Presentations

GLA Economics was invited to present at a range of external meetings including those listed below.

London Councils presentation on the London economy
UKTI (London) awayday presentation
TfL (directorate meeting)
London Skills and Employment Board meetings and member presentations
LDA GMT presentation on London's economy
London Economic Panel
Support to LDA/SLT Housing and Finance seminar
TfL board meetings
Presentations to overseas delegations
Thames Gateway Practitioners' Forum
London Economic Forum
Bank of England briefing
Presentation at Mayoral Event "Women in London's Economy"
Presentation for Islington Business Forum
Conference Board of Canada
Inter-regional forum
New West End Company
LDA all staff lunchtime seminar
Presentation to Brent Council
Presentation to Camden Credit Crunch Conference
Presentation to Westminster Council
Presentation to Kensington and Chelsea Regeneration Exchange Event
Diversity in a recession presentation



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The Queen's Walk  
More London  
London SE1 2AA

Telephone 020 7983 4100  
Minicom 020 7983 4458  
[www.london.gov.uk](http://www.london.gov.uk)

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### Chinese

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### Vietnamese

Nếu bạn muốn có văn bản tài liệu này bằng ngôn ngữ của mình, hãy liên hệ theo số điện thoại hoặc địa chỉ dưới đây.

### Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος εγγράφου στη δική σας γλώσσα, παρακαλείστε να επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυδρομικά στην παρακάτω διεύθυνση.

### Turkish

Bu belgenin kendi dilinizde hazırlanmış bir nüshasını edinmek için, lütfen aşağıdaki telefon numarasını arayınız veya adrese başvurunuz.

### Punjabi

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

### Hindi

यदि आप इस दस्तावेज की प्रति अपनी भाषा में चाहते हैं, तो कृपया निम्नलिखित नंबर पर फोन करें अथवा नीचे दिये गये पते पर संपर्क करें

### Bengali

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

### Urdu

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

### Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى الاتصال برقم الهاتف أو مراسلة العنوان أدناه

### Gujarati

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

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