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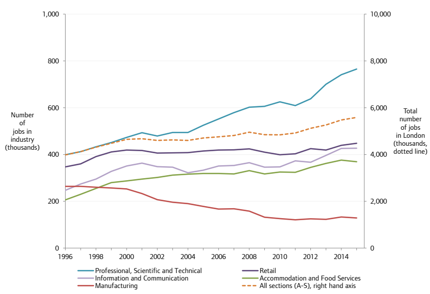
Chancellor focuses on productivity growth as borrowing forecasts pushed upwards

By **Emma Christie**, Economist, **Gordon Douglass**, Supervisory Economist and **Brian Smith**, Economist

In his first and what he announced would also be his last Autumn Statement (before its replacement next year with an Autumn Budget) the Chancellor of the Exchequer, Phillip Hammond, unveiled a number of spending announcements which he claimed would help to boost UK productivity as well as a number of tax raising measures. These announcements were however unveiled against a background of higher forecasts for public sector borrowing from the Office for Budget Responsibility (OBR) as shown in Figure 1.

The OBR is now forecasting that the budget deficit (public borrowing) will stand at £68.2 billion in 2016/17 or 3.5 per cent of GDP (a £12.2 billion upward revision from their March forecast), down from 4.0 per cent in 2015/16 and a peak of 10.1 per cent in 2009/10. Public borrowing is forecast to continue to fall but remain in deficit by the end of the forecast period with it hitting a deficit of £17.2 billion in 2021/22. Partially in light of this, public sector net debt as a percentage of GDP is now forecast to peak at 90.2 per cent of GDP in 2017/18 before dropping to 84.8

Latest news...



London's Industrial Economy

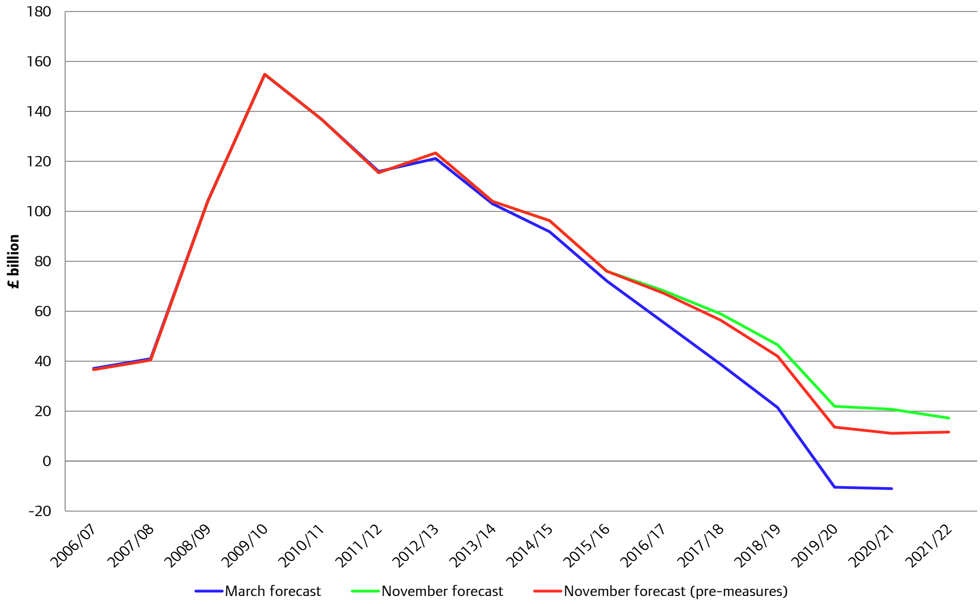
ONS statisticians who work in the GLA Economics team recently published five articles investigating a selection of London's industrial sectors. The key point from the recent analysis of London's industry sectors is that London's economy has grown strongly in terms of jobs, and yet average take-home pay has declined in real terms.

The five articles Earning, Learning and Business Churning: revealing London's industrial economy in 2015 look at the following industry sectors in London:

Professional, Scientific and Technical Activities; Retail; Information & Communication; Accommodation and Food Service Activities; Manufacturing.

Figure 1: Public sector net borrowing

Source: ONS and OBR



per cent of GDP in 2021/22. These forecasts in large part reflect the OBR's changed economic forecast based on a number of events since the March Budget which have been reflected in their forecast. The OBR has thus revised up their growth forecast for this year, but revised down their forecast for next year and for 2018. Hence, 2016 sees growth forecast at 2.1 per cent an upward revision of 0.1 percentage points, with growth forecast in 2017 of 1.4 per cent (a downward revision of 0.8 percentage points), 1.7 per cent in 2018 (a downward revision of 0.4 percentage points), 2.1 per cent per annum for 2019 and 2020 and 2.0 per cent for 2021. However in relation to the certainty around their forecasts the OBR warn that in the "current circumstances the uncertainty around them is even greater than it would be in normal times".

Given the forecast borrowing levels the OBR observes that "the Government's three existing fiscal targets would all be missed by considerable margins. The current fiscal mandate requires a budget surplus in 2019-20, but we now forecast a deficit of £21.9 billion. The 'supplementary target' requires debt to fall relative to national income every year, but we now expect it to rise sharply this year and next – partly due to the measured effect of August's monetary policy changes. And the 'welfare cap' requires a subset of welfare spending to be held below a cash limit set in July 2015, but we now expect this to overshoot by more than 7 per cent by 2020-21". The Chancellor has therefore proposed new fiscal targets which the OBR note are on track to being met. However, the OBR further warn that for the new fiscal mandate, "past forecast performance suggests that there is a 35 per cent chance of the new target being missed despite £26.6 billion of headroom".

The Chancellor in his Autumn Statement announced a number of measures which he claims will boost UK productivity. He thus set out a new National Productivity Investment Fund (NPIF), which will provide £23 billion of spending between 2017/18 and 2021/22. This fund will "take total spending on housing, economic infrastructure and R&D to £170 billion over the next 5 years". He further announced that Government investment in the areas covered by the National Infrastructure Commission will increase to sit between 1 per cent and 1.2 per cent of GDP each year from 2020 to 2050.

In relation to housing the Government is to publish a Housing White Paper in due course. A £2.3 billion Housing Infrastructure Fund by 2020/21, to be funded by the NPIF, was announced to help deliver up to 100,000 new homes. The NPIF will also provide an extra £1.4 billion to deliver an additional 40,000 housing starts by 2020/21. Further, the Government is to invest £1.7 billion from the NPIF to speed up house building on public sector land through partnerships with private sector developers. The Government has confirmed the Greater London Authority's (GLA) affordable housing settlement, under which the GLA will receive £3.15 billion, to deliver 90,000 housing starts by 2020/21. Also the Government is to ban letting agents' fees to tenants, to improve competition in the private rental market. The Department for Communities and Local Government will consult ahead of bringing forward legislation. Data from the Annual Population Survey (Office for National Statistics (ONS)) indicate that more than a quarter of all households in London are private rented.

There were a number of announcements of particular interest for London in the Autumn Statement including:

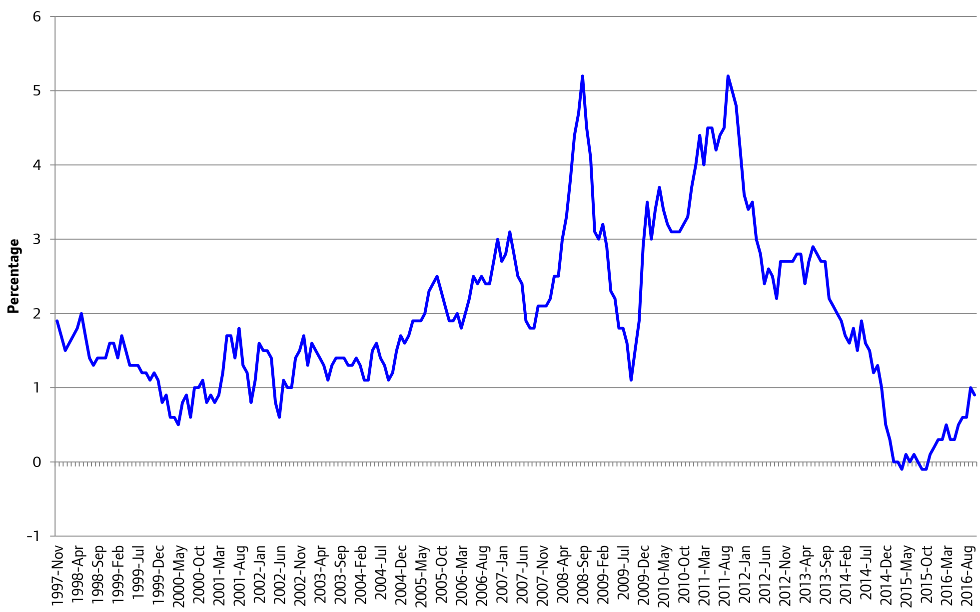
- The devolution to London of the adult education budget from 2019/20, subject to readiness conditions, as well as the budget for the Work and Health Programme. It is intended that the Work and Health programme will be led by the local authorities through the sub-regional partnerships; subject to the sub-regional partnerships securing co-financing status and ongoing discussions with DWP to resolve technical issues around their payment system.
- A number of taxation announcements are likely to be of significant importance to London. These include the announcement that the insurance tax premium will be increased from 10 to 12 per cent, the placing of limits on the tax deductions that large corporate groups can claim, and the removal of some of the tax advantages around salary sacrifice schemes from 2017.
- The Government will consult on lending local authorities up to £1 billion at a new 'local infrastructure rate' to support projects that are high value for money; £492 million to London and the South East from a new round of Growth Deals; and a number of measures to encourage the take-up of ULEVs.

Inflation drops slightly in October but likely to rise next year

Beyond the Autumn Statement, Consumer Price Index (CPI) inflation fell slightly to 0.9 per cent in October 2016 (a rate which was below market expectations) down from 1 per cent in September (see Figure 2). The ONS reports that 'the main downward contributors to the change in the rate were prices for clothing (retail sales growth is at a 14-year high thanks to increased demand for 'warm clothes') and university tuition fees, which rose by less than they did a year ago, along with falling prices for certain games and toys, overnight hotel stays and non-alcoholic beverages'. Commenting on the inflation figures, Head of Inflation at the ONS, Mike Prestwood, said: 'after initially pushing up the prices of raw materials, the recent fall in the value of the pound is now starting to boost the price of goods leaving factories as well. However, aside from fuel, there is no clear evidence that these pressures have so far fed through to the prices in shops'.

Figure 2: UK CPI Inflation Rate
Last Data Point: November 2016

Source: ONS



This unexpected fall in inflation comes against a backdrop of a forecast from the National Institute for Economic and Social Research (NIESR) that consumer prices could rise by as much as 4 per cent in the second half of 2017. While the Bank of England's November Inflation Report forecasts inflation of 2.7 per cent at the end of both 2017 and 2018. Mark Carney, the governor of the Bank of England, told MPs that despite October's lower than expected reading, they should still expect rises: 'inflation is going to go up, and that is the consequence of the very large depreciation in the exchange rate'.

Should inflation rise as predicted, this could lead to a fall in real wages. A survey by the Chartered Institute of Personnel and Development (CIPD) found that almost a third of employers expect the recent fall in sterling to increase their costs over the coming months, and as such are reluctant to invest in skills. Gerwyn Davies, a labour market analyst at CIPD, said that an underinvestment in skills could limit the potential for productivity growth, which is critical to employers' ability to afford more generous pay increases: 'pay expectations are already weak, and as inflation moves up we can expect a period of low or negative real wage growth for the squeezed middle'. Latest labour market figures show that real (ie, removing inflation) average weekly earnings grew by 1.7 per cent in the three months to September 2016 compared to the same period in 2015.

Forecasts generally remain robust for the UK economy for this year

As noted above, in their first forecast since the EU referendum result, the OBR forecast relatively strong growth for the UK for this year, but have significantly reduced their forecasts for UK GDP growth over the next couple of years. Similarly, other forecasters have been revising their initial post referendum forecasts for 2016 in a more positive direction, though with relatively slow growth forecast for 2017 and 2018. So, in their November Inflation Report, the Bank of England revised up their forecast for GDP growth to 2.2 per cent in 2016 with 1.4 per cent growth in 2017 (upgrades of 0.2 and 0.8 percentage points respectively on their August forecast). However, they further downgraded their forecast for 2018 to growth of 1.5 per cent, down from a forecast of 1.8 per cent made in August. Elsewhere and in line with the downgraded growth forecast from the OBR for 2017 and 2018, the European

Commission reduced their expectations for UK GDP growth in 2017 to just 1 per cent, down from 1.8 per cent in May. The Commission cited the negative effects associated with continued uncertainty surrounding the Brexit negotiations, commenting that 'a general conclusion is that the looser the UK's future economic relationship with the EU, the larger the likely negative impact on the UK economy'. In addition, the Commission raised further concerns that there could be some negative spill-over effects for other EU economies after 2018 (beyond the current forecast period).

Most advanced economies continue to grow but at varying speeds

In international news, the US economy continued to grow in the third quarter of 2016, expanding by an annualised rate of 2.9 per cent. Despite, some concerns being raised about the uncertainty around future US economic policy, Janet Yellen, the chair of the Federal Reserve said, in November, that US interest rates will be raised 'relatively soon'. Elsewhere, the Japanese economy has also continued to grow at a moderate but faster than expected pace, with GDP increasing by an annualised rate of 2.2 per cent in the three months to September, mainly on the back of higher exports. And closer to home, the Eurozone continues to grow, albeit at an unimpressive pace, with its GDP expanding by 0.3 per cent in Q3 2016 (on par with Q2). However, the length and outcome of the Brexit negotiations pose risks to medium-term growth prospects.

Continued growth in London's economy but with signs of moderation

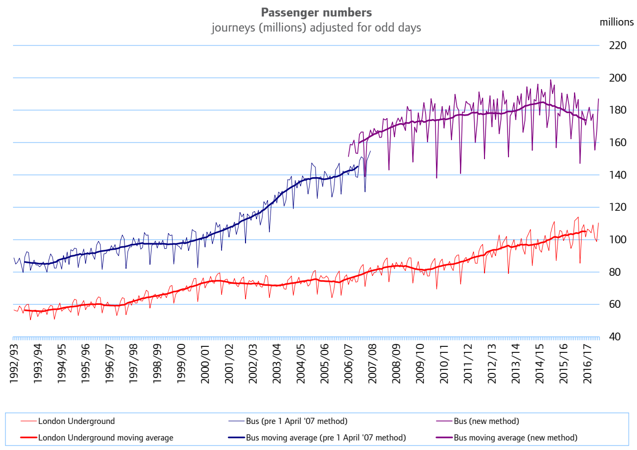
Looking at London, a number of indicators suggest that the capital's economy remains robust, despite ongoing uncertainty. Labour market data released this month show that London's employment rate increased by 0.1 percentage points (to 73.6 per cent) in the three months to September – the highest rate of employment recorded in London since records began in 1992. London's ILO unemployment rate in the three months to September was 5.6 per cent, down 0.3 percentage points on the previous quarter, and again, the lowest rate of unemployment since 1992 when records began. While, in a sign of confidence in the capital's economy, Crédit Agricole has extended its office lease in the City of London until 2025; Google is to double its headcount in London to recruit engineering talent and entrench itself more deeply in markets outside the US; and, Facebook announced that it will increase by half its UK workforce when it hires 500 workers for its new headquarters in London.

However, despite the positive data emerging from the capital, the news is not universally upbeat. Research by insolvency firm Begbies Traynor, indicated that London's business could be facing issues, finding that London lags behind a national average improvement in financial health in the three months from June. Most regions saw a decline in the number of businesses in 'critical' condition, whereas in London, the number of companies in critical distress rose from 467 to 498, a 6.6 per cent increase on the previous quarter. Moreover, survey evidence suggests that businesses, in particular, are still concerned about the impact Brexit will have on London. To that end, a study produced by the Centre for Economics and Business Research for the London Chamber of Commerce and Industry, published in November highlighted the importance of non-UK EU nationals currently employed in London to the capital's economy especially in relation to uncertainty about the future supply of EU workers. Nevertheless, in general, and as is the case for the UK as a whole, the economy continues to grow in the capital but with some uncertainty as to what, exactly, the future holds.

Economic indicators

Average number of passenger journeys falls

- The most recent 28-day period covered 18 September – 15 October 2016. Adjusted for odd days, London's Underground and buses had 297.4 million passenger journeys; 187.0 million by bus and 110.4 million by Underground.
- The 12-month moving average of passengers decreased to 278.9 million from 279.3 million in the previous period. The moving average for buses was 173.9 million. The moving average for the Underground was 105.1 million.
- The methodology used to calculate the number of bus passenger journeys was changed by TfL from 1 April 2007. For a detailed explanation please see LET issue 58 (June 2007).

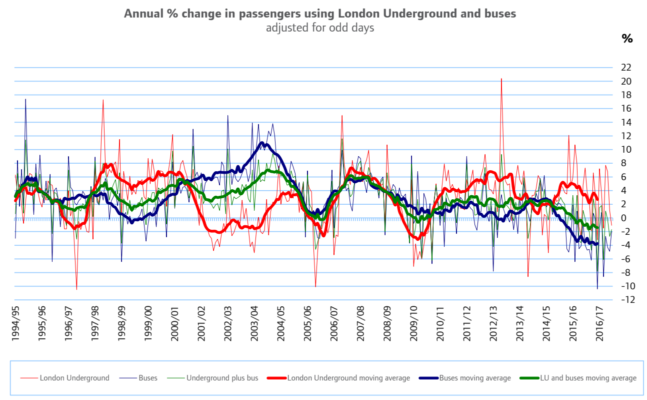


Latest release: November 2016
Next release: December 2016

Source: Transport for London

Average annual growth of passengers remains negative

- The moving average annual rate of growth in passenger journeys decreased to -1.4 per cent from -1.3 per cent in the previous period.
- The moving average annual rate of growth in bus passenger journey numbers increased to -3.7 per cent from -3.9 per cent in the previous period.
- The moving average annual rate of growth in Underground passenger journeys decreased to 2.7 per cent from 3.3 per cent in the previous period.

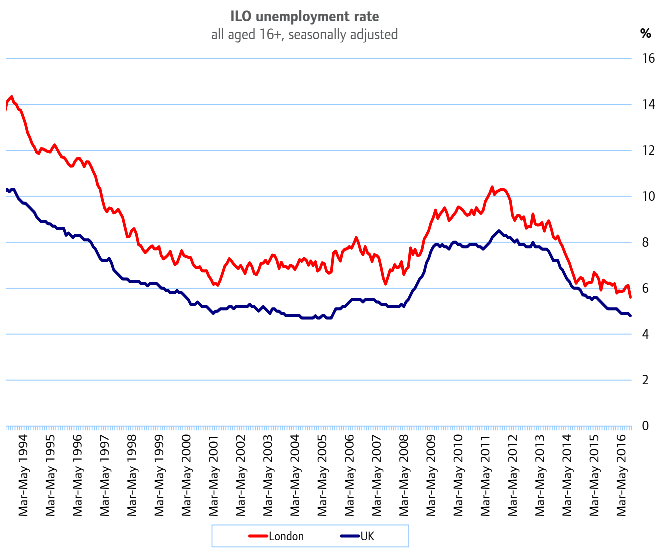


Latest release: November 2016
Next release: December 2016

Source: Transport for London

ILO unemployment decreases in London

- The ILO unemployment rate in London decreased to 5.6 per cent in the quarter to September 2016, compared to 5.9 per cent in the quarter to June.
- For the UK as a whole, the unemployment rate decreased to 4.8 per cent in the quarter to September 2016, compared to 4.9 per cent in the previous quarter.
- There were 266,000 seasonally adjusted unemployed in London in the quarter to September 2016, a decrease of 14,000 on the previous quarter. There were 1,604,000 seasonally adjusted unemployed in the UK in the quarter to September 2016, a decrease of 37,000 on the previous quarter.



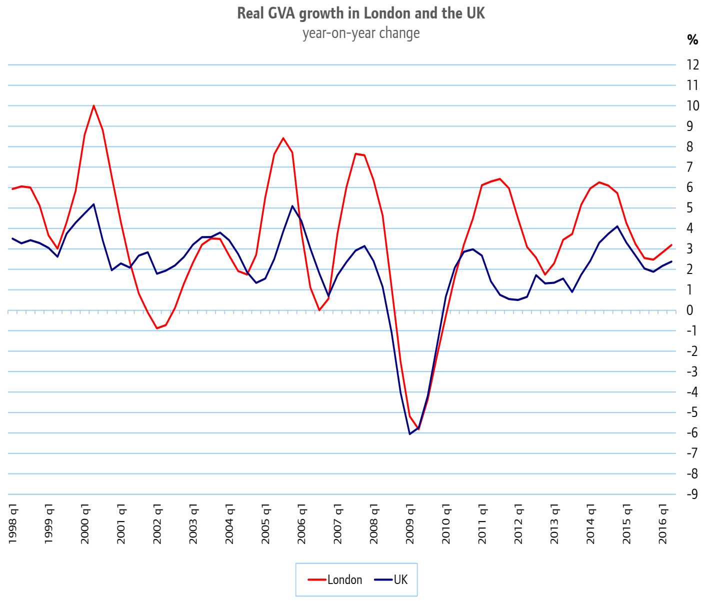
Source: Labour Force Survey - ONS

Latest release: November 2016
Next release: December 2016

Annual output growth increases in London in Q2 2016

- London's annual growth in output increased to 3.2 per cent in Q2 2016 from an upwardly revised 2.8 per cent in Q1 2016.
- Annual output growth in the UK increased to 2.4 per cent in Q2 2016 from an upwardly revised 2.2 per cent in Q1 2016. In Q2 2016, London's annual output growth was higher than the UK as a whole.
- From LET Issue 165 (May 2016), GLA Economics now reports our own GVA estimates for London and ONS data for the UK.

Latest release: October 2016
Next release: January 2016

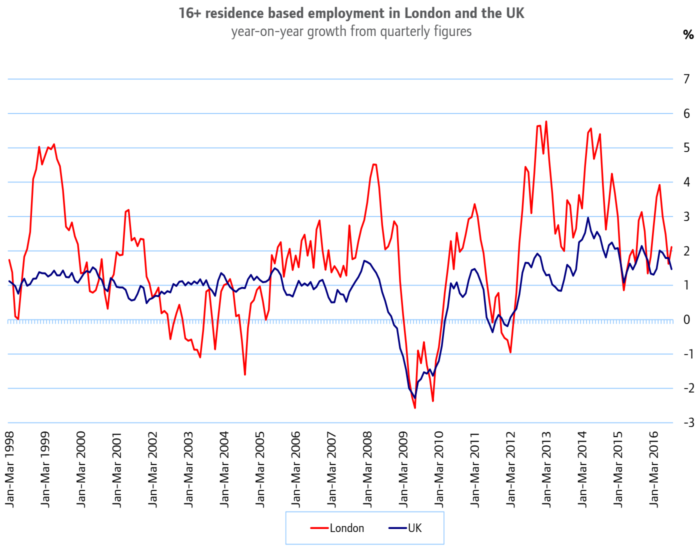


Source: GLA Economics and ONS

Annual employment growth slows in London

- The annual growth rate of London's residents in employment slowed to 2.1 per cent in the quarter to September 2016, compared to 3.0 per cent in the quarter to June.
- For the UK, the annual growth in employment was 1.5 per cent in the quarter to September 2016, compared to 1.9 per cent in the previous quarter.
- There were 4.48 million residents in employment in London in the quarter to September 2016, a decrease of 2,000 on the previous quarter. There were 31.80 million people in employment in the UK, an increase of 49,000.

Latest release: November 2016
Next release: December 2016

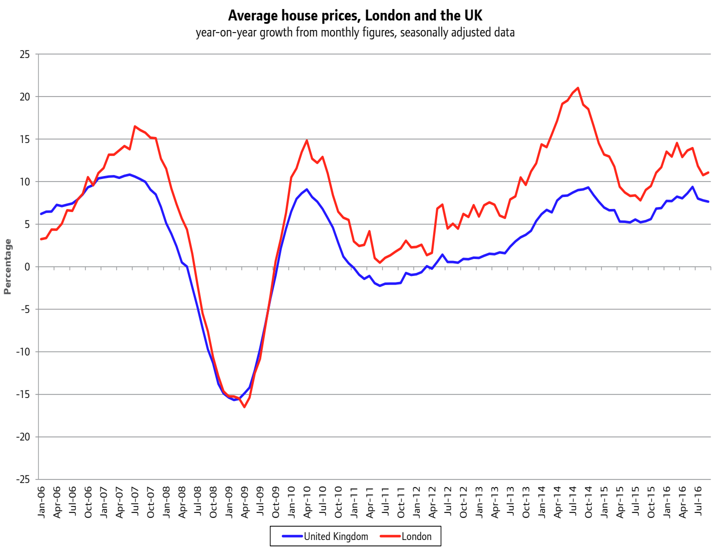


Source: Labour Force Survey - ONS

Annual house price inflation in London slows

- House prices, as measured by the Land Registry, were higher in September 2016 than the previous quarter for London, as well as for the UK as a whole.
- Annual house price inflation in London was 11.1 per cent in September 2016, down from 13.9 per cent in June 2016.
- Annual house price inflation in the UK was 7.7 per cent in September 2016, down from 9.4 per cent in June 2016.

Latest release: November 2016
Next release: December 2016

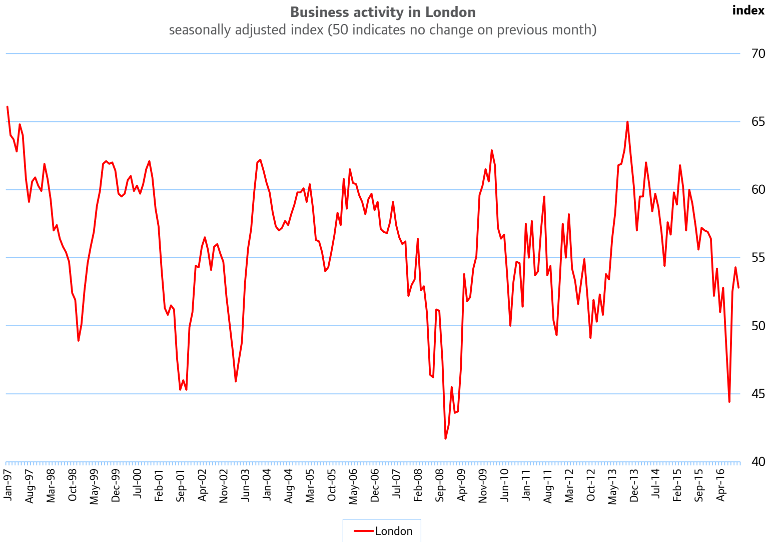


Source: Land Registry and ONS

London's business activity increases

- Firms in London increased their output of goods and services in October 2016.
- The Purchasing Managers' Index (PMI) of business activity recorded 52.8 in October 2016, down from 54.3 in September 2016.
- An index above 50 indicates an increase in business activity from the previous month.

Latest release: November 2016
Next release: December 2016

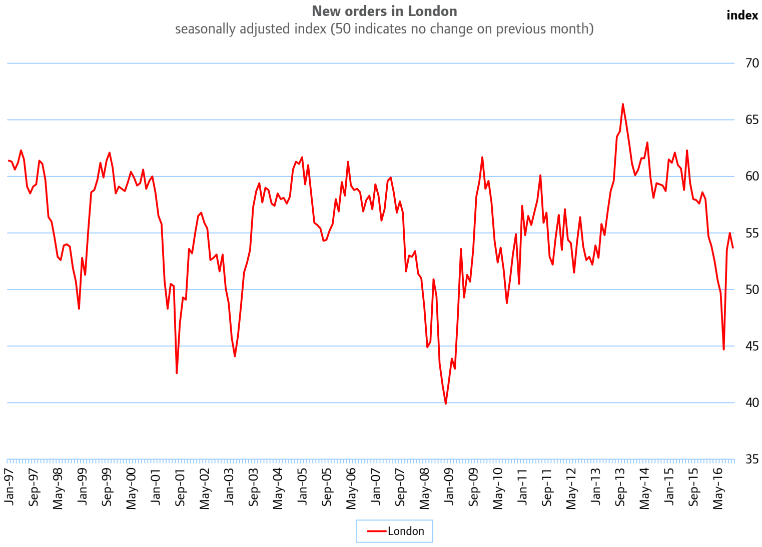


Source: Markit Economics

New orders in London rising

- October 2016 saw an increase in new orders for London firms.
- The PMI for new orders recorded 53.7 in October 2016 compared to 55.0 in September 2016.
- An index above 50 indicates an increase in new orders from the previous month.

Latest release: November 2016
Next release: December 2016

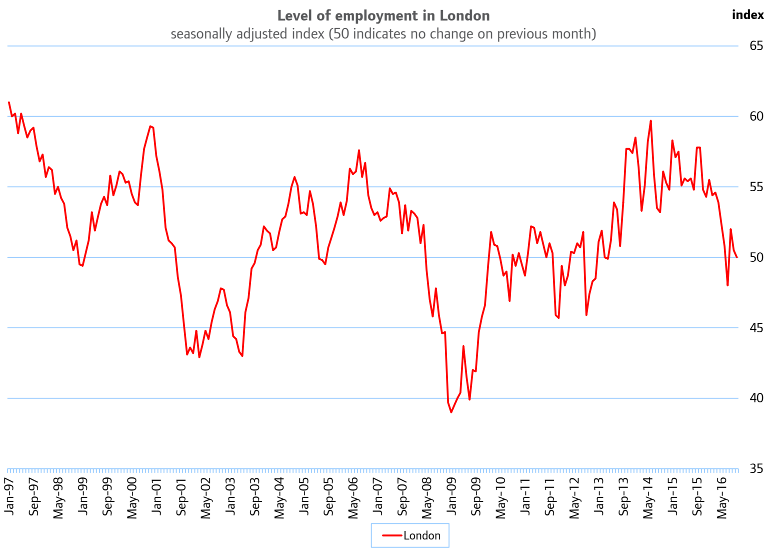


Source: Markit Economics

Businesses report no change in employment in October

- The PMI shows that the level of employment in London firms was unchanged in October 2016.
- The PMI for the level of employment was 50.0 in October 2016, down from 50.5 in September 2016.
- An index above 50 indicates an increase in the level of employment from the previous month.

Latest release: November 2016
Next release: December 2016

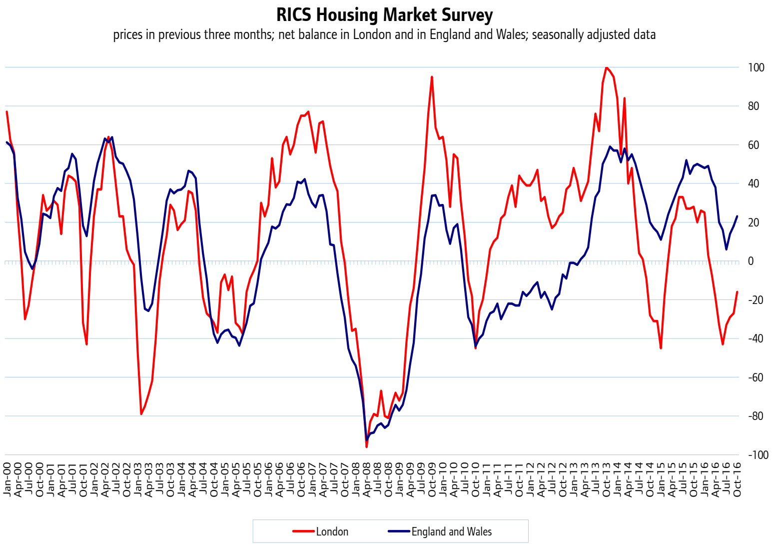


Source: Markit Economics

Surveyors report that house prices are decreasing in London

- The RICS Residential Market Survey showed a net balance of -16 for London house prices over the three months to October 2016.
- Surveyors reported a positive net house price balance of 23 for England and Wales over the three months to October 2016.
- London's net house price balance is lower than that of England and Wales.

Latest release: November 2016
Next release: December 2016

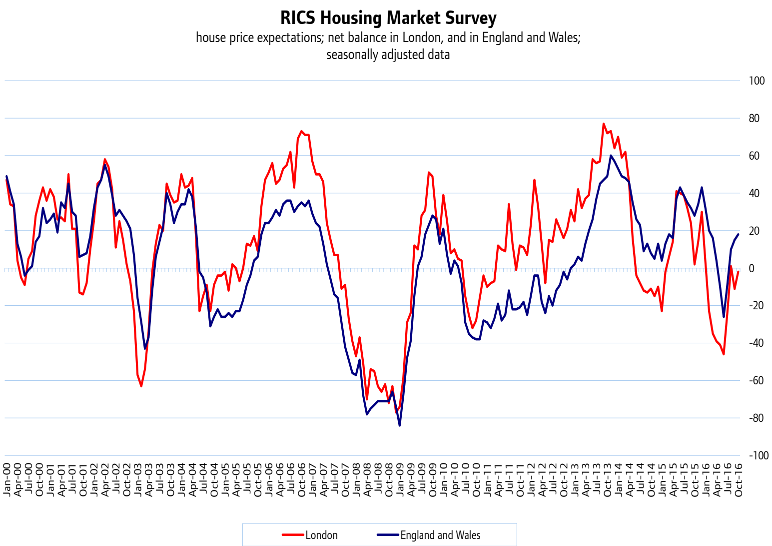


Source: Royal Institution of Chartered Surveyors

Surveyors expect house prices to fall in London but rise in England and Wales

- The RICS Residential Market Survey shows that surveyors expect house prices to fall over the next three months in London, but rise in England and Wales.
- The net house price expectations balance in London was -2 in October 2016.
- For England and Wales, the net house price expectations balance was 18 in October 2016.

Latest release: November 2016
Next release: December 2016

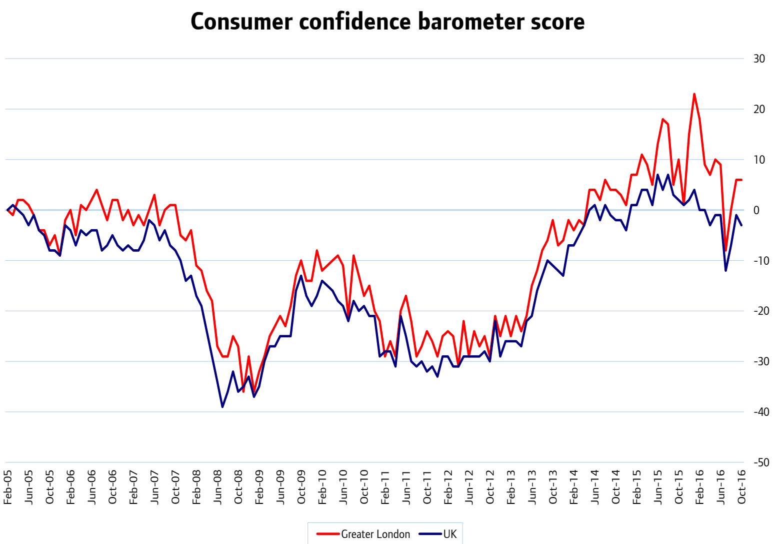


Source: Royal Institution of Chartered Surveyors

Consumer confidence is positive in London but remains negative for the UK as a whole

- The GfK index of consumer confidence reflects people's views on their financial position and the general economic situation over the past year, as well as their expectations for the next 12 months (including whether now is a good time to make major purchases). A score below zero signifies negative views of the economy.
- For Greater London, the consumer confidence score was unchanged at 6 in October 2016.
- For the UK, the consumer confidence score fell to -3 in October 2016, down from -1 in September 2016.

Latest release: October 2016
Next release: November 2016



Source: GfK NOP on behalf of the European Commission

By **Matthew Waite,**
Senior Economist

GLA Economics has recently published the 'economic evidence base for London'. The evidence base provides analysis of London's economy for strategy development purposes (for instance to support the development of the London Plan, Economic Development Strategy and Transport Strategy). This summary provides an extremely condensed outline of the main issues covered in the economic evidence base. The main document, which provides much more detail, can be found at: Economic Evidence Base for London 2016.

On many measures London's economy is very successful. In 2014 London's 'Gross Value Added' (GVA) totalled £364 billion; twice the size of the economies of Scotland and Wales put together. Indeed if London's economy is considered against European countries (on a comparable basis) it would rank as the eighth biggest economy; London's economy is larger than Belgium, Sweden, Austria or Norway for example.

London's economic success is further illustrated by the fact that, contrary to the country as a whole, London runs a trade surplus with the rest of the world. As a result, London's economy provides a net injection to the national economy which, through supply chain linkages, helps to drive economic activity across the country. The more international trade London engages in the more economic activity there is likely to be for the rest of the UK.

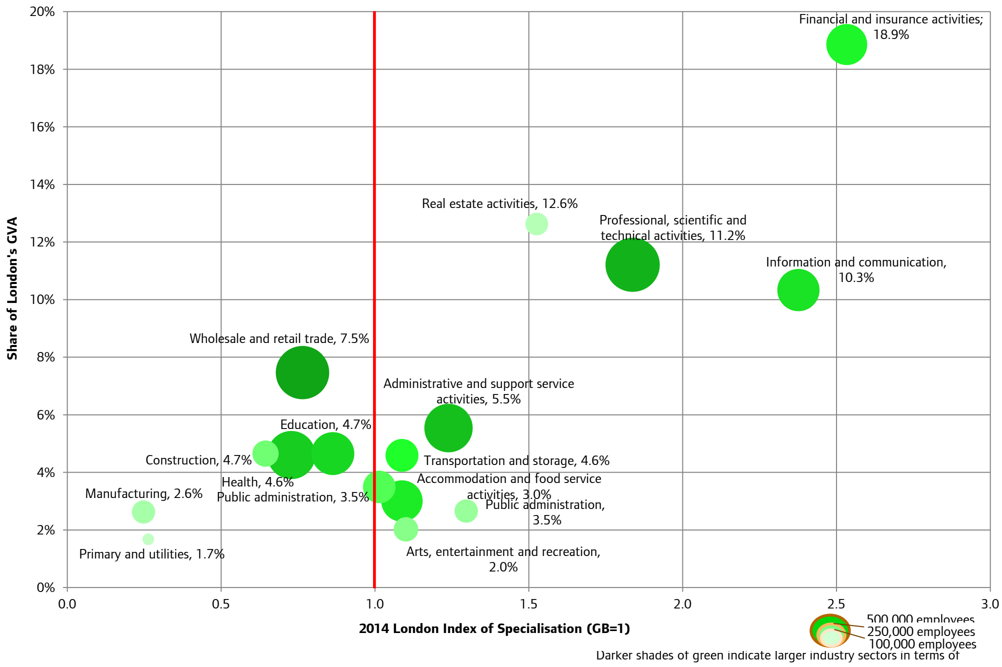
International trade and specialisation

International trade is an important influence on London's economy because it increases the size of the market into which London's businesses can sell (or buy from): the bigger the market, the more economically viable it is to focus on specialised products or services.

Figure A1 shows that London's economy is specialised (in the sense that it has a greater proportion of employment in a particular sector when compared to the rest of the country) in Financial and insurance activities and this is also London's biggest area of economic activity (accounting for almost a fifth of London's GVA and over 4 per cent of the entire UK's economic output). Similarly, London is specialised in Information and communication, Professional services and Real estate – which together account for another third of London's economic activity. What Figure A1 also shows is that, unsurprisingly, London is not specialised (in relation to the rest of the country) in activities that might be considered to be land-intensive, like agriculture and traditional manufacturing.

Figure A1: Indices of specialisation[1] compared to output share, London, 2014

Source: GLA Economics calculations; drawn from Business Register and Employment Survey, and Regional Accounts, both ONS



Many of the sub-sectors within the broad sector headings outlined in Figure A1 are internationally competitive specialisms – where London exports a significant amount of services. Some examples include air transport; film/TV/music; creative, arts and entertainment activities; computer programming and consultancy; finance (e.g. securities and fund management activities); legal and accounting services; and, advertising – all of which have a significant concentration in London (as compared to the rest of the country).

Agglomeration in central London

This sectoral specialisation has also, to a degree, manifest itself in a spatial specialisation or concentration. So particular (and many) functions of London's economy have tended to locate in certain areas of London – primarily central London.

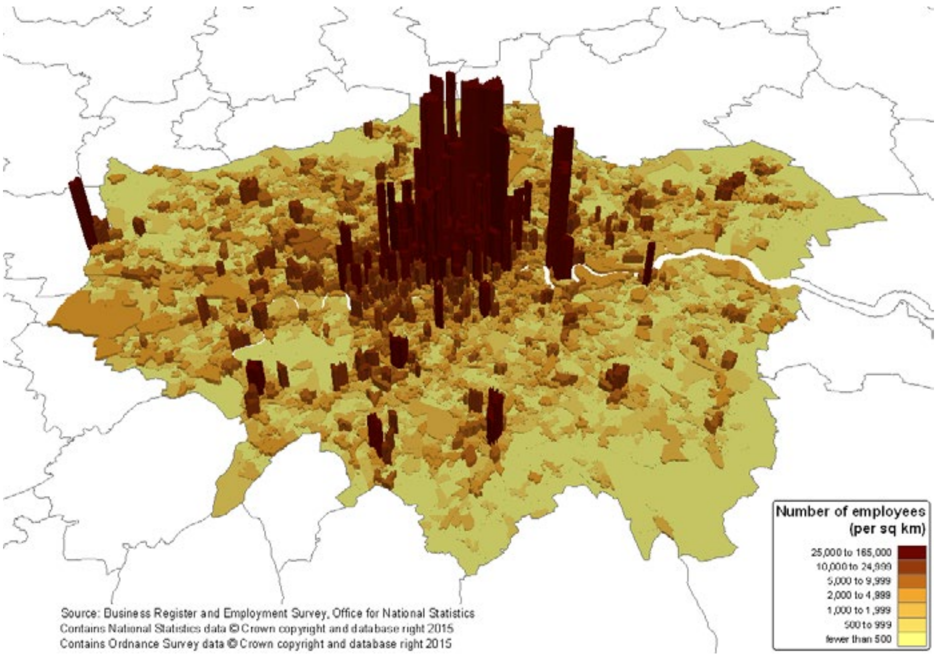
This is because central London offers a number of features that cannot be found in combination in many other places in the UK or the world over. London is an attractive location for international businesses given its well-established legal, political and regulatory frameworks; the use of the English language as a means of international communication; international transport links; and, a low rate of corporation tax amongst other factors. Moreover, central London additionally offers businesses good access to a deep and highly-skilled labour force, a range of complementary markets (both in terms of businesses able to serve or supply (input markets) and businesses willing to buy the product or service (output markets)) and the benefits of spill-over effects such as the rapid transfer of innovation and knowledge; so-called "agglomeration benefits".

The product of these factors is a concentration of employment at the centre of the city. Map A1 shows the number of employees per square km. In essence the preference revealed by companies' business location decisions is that they want to locate near the centre – near to one another – in order to benefit from central London's agglomeration benefits.

1 Index of specialisation is calculated as follows: (sector employee jobs in London / all employee jobs in London) / (sector employee jobs in Rest of GB / all employee jobs in Rest of GB). Both GVA and employee jobs numbers refer to 2014.

Map A1: Number of employees per square kilometre in 2014 in London

Source: Business Register and Employment Survey (BRES).



This competition for space in the centre of London puts upward pressure on the price of land and means businesses in London have to be very competitive to survive. This competition drives productivity which is reflected in ONS productivity figures showing that London's economy is around 30 per cent more productive than the UK average.

This productivity, trade and general level of economic activity also drives significant fiscal surpluses. In 2013/14 it is estimated that London raised £34 billion more in taxes than was spent in London from public expenditure. This is the highest amount of any region or country of the UK (with the South East and East of England the only other regions to make a positive contribution to the Exchequer).

London: a diverse economy

However, London's economy is about more than central London alone. Indeed, whilst many of the globally competitive businesses locate in the very centre of the city (to access a large pool of highly-skilled labour and to feed off one another to do business), other sectors - particularly those serving local markets - need to be located near to consumers. These sectors (e.g. retail, health, education, local government etc) tend to have their employment spread much more widely across London – providing local employment opportunities for London's residents. Indeed the majority of London's employment is located outside central London – spread across London as a whole. Across London, more than 200,000 people are employed in each of 13 different broad sectors; London is a diverse economy.

Risks to London's economy

Projections for London's population and employment suggest London will continue to grow over the next few decades although there are upside and downside risks to these projections. One of the main potential future influences on these projections is the final outcome from the referendum vote to leave the European Union (EU). The nature and scale of any long-term impact from the vote is unknown at the moment and will depend to a large extent on factors like the trade deals that are negotiated with the EU and non-EU countries and any change to the UK's existing migration system (including the free movement of labour within the EU) for example.

The evidence base sets out a number of risks to London's future economic prosperity including the high cost of housing and workspace in London; the level of crowding and congestion on London's transport network; the strain on many public services (including school places, health services and social housing for example); and, the increased pressure that economic and population growth brings to bear on London's environment and its utilities for example. If not mitigated, such risks could result in London losing its attractiveness to both business and people (which could in turn erode its current agglomeration benefits). Ultimately this would result in London losing its international competitiveness, with businesses choosing to move their premises not to elsewhere in the UK, but to another country. If this were to happen the UK would lose the employment, exports, spur to productivity and significant fiscal surpluses that are currently generated by London businesses; this would be a loss to the UK as a whole, not just to London.

Socio-economic issues for London's economy

And for all its apparent success in terms of economic output, trade and tax raising potential, not everyone benefits equally from London's prosperity.

Whilst London's employment rate is currently at the highest level it has been since at least 1992, it remains below that for the UK as a whole. Women with dependent children in London in particular are less likely to be in employment than their counterparts in the rest of the country. London's wage growth has been slow in recent times – which when coupled with rising costs has reduced the affordability of living in London. Indeed almost half of London households have less disposable income, after accounting for housing costs, than equivalent households in the rest of the UK. Moreover, poverty levels, after taking account of housing costs, are much higher in London than the UK as a whole. Up to a third of all inner London residents are in poverty and nearly a quarter of outer London residents, which is also higher than for any other UK region.

London faces certain health issues that are unique in England. Around two fifths (43 per cent) of all people living with diagnosed HIV in the UK live in London, and London accounts for two fifths of all tuberculosis cases in England. On average, Londoners report the lowest levels of life satisfaction, happiness and feeling the things they do in life are worthwhile and the highest anxiety ratings of any UK region.

So while, on many measures, London is a very successful economy, there are many risks to London's future economic prosperity and instances where London residents are not benefitting from London's economic success. The body of the evidence base considers these issues in more detail and can be found at: Economic Evidence Base for London 2016.

Additional information

Data sources

Tube and bus ridership	Transport for London on 020 7222 5600 or email: enquire@tfl.gov.uk
GVA growth	Experian Economics on 020 7746 8260
Unemployment rates	www.statistics.gov.uk

Glossary

Civilian workforce jobs
Measures jobs at the workplace rather than where workers live. This indicator captures total employment in the London economy, including commuters.

ILO unemployment
The International Labour Organization (ILO) measure of unemployment assesses the number of jobless people who want to work, are available to work and are actively seeking employment.

Residence-based employment
Employment measures the number of people in work rather than the total number of jobs (as people may have more than one job). It consists of employees, self-employed as well as unpaid family workers and those on government supported training and employment programmes. The measure included here is residence-based.

Gross domestic product (GDP)
A measure of the total economic activity in the economy.

Gross value added (GVA)
Used in the estimation of GDP. The link between GVA and GDP is that GVA plus taxes on products minus subsidies on products is equal to GDP.

Tube ridership
Transport for London's measure of the number of passengers using London Underground in a given period. There are 13 periods in a year. In 2016/17 there are eleven 28-day periods, one 27-day period and one 30-day period. Period 1 started on 1 April 2016.

Bus ridership
Transport for London's measure of the number of passengers using buses in London in a given period. There are 13 periods in a year. In 2016/17 there are eleven 28-day periods, one 27-day period and one 30-day period. Period 1 started on 1 April 2016.

Acronyms

BCC	British Chamber of Commerce
BRES	Business Register and Employment Survey
CAA	Civil Aviation Authority
CBI	Confederation of British Industry
CLG	Communities and Local Government
GDP	Gross domestic product
GVA	Gross value added
ILO	International Labour Organisation
IMF	International Monetary Fund
LCCI	London Chamber of Commerce and Industry
LET	London's Economy Today
MPC	Monetary Policy Committee
ONS	Office for National Statistics
PMI	Purchasing Managers' Index
PWC	PricewaterhouseCoopers
RICS	Royal Institution of Chartered Surveyors

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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.

MAYOR OF LONDON