

An aerial photograph of the London skyline at dusk or dawn. The Gherkin building is the central focus, with its distinctive diamond-patterned glass facade. To its right is another modern skyscraper with a blue-tinted glass facade. The River Thames is visible in the background, winding through the city. The sky is a mix of soft orange and blue. The image is framed by dark green curved shapes on the left and bottom right.

LAIN Steering Committee

13 December 2022

The logo for the London Anchor Institutions' Network, consisting of a stylized green cross or plus sign with rounded ends.

London
Anchor
Institutions'
Network

Update on the state of London

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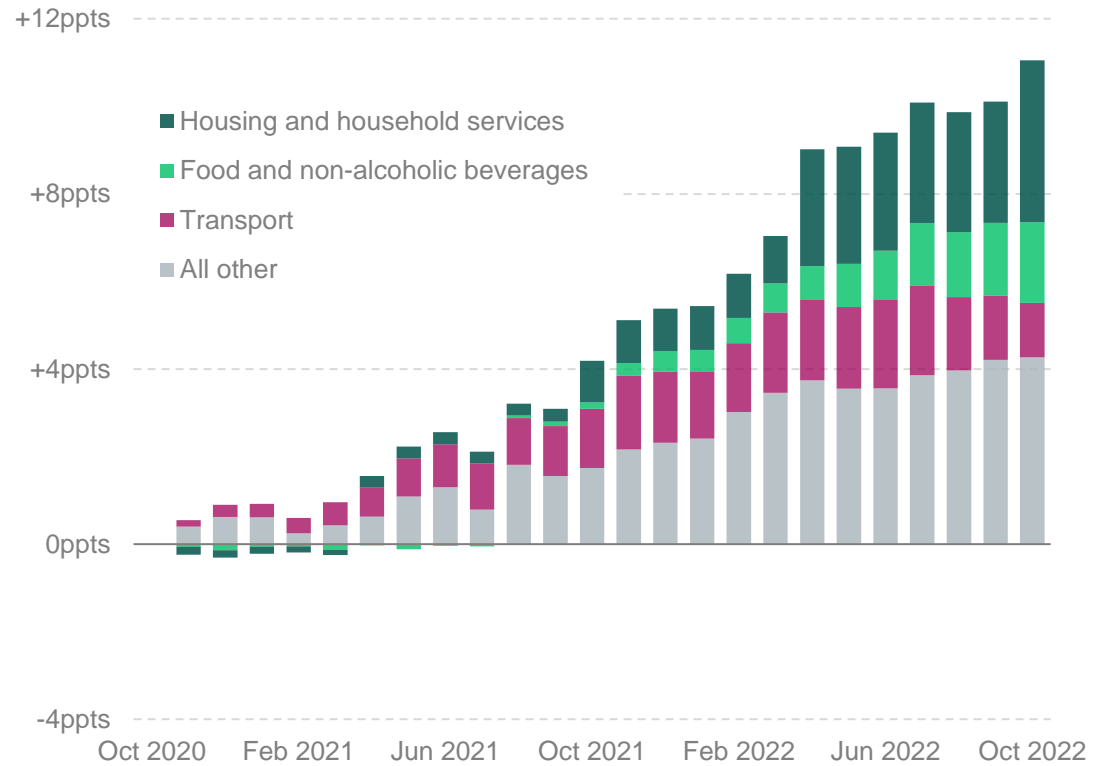


The annual rate of CPI inflation is at a 40-year high

CPI inflation rate for the last 10 years
UK, October 2012 to October 2022



Contributions to the annual CPI inflation rate
UK, October 2020 to October 2022

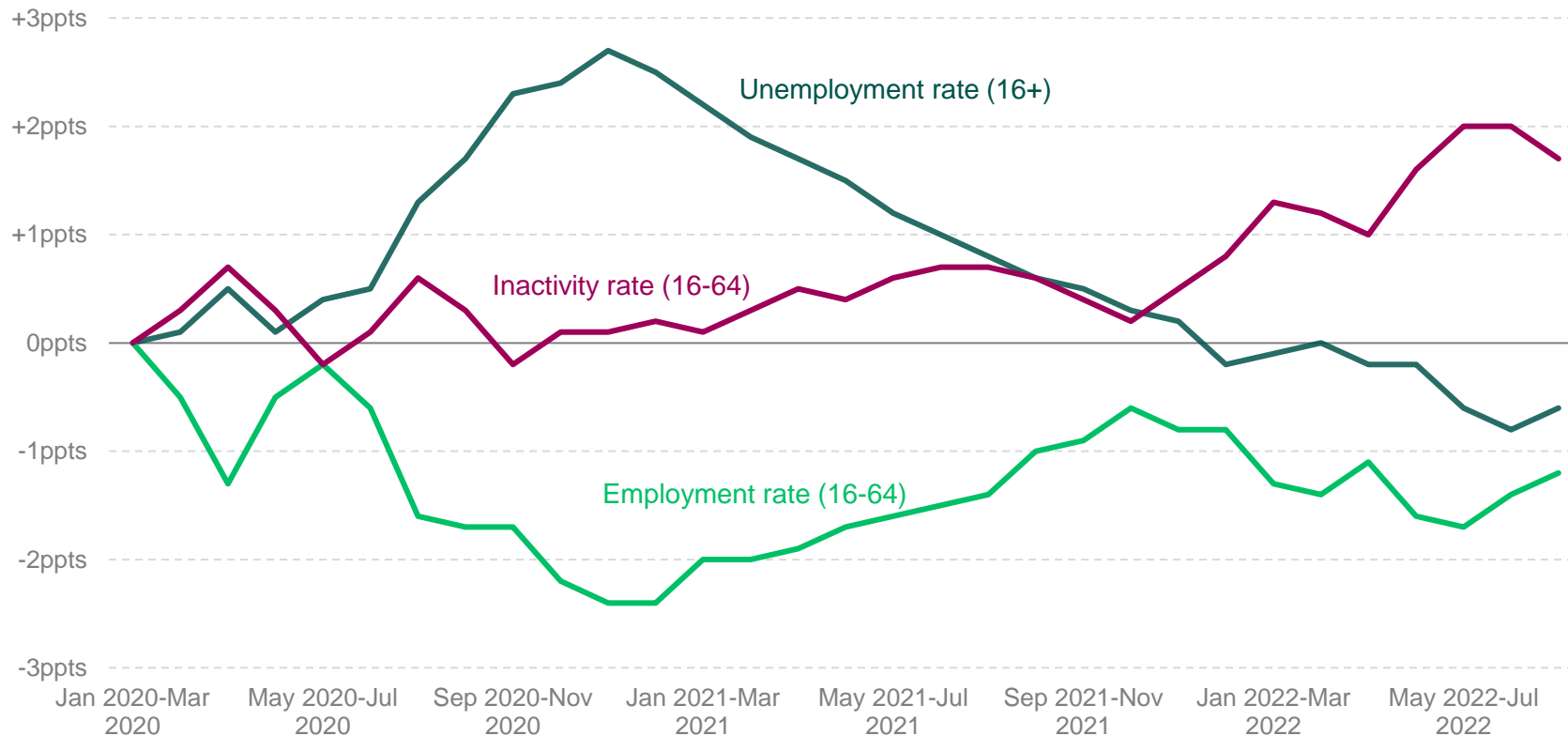


Source: ONS, Consumer price inflation

A COVID-19 unemployment crisis has been averted but 'economic inactivity' has increased

Change in labour market status since Jan-Mar 2020

London residents, latest data for period Jul-Sep 2022

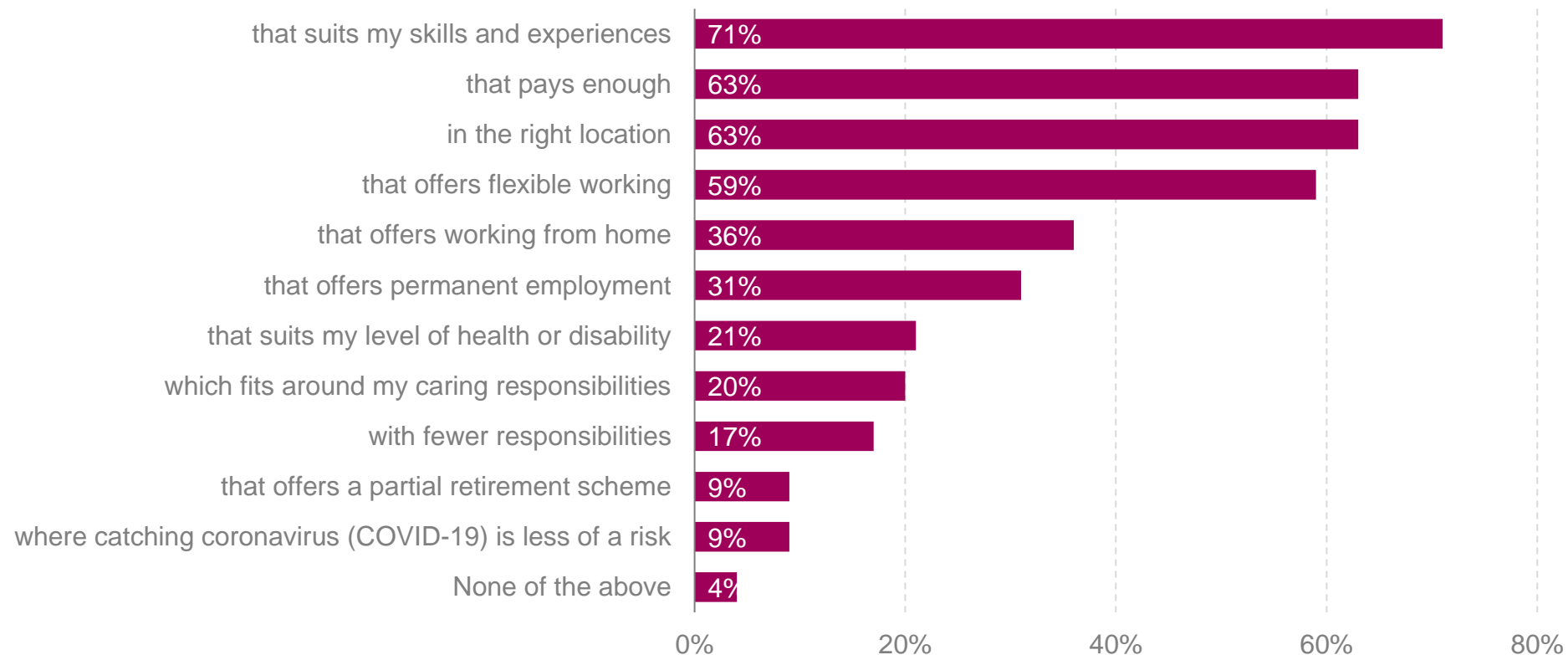


- London's unemployment rate has fallen towards **record lows** (4.2% in the latest quarter, down from 7.5% in the three months to December 2020).
- Inactivity is a growing issue. Drivers of inactivity have included: retirement, rising student numbers, and long-term sickness.
- Despite a drop in job vacancies in the latest quarter, UK businesses continue to report **worker shortages**, especially in health and hospitality.

Pay, location and flexibility are important for workers when looking for employment

Which of the following are important to you when looking for a paid job? A job...

August 2022, Londoners aged 50-65 who left work since the pandemic and would consider a return

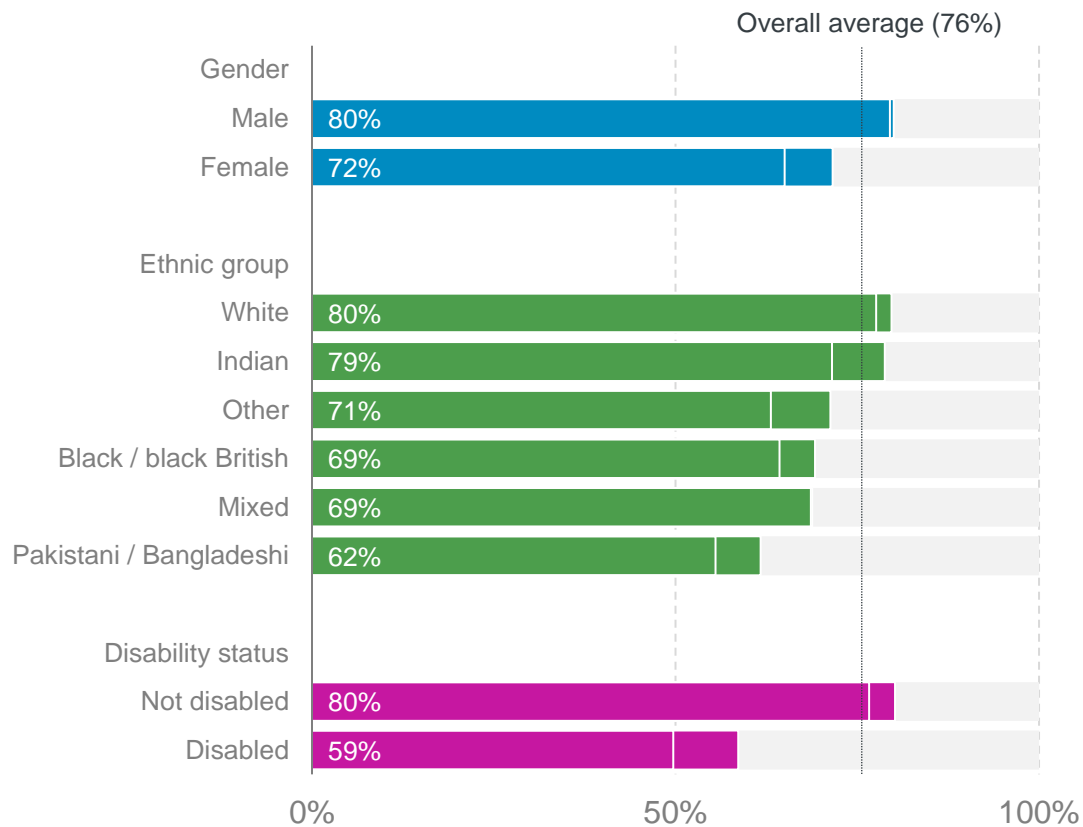


Source: ONS Over 50s Lifestyle Study Wave 2. Also see: GLA Economics (2022) [Economic inactivity trends in London: An update](#). For similar findings for young people, see: Learning and Work Institute (2022) [The Power of Potential Supporting the future of 'NEET' young people in the labour market](#) (e.g. Figure 11).

Many Londoners still face barriers to participating in the labour market, but employment gaps have been narrowing

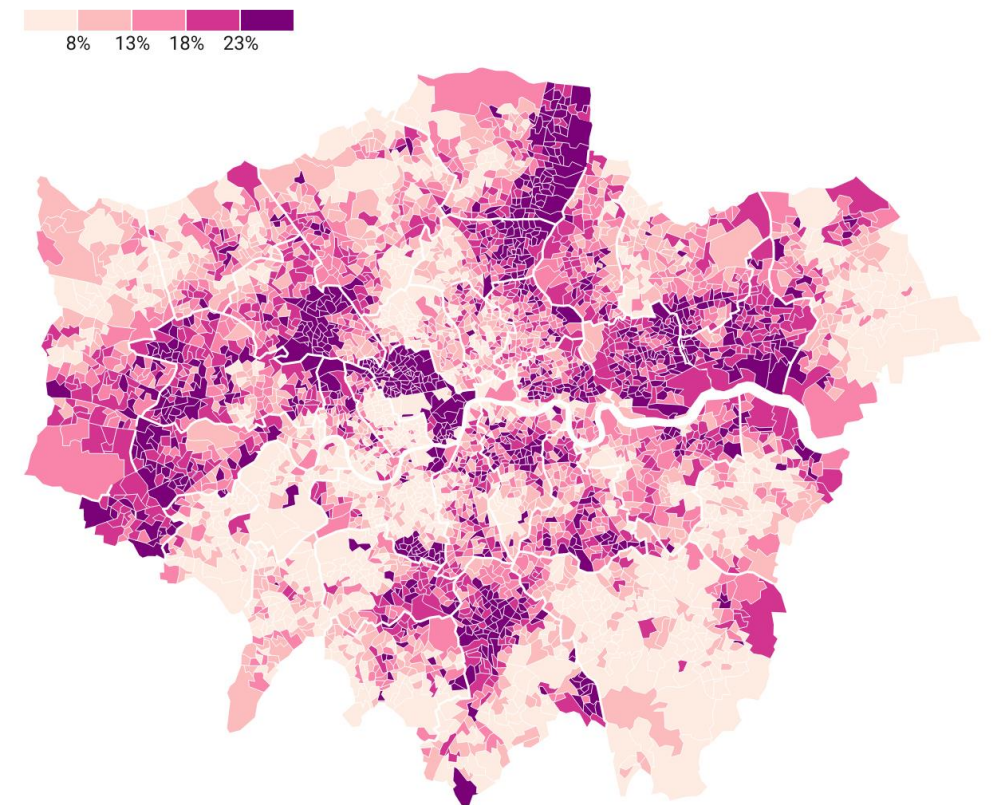
16-64 employment rate for select groups in London

London, latest data for Jul 2021-Jun 2022



Proportion of residents claiming Universal Credit

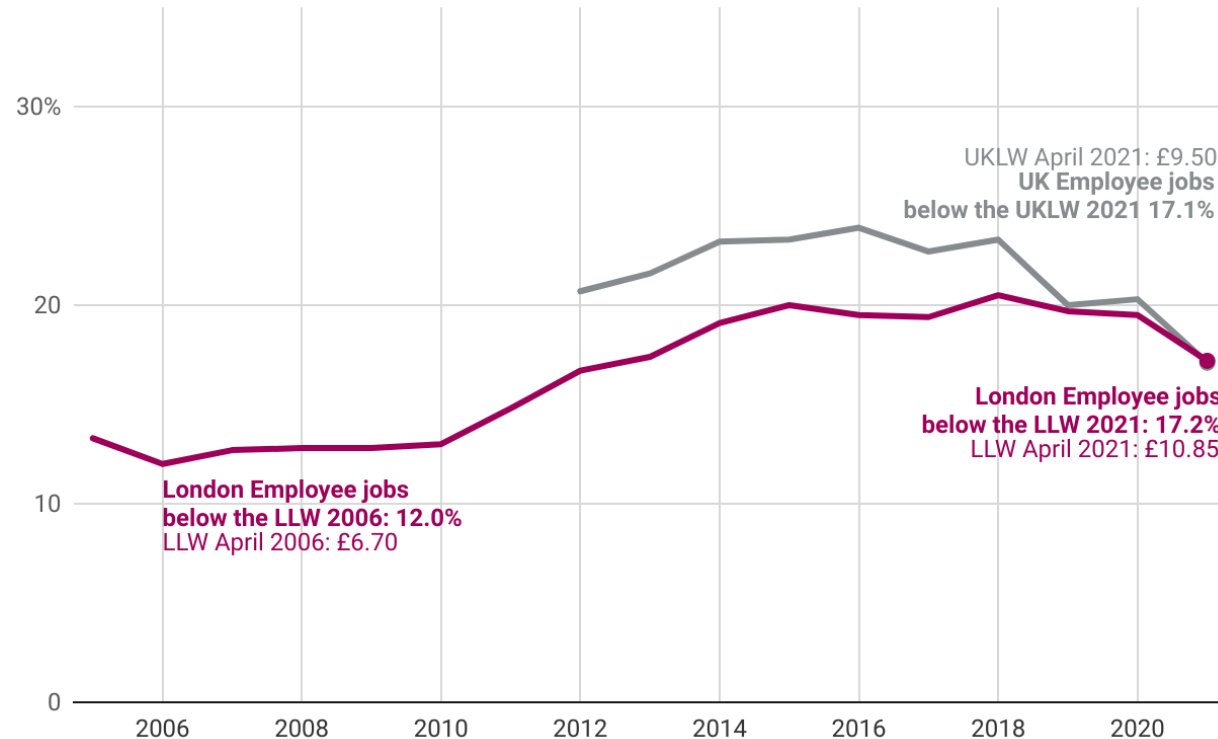
Estimated UC claimant rate by LSOA for October 2022 (% aged 16-64)



While others remain stuck or cycle in and out of low-paid work

Employees earning below the LLW & UKLW

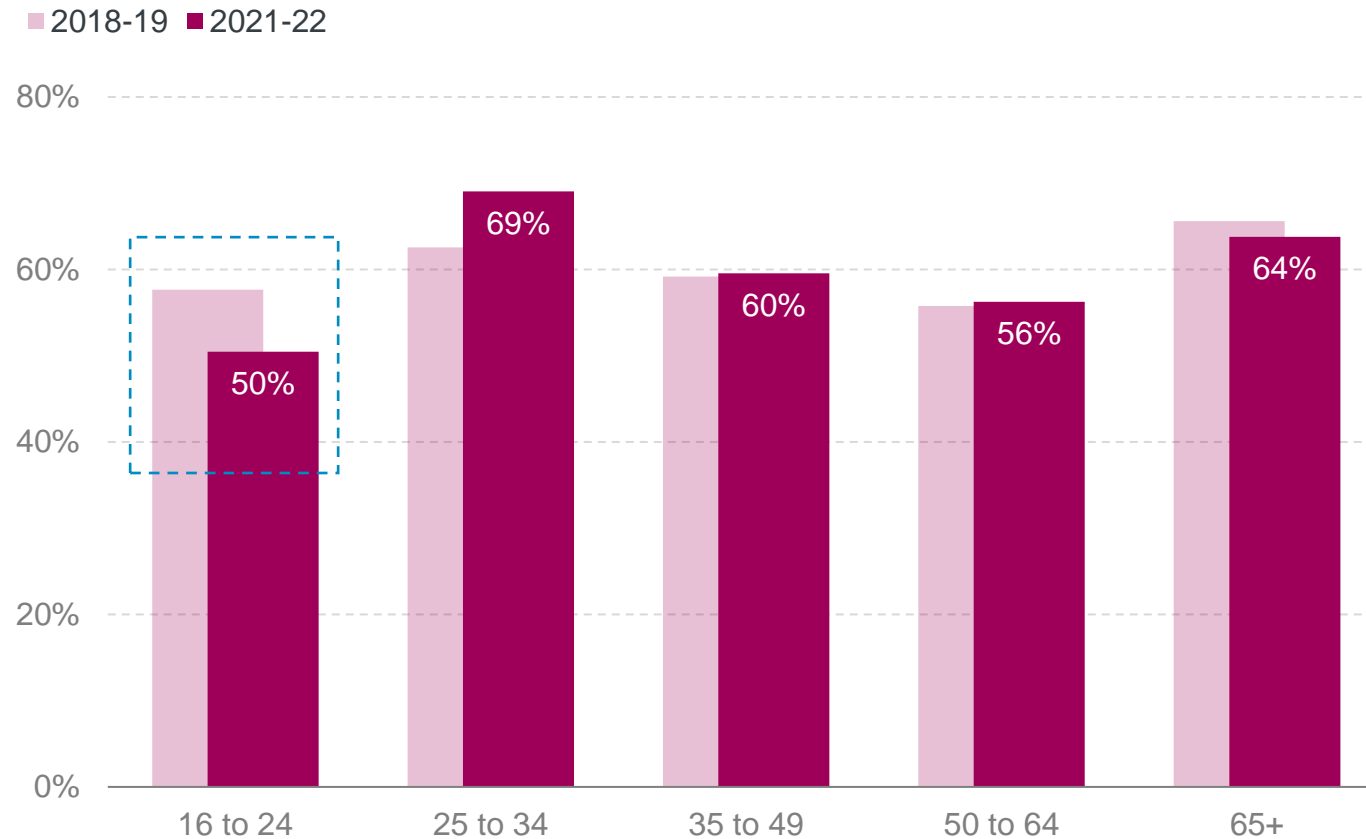
Proportion of employee jobs in London paid less than the London Living Wage (LLW) vs Employee jobs in the UK (Outside London) below the UK Living Wage (UKLW)



More than **3 in 5** working Londoners **without qualifications** were low-paid in 2021 compared to 1 in 10 with degree levels qualifications.

Youth unemployment has fallen, but the pandemic still had a major impact on young Londoners

Percentage of adult Londoners with high life satisfaction



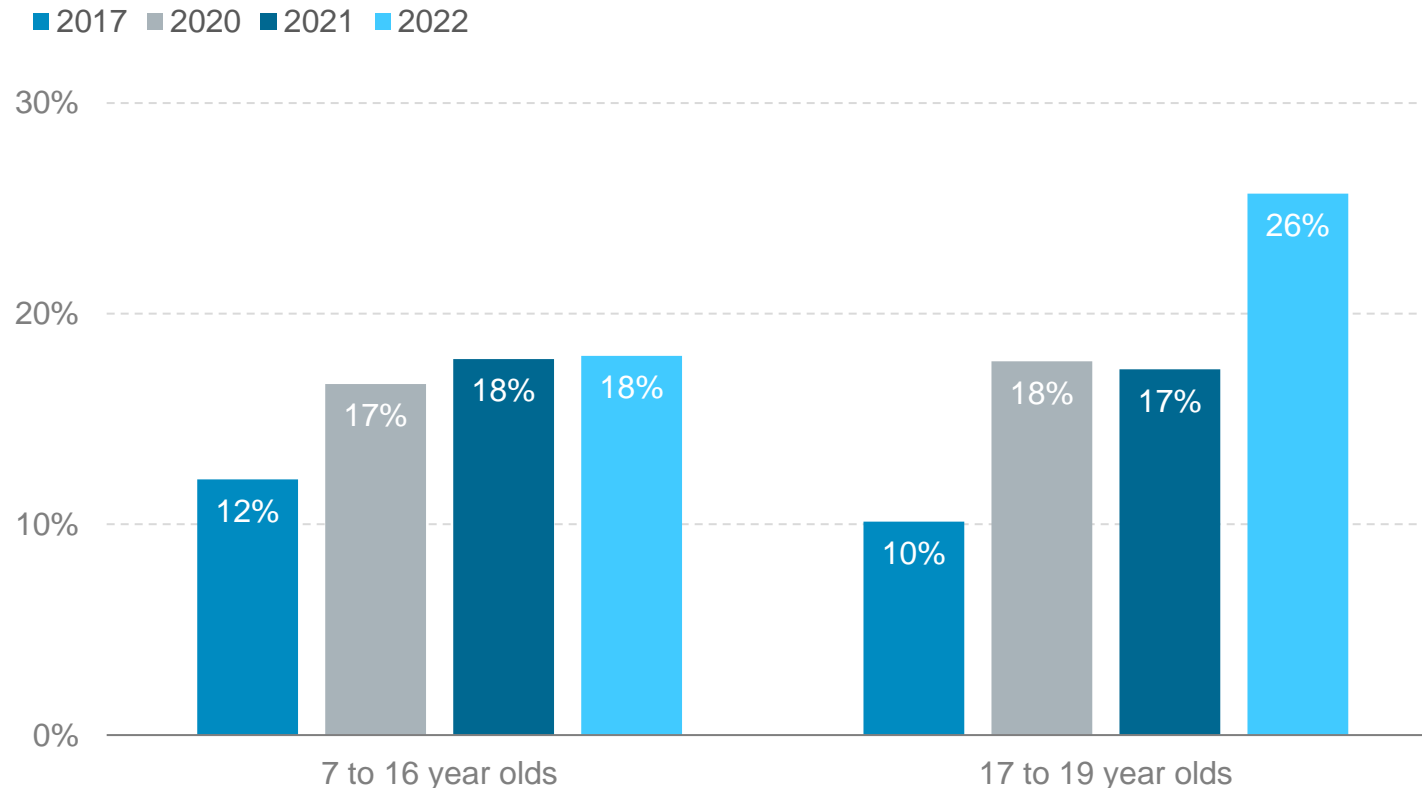
London's youth unemployment rate has fallen sharply in the last year, but remains above the UK average.*

The GLA Survey of Londoners 2021-22 shows that Londoners aged 16 to 24 years are (increasingly) less likely to report **high life satisfaction**.

Source: [GLA Survey of Londoners 2021-22](#) (Fieldwork: Nov 2021 to Feb 2022). Note: chart shows percentage with high or very high life satisfaction (7-10); 8,336 respondents in total. *London's 16-24 unemployment rate stood at 15% in Jul-Sep 2022 against a UK-wide rate of 11% (non-seasonally adjusted).

A rising proportion of young people in England are reporting poor wellbeing and mental health

Percentage of children and young people in England with a probable mental health disorder by age, 2017-2022



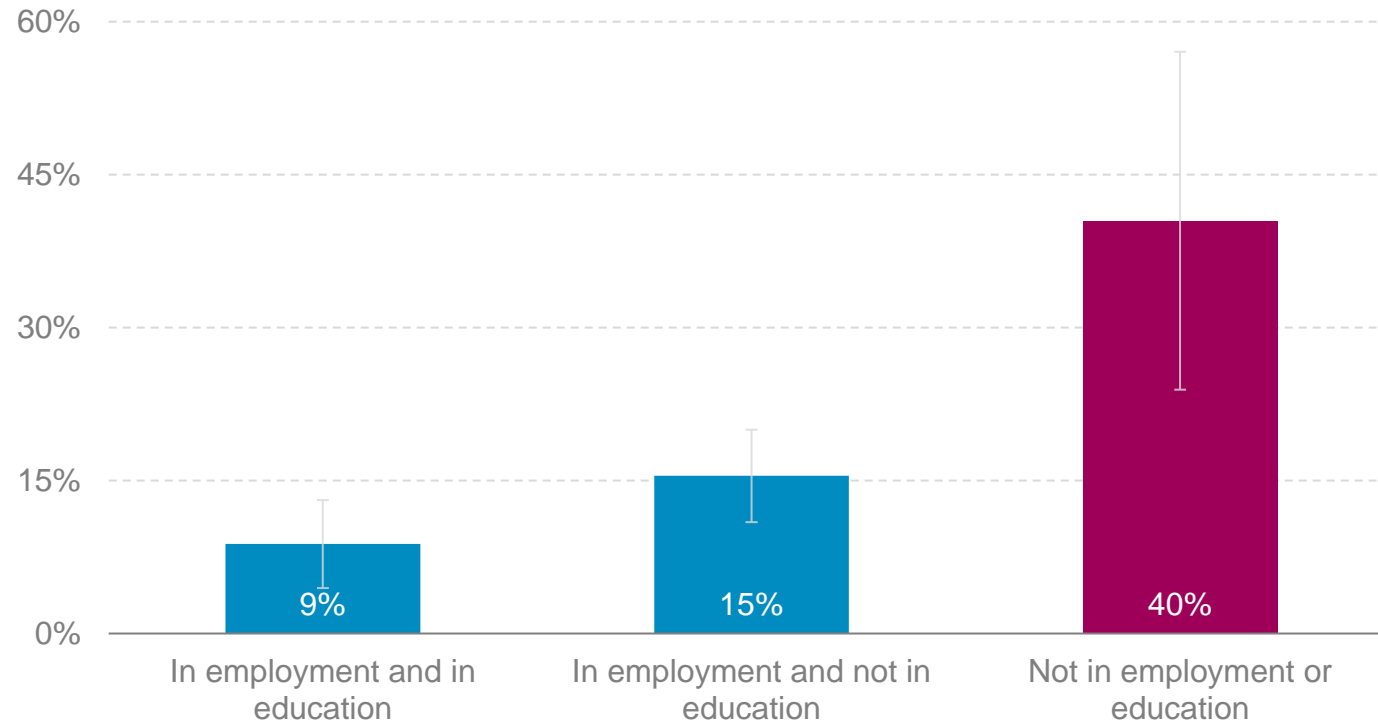
The cost-of-living crisis is impacting on young people's mental health.

Among 17-22-year-olds with a probable mental disorder, **15%** reported living in a household that had experienced not being able to buy enough food in the past year (compared with 2% of young people unlikely to have a mental disorder).

Access to employment and education is linked to better wellbeing, although job quality also matters

Percentage of young people who strongly agree/agree they feel isolated from others, by employment status

17 to 24 year olds in England, 2022



The Survey of Londoners 2021-22 also found that Londoners aged 16 to 24 years are more likely to:

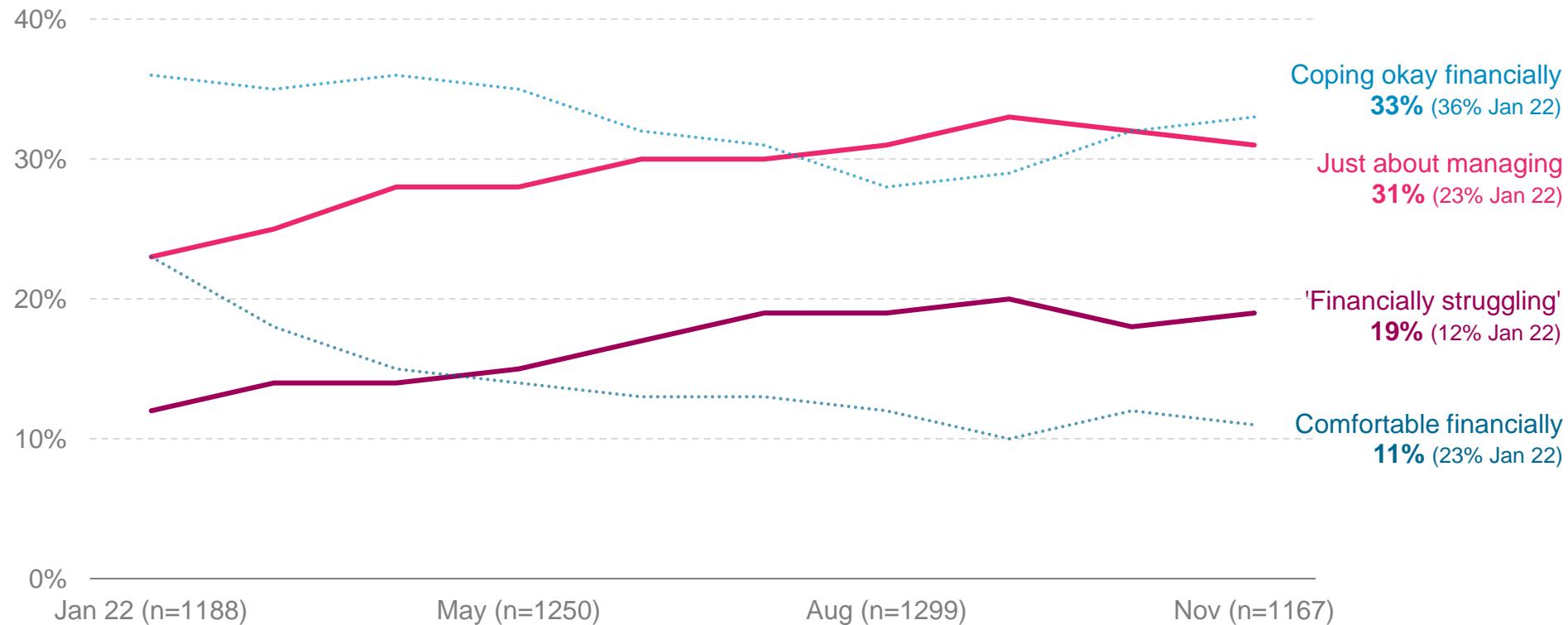
- work in **insecure employment** (26%, up from 17% in 2018-19)
- be **low-paid** in their main job (32% paid below the London Living Wage)

Sources: NHS Digital (2022) [Mental Health of Children and Young People in England, 2022](#). Note: *27% of 17-24 year olds who were not in education or employment had a probable mental disorder, falling to 21% of those in employment and 22% of those in education (differences not statistically significant)

For those in work, inflation is eroding recent pay gains, with half of Londoners now 'financially struggling' or just about managing

Londoners financial situation in 2022 by selected response

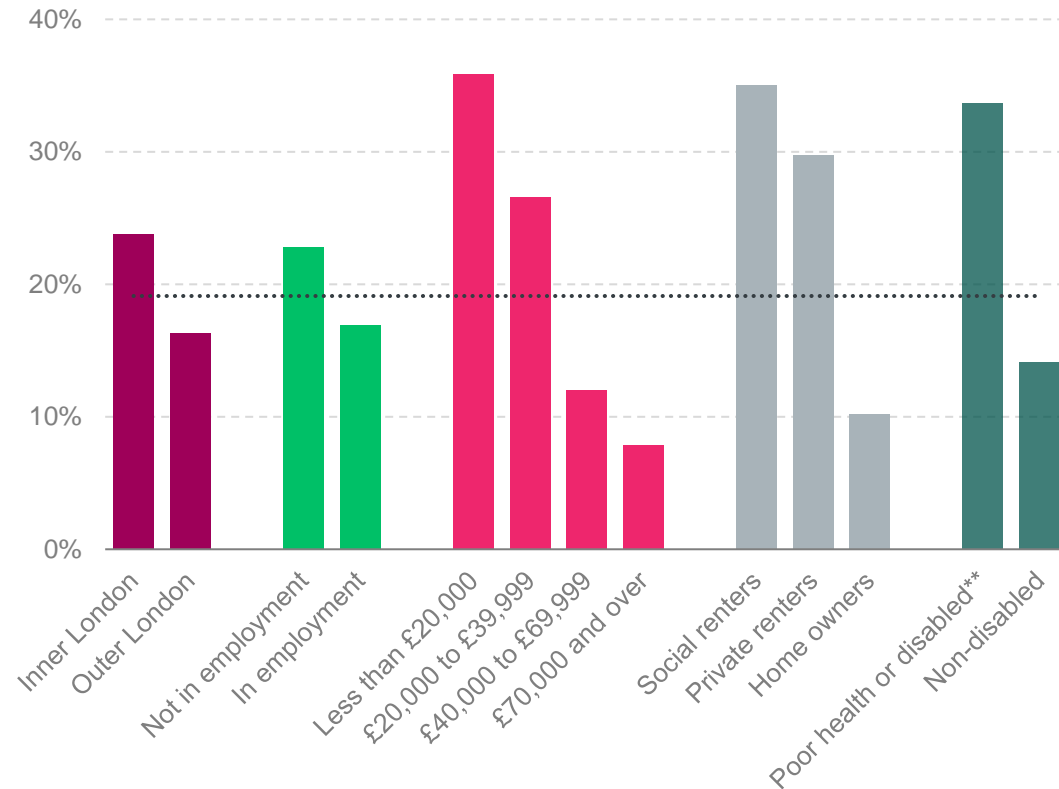
'Thinking about your current financial situation, which of these statements best applies to you?'



Source: [YouGov / GLA cost of living polling](#). Note: *respondents are recorded as financially struggling if they are 'having to go without... basic needs and/or rely on debt to pay for ... basic needs' or 'struggling to make ends meet'. Chart excludes 'don't know / prefer not to say' (5-9%).

Lower-income Londoners are more likely to be struggling financially, with significant consequences

Financially struggling* Londoners by selected group
November 2022



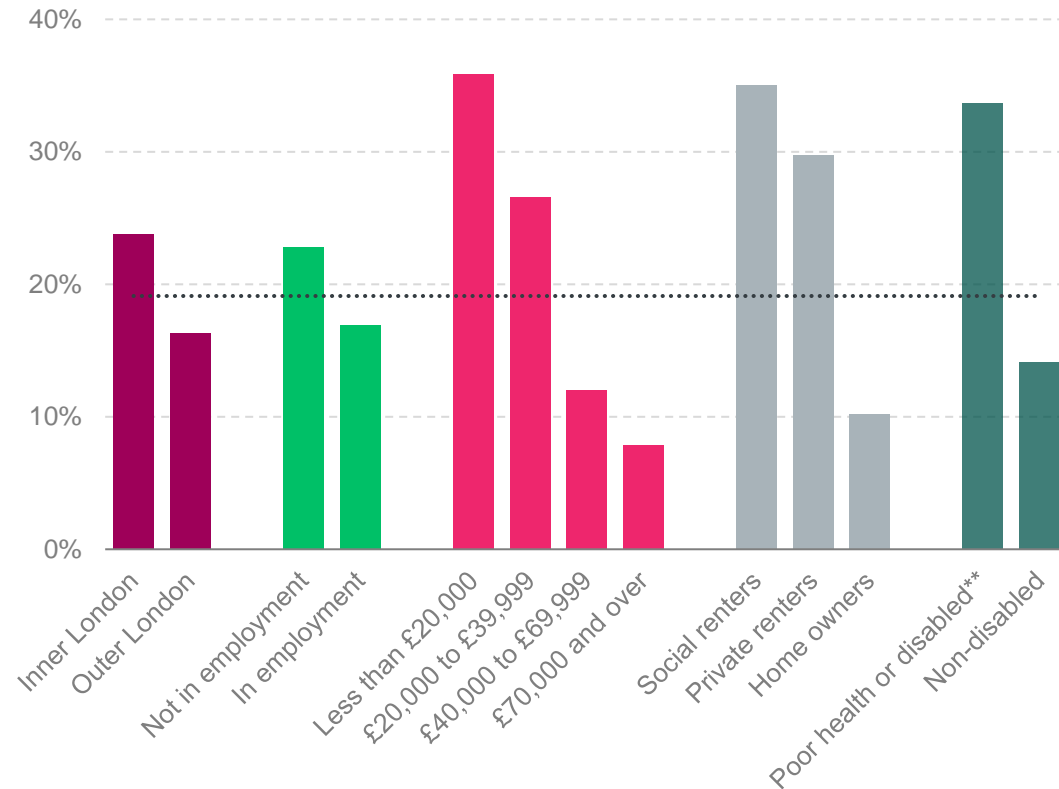
How financially struggling Londoners are managing costs
November 2022 (I am...)



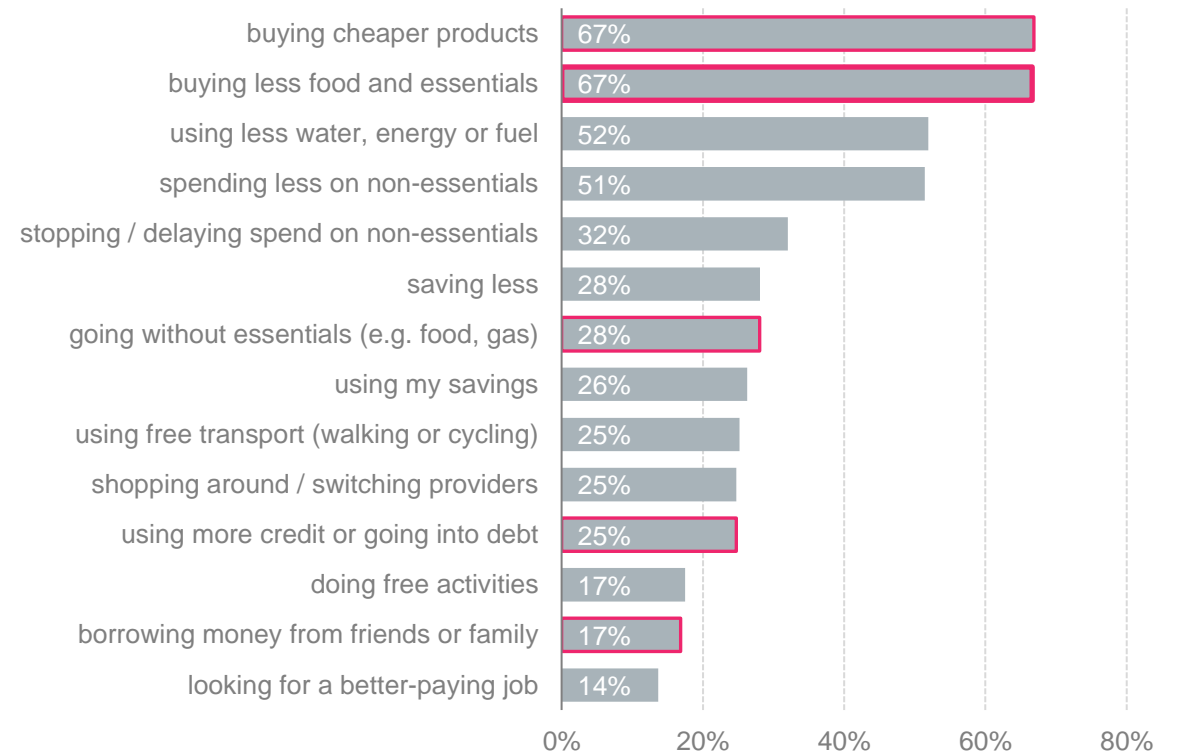
Source: [YouGov / GLA cost of living polling](#) (Fieldwork: 18th-22nd November 2022). Notes: *going without or relying on debt or struggling to make ends meet; **self-reported, activities are limited by health or disability a little/lot.

Lower-income Londoners are more likely to be struggling financially, with significant consequences

Financially struggling Londoners by selected group
November 2022



How financially struggling Londoners are managing costs
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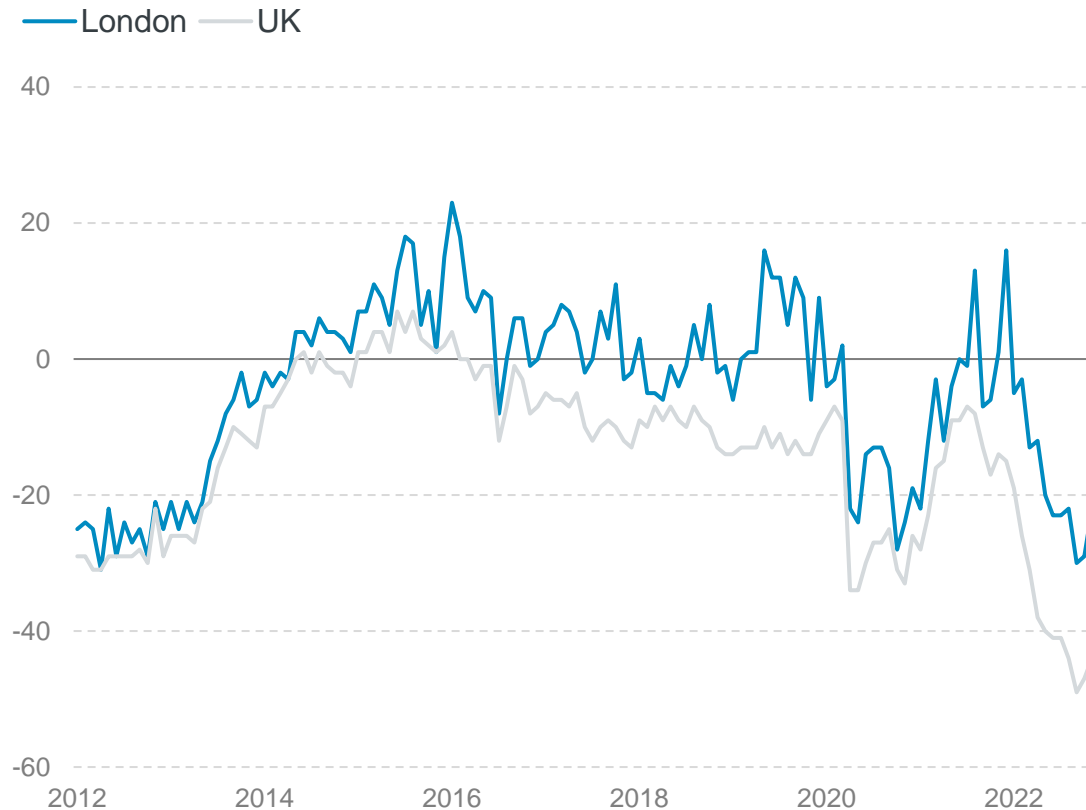


Source: [YouGov / GLA cost of living polling](#) (Fieldwork: 18th-22nd November 2022). Notes: **self-reported, activities are limited by health or disability a little/lot.

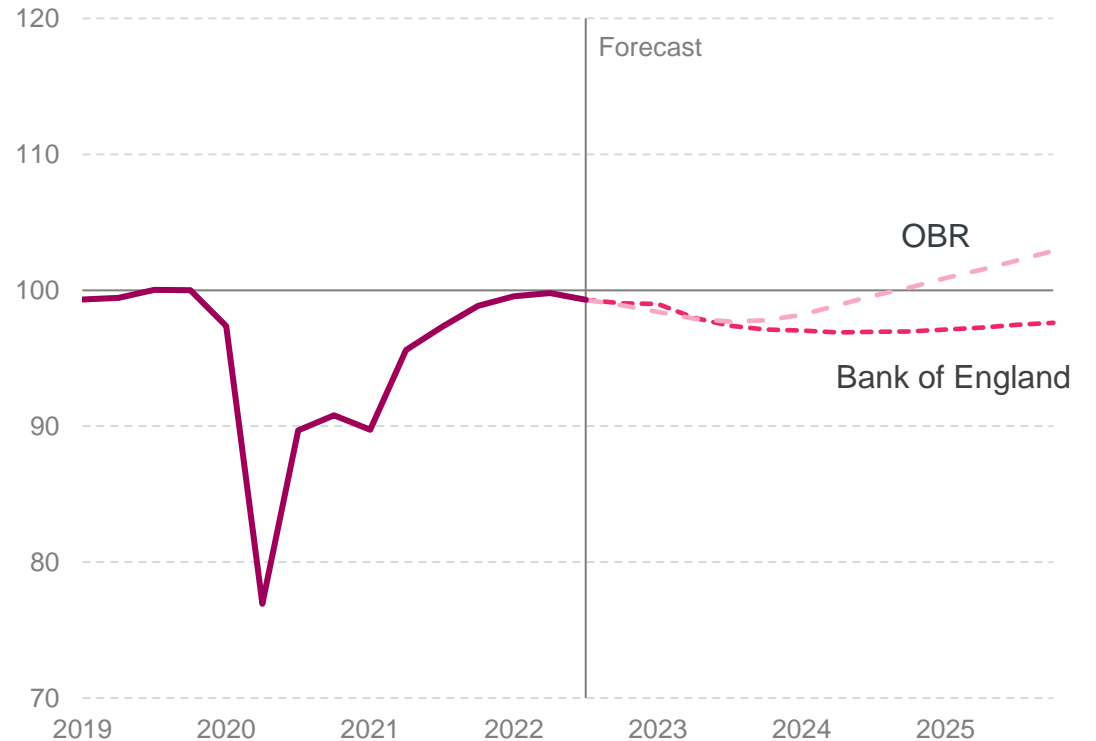
Highlights on right-hand chart where the reported proportion for financially struggling Londoners is >10 percentage points higher than for all adult Londoners.

Consumer confidence has dropped sharply, with official projections now indicating a recession

GfK consumer confidence
Net balance of responses, 0 is neutral



UK GDP levels in official projections
Index (Q4 2019 = 100), November 2022

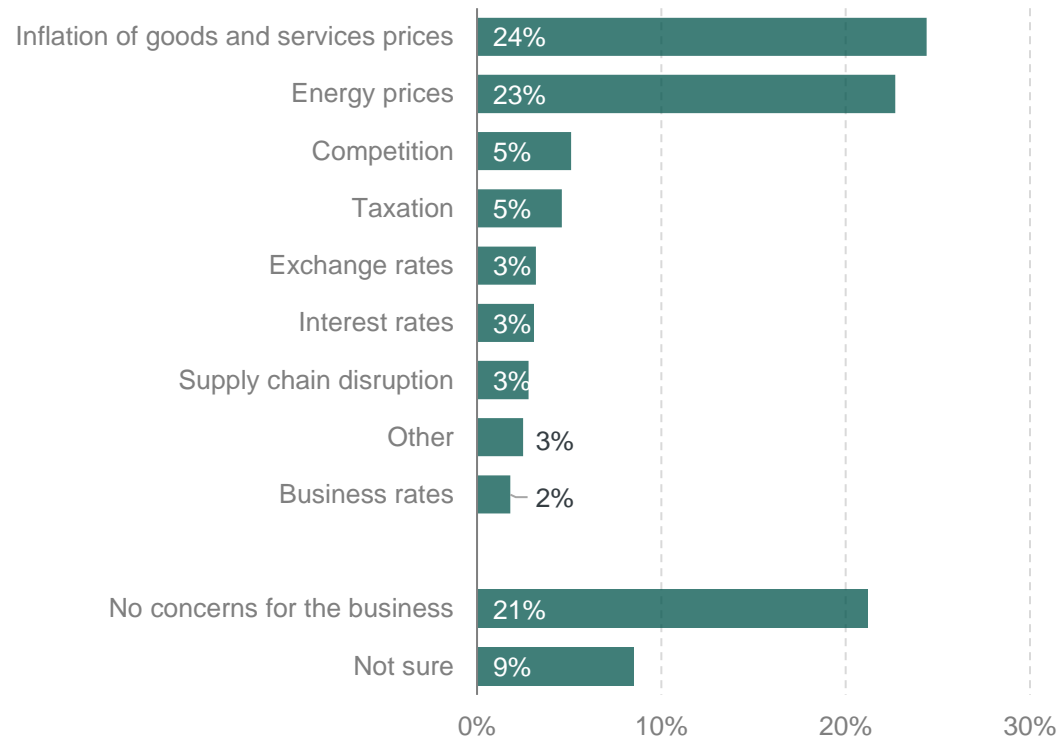


Source: GfK / Office for Budget Responsibility (OBR); Bank of England

Inflation and energy prices are the main concerns for UK businesses

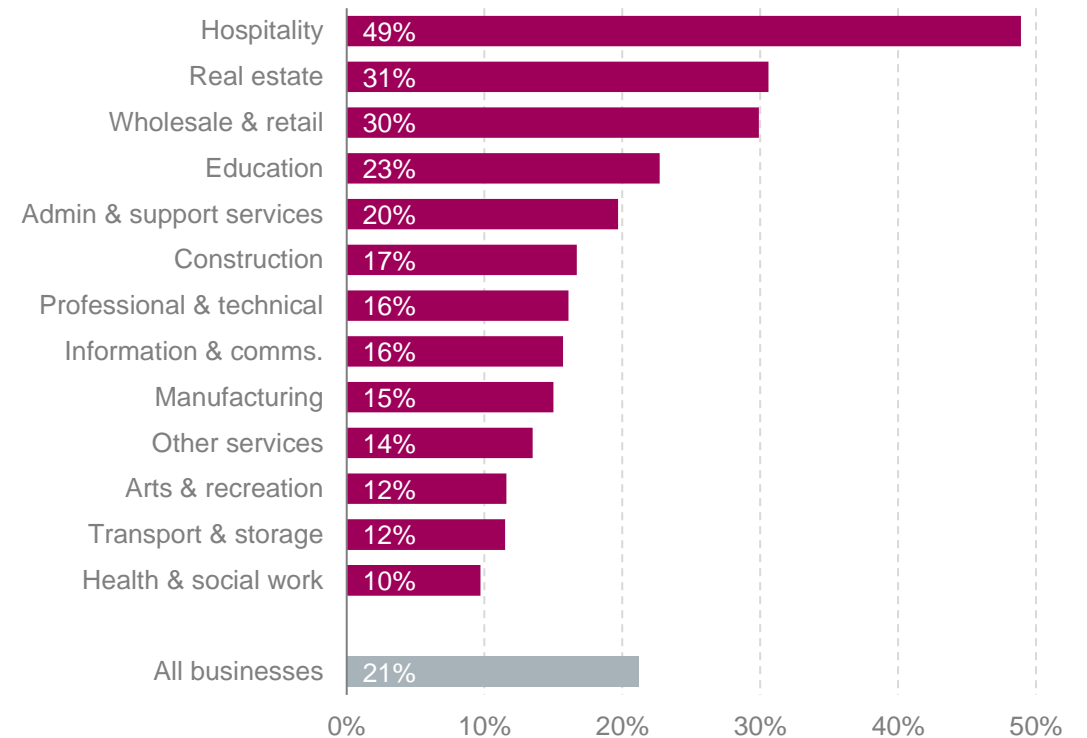
UK business concerns

Businesses not permanently stopped trading, broken down by option, weighted by count, October 2022



UK businesses expecting turnover to fall in Nov 2022

Businesses not permanently stopped trading, broken down by industry, weighted by count, October 2022

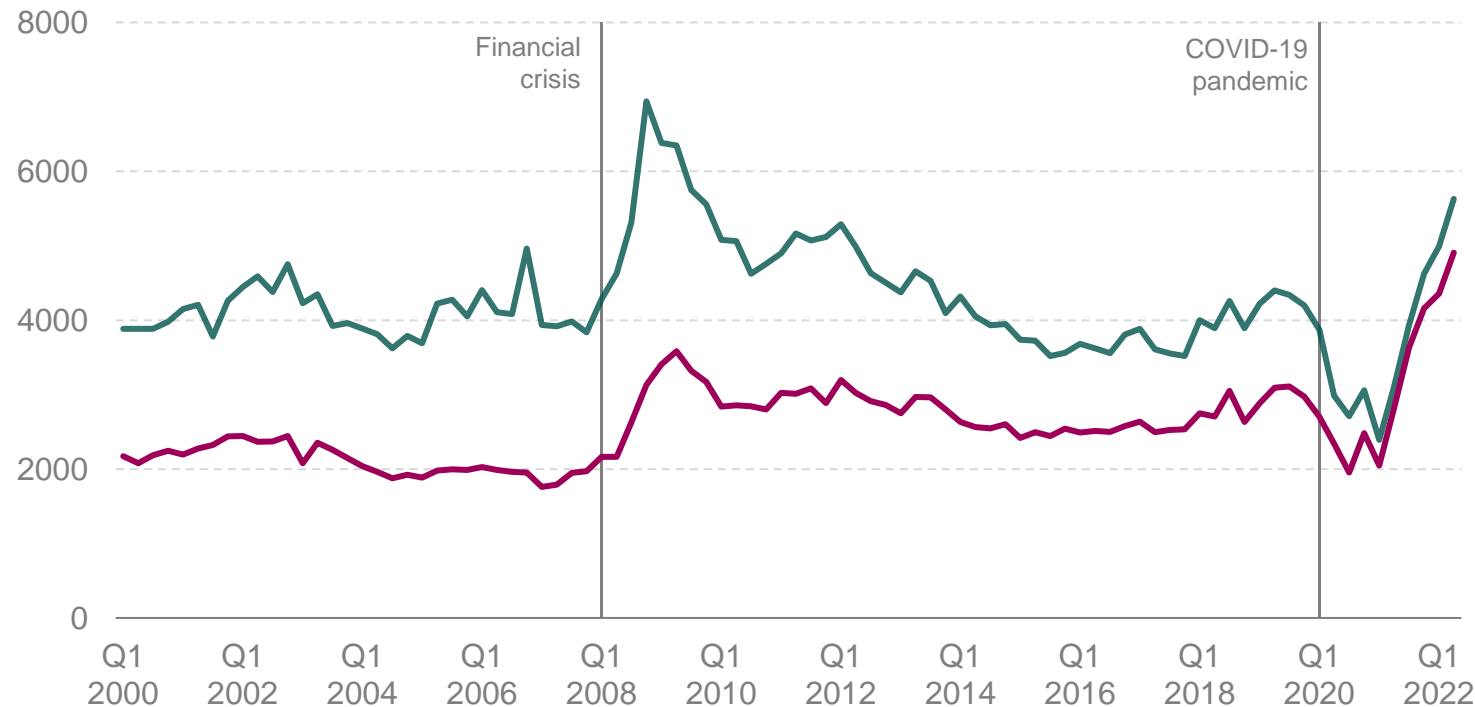


With company insolvencies on the rise since 2021

Total company insolvencies per quarter, England and Wales

Seasonally adjusted

— Total company insolvencies — Total Creditors' Voluntary Liquidation

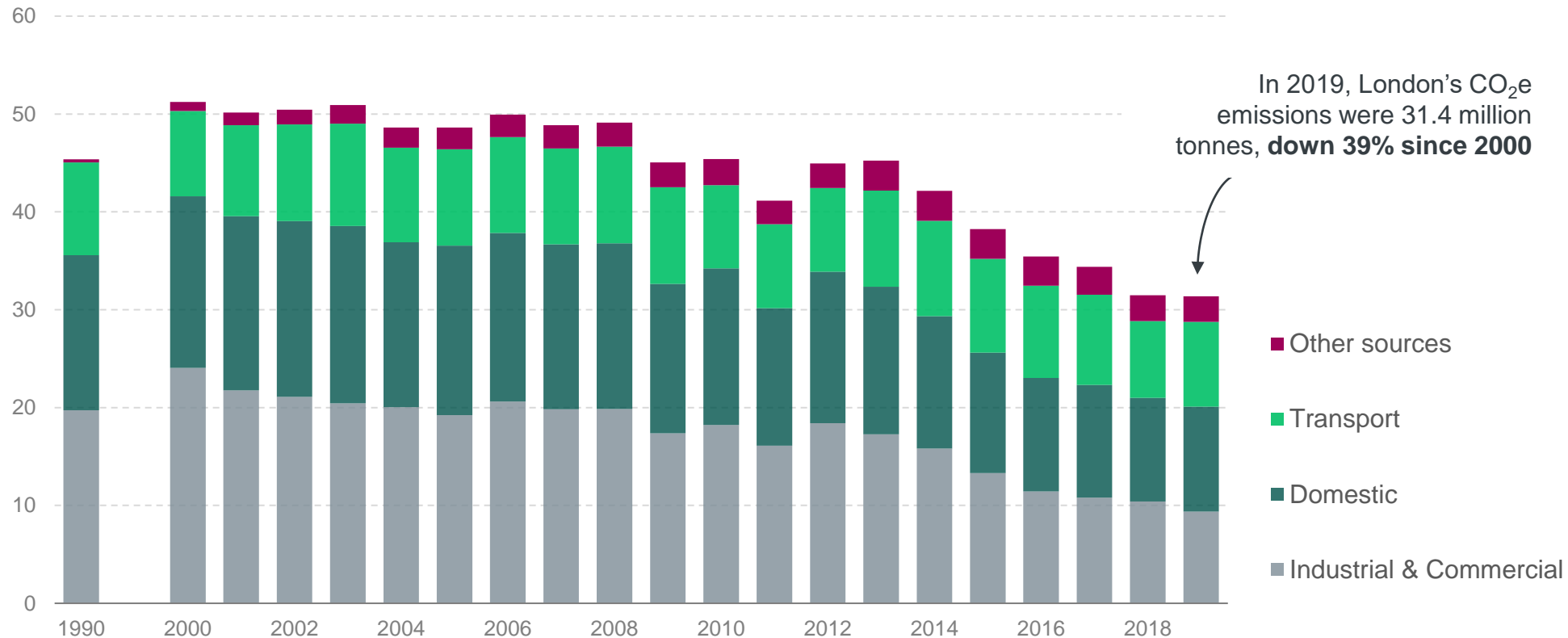


Construction, hospitality and wholesale & retail together accounted for almost half (45%) of all business insolvencies in the first half of 2022.

Greenhouse gas emissions in London have fallen significantly in the last decade, led by a fall in domestic and commercial emissions

Greenhouse Gas emissions in London

Megatons of CO₂ equivalent, 1990 and 2000-2019



Source: London Energy and Greenhouse Gas Inventory (LEGGI), 2019. Notes: 'Other sources' includes emissions from the following categories: industrial processes and product use (IPPU); agriculture, forestry, and other land use (AFOLU); waste; and fugitive emissions. See: <https://data.london.gov.uk/dataset/leggi>

But meeting London's net zero ambitions – to be net zero by 2030 – requires urgent action and investment



Much faster deployment of energy efficiency in buildings needed to improve performance of accelerated rollout of low carbon technology

- Equivalent to ~210k homes and ~27k non-domestic buildings receiving significant insulation improvements each year between now and 2030.



The early target requires greatly accelerated rollout of low carbon technology compared to the 2050 target

- No. of domestic heat pumps must increase from ~400 in London today to between 1.8 mil to 3.3 mil domestic heat pumps by 2030, depending on pathway

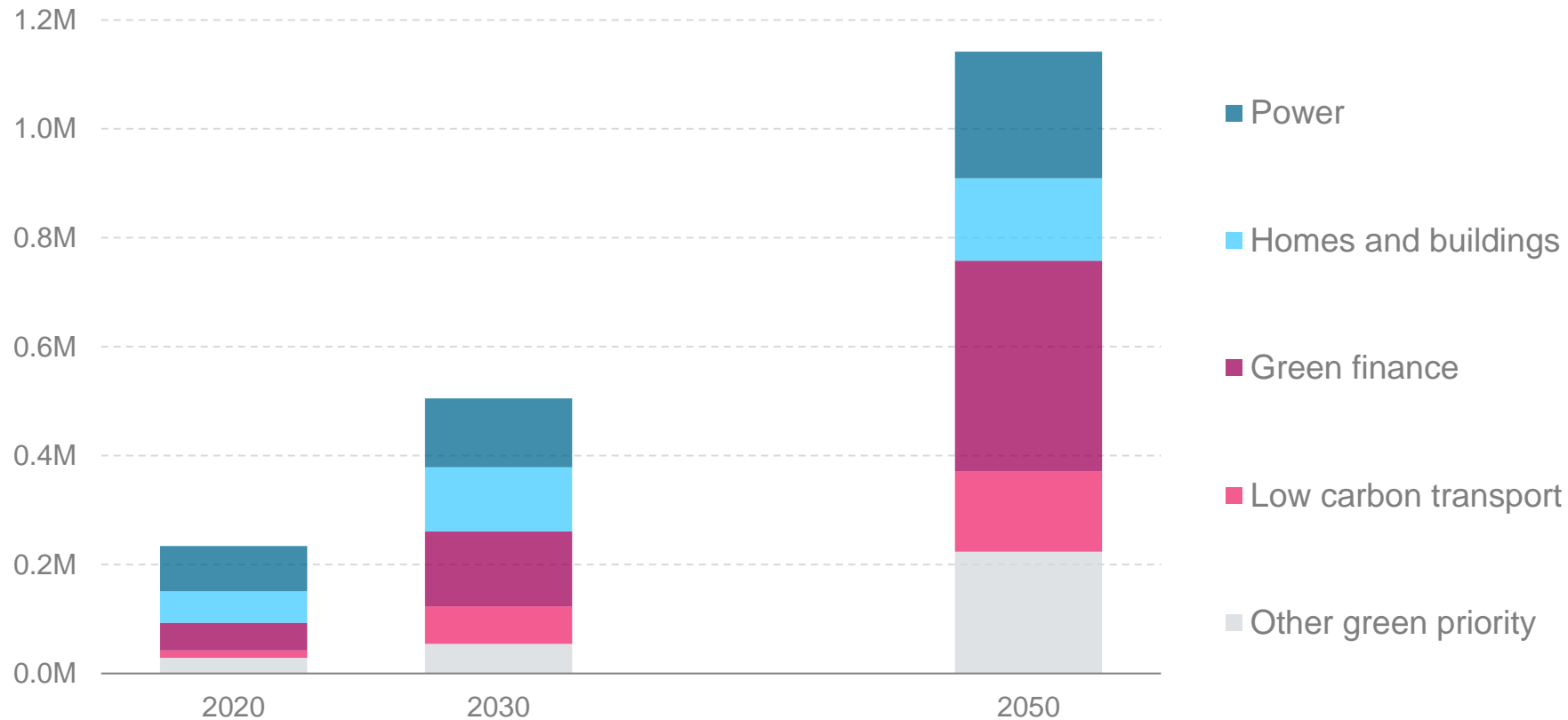


Changes in travel behaviour are increasingly important the higher the net zero ambition

- Mayor Transport Strategy (MTS) targets - 80% sustainable trip by 2041- will need greater and delivered faster
- Passenger vehicles likely need to decarbonise more quickly

It also presents a major employment opportunity (and skills challenge)

Green jobs in London, 2020-2050 (central projection)



Source: WPI Economics (2021) [Green Jobs and Skills in London: cross-London report](#)

Environmental action currently varies between UK businesses

Which of the following actions, if any, has your business taken to protect the environment?

As a percentage of businesses not permanently stopped trading, broken down by industry and size band, weighted by count, UK, June 2022

Change	Has a climate change strategy	Monitors climate related risks	Has a net zero or greenhouse gas emissions target	Not sure	None of the above
0-9	3.5%	2.5%	1.9%	23.1%	69.4%
10-49	6.4%	3.1%	2.4%	33.3%	55.5%
50-99	12.2%	4.9%	6.0%	36.6%	44.4%
100-149	16.7%	6.1%	10.0%	41.0%	33.1%
250+	22.9%	7.6%	16.6%	45.1%	19.9%
All sizebands excluding 0-9	7.9%	3.5%	3.5%	34.3%	52.5%
All industries	3.9%	2.6%	2.1%	24.3%	67.6%

Source: Office for National Statistics - Business Insights and Conditions Survey

Why adapt? Frequency and impact of extreme weather events...

- 2000 – flooding
- 2001 – flooding
- 2003 – heatwave
- 2005 – flooding
- 2006 – drought
- 2006 – heatwave
- 2007 – flooding
- 2008 – flooding
- 2008 – snow and ice
- 2009 – snow and ice
- 2009 – flooding
- 2010 – flooding
- 2010 – snow and ice
- 2011 – warm spring
- 2011 – warm autumn
- 2012 – drought
- 2012 – wet summer
- 2013 – snow and ice
- 2013 – heatwave
- 2014 – flooding
- 2015 – flooding
- 2015 – heatwave
- 2016 – heatwave
- 2017 – heatwave
- 2018 – snow and ice
- 2018 – heatwave
- 2019 – record heat
- 2019 – drought
- 2020 – heatwave
- 2020 – flooding
- 2021 – flooding
- 2021 - heatwave
- 2022 – heatwave
- 2022 – flooding
- 2022 – drought

Why adapt? Frequency and impact of extreme weather events...

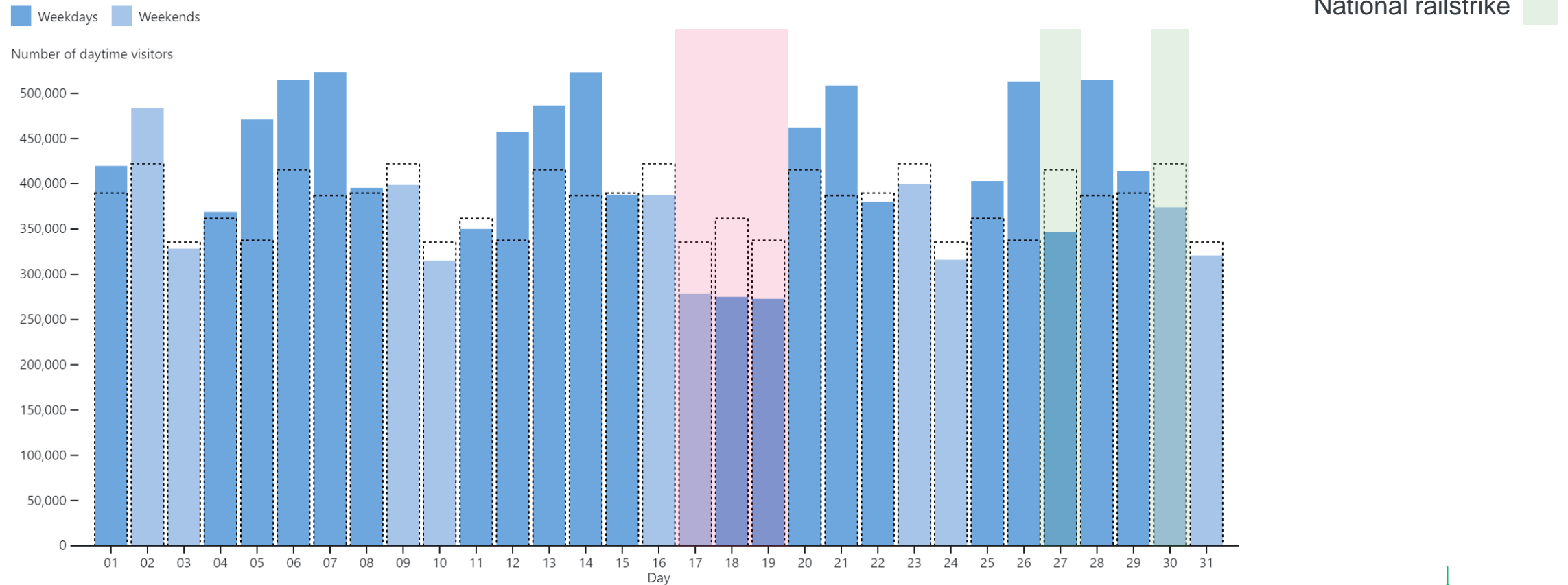
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- **2019 – record heat**
- 2019 – drought
- **2020 – heatwave**
- 2020 – flooding
- 2021 – flooding
- **2021 – heatwave**
- **2022 – heatwave**
- 2022 – flooding
- **2022 – drought**

Hot weather and impacts in London

- 18-19 July 2022 – first ever UKHSA Level 4 heat alert in UK; Met Office Red Extreme heat warning
- Multiple fires reported – London Fire Brigade’s busiest day since WWII
- Heat already impacts services and people
- Impacts not equal or fair
- **Projected 5-6° increase in summer and winter average temperatures by 2050**

Why adapt? ... which are already having an impact on London's economy

Effect of the Summer Heatwave on *daytime visitors* in central London



Source: GLA [City Intelligence Unit](#). Note: the chart compares the number of visitors each day in July at 1pm with average figures from that day of the week in June 2022 (dotted lines).

Summary

- UK inflation at a 40-year high, impacting both households and businesses
- While unemployment is near record lows and nominal pay growth is strong...
 - employee pay growth is being eroded by high inflation
 - many Londoners now say they are financially struggling or just about managing
 - rising inactivity is reducing the supply of available workers
- Consumer confidence has dropped sharply, with signs of a substantial economic slowdown ahead
- Meeting net zero ambitions is a major challenge, with varying levels of action among businesses

Comments or
questions?

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