



LONDON TRANSPORT USERS COMMITTEE



Speaking for Transport Users in & around London

NOTE ON MEETING WITH EXTERNAL BODY

To be completed and forwarded to the Director, LTUC as soon as possible after the meeting. The report should particularly highlight items of specific interest to LTUC

MEETING:	London's Economy & Infrastructure Conference
ORGANISER:	Director of Economic Development, Corporation of London
MEETING DATE/LOCATION:	5 November 2003, City Marketing Suite, The Guildhall
PARTICIPANTS:	
LTUC	Tony Shields
OTHERS	See attached attendants' list (I don't think everybody attended)

MEETING STRUCTURE & DOCUMENTATION

In essence the meeting received three reports from the research institutes that had been commissioned by the Corporation of London. The reports were:

London's Place in the UK Economy 2003 (London School of Economics)

The Economic Effects of Transport Delays on the city of London (Oxford Economic Forecasting)

Comparative Transport Investment in Major European Cities (KPMG).

Each report was 'presented' in PowerPoint (copies herewith attached).

Neither the presentation nor the ensuing (short) discussions added value or information to what was already in the reports; full copies of the reports have been lodged with the Director and Deputy Director.

OBSERVATIONS

There was no discussion on the basis of 'So what.....?' or suggestions on how to overcome the needs as identified by the research. There appeared to be no immediate uptake by the City of London of issues referred to in the reports.

The reports are, therefore, just repositories of (possibly) useful data to be used (perhaps) by other researchers, policy makers, etc.

The City is seen to be regenerating itself after 9/11 and economic slow-downs but to sustain a higher level of growth the paramount needs were seen to be what the city lacked most:

1. a good transport system (good = reliable, and able to bring in workers from *new* outlying residential areas directly into the City)
2. living space (create a community of working people within the City)
3. education for these families.

Over-/underground train services were seen as the necessary 'bulk carriers' that need to be supported by adequate bus services but the transport emphasis in on trains.

The City's cost of travel delays was estimated to be £1 million per day plus intangibles (stress, diminished job satisfaction, etc).

The meeting did wonder about the choice of cities against which to compare London's transport investment. The choice of Brussels, Amsterdam and Frankfurt were queried. Paris was more relevant because of its population and geographic size, transport complexities, and 'world city' status. There were other recent research projects that compared the investment of other world (rather than European) cities including New York and Hong Kong – these seem more relevant to establish an investment benchmark.

CONCLUSION

The value of the conference is in the research reports!

POSTSCRIPT

Another document available at the meeting was a report from December 2002 for the City of London by the Oxford Economic Foundation 'Aviation Service for the City of London'. Copies have been lodged with the Director and Ron Brewer.

The report makes interesting reading, especially the case studies. Air services are a key business factor for City businesses. The main complaint is the time cost of using Heathrow (travel time, check-in time, etc). There is the need for good road access to airports and convenient rail services; Paddington is not seen as a good terminus for the City. Presently rather than using HEX many firms use limousines to get staff to the airport.

Suzanne May
Chairman
London Transport Users Committee
6 Middle St
London
EC1A 7JA

29 SEP 2003

Your Reference

Date
25th September 2003

Dear Ms May,

London's Economy and Infrastructure Conference

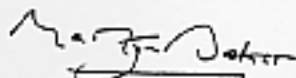
I have pleasure in inviting you to the latest Corporation of London research conference, to be held at the City Marketing Suite, Basinghall Street, on **Wednesday 5th November 2003**, from 2.15pm to 5.15pm.

The conference will present the results of three important Corporation-sponsored research projects which look at the effects of transport delays; a comparison of public transport investment and London's position in the UK economy. The speakers will be:

- **Michael Snyder, Chairman, Policy and Resources Committee, Corporation of London, *London's Economy and Infrastructure: Key Issues***
- **Tony Travers, Ian Gordon & Christine Whitehead, London School of Economics *London's Place in the UK Economy 2003***
- **Adrian Cooper, Managing Director, Oxford Economic Forecasting *The Economic Effects of Transport Delays on the City of London***
- **Ian Barlex, Director, Transport Advisory Services, KPMG *Comparative Public Transport Investment in Major European Cities***

If you are interested in attending the conference, please reply as soon as possible using the enclosed fax-back form. To avoid disappointment we urge you to reply upon your earliest convenience as numbers within the Marketing Suite are limited. Confirmation of attendance and details of the full programme will be posted closer to the conference date.

Yours sincerely,



Martyn Baker
Director of Economic Development

City of London: Economy and Transport Conference

5th November 2003

- 14:15-14:30 Registration and Refreshments
- 14:30-14:45 Opening remarks from Michael Snyder,
Chair of Policy & Resources
- 14:45-15:30 Ian Gordon, Tony Travers, Christine Whitehead
(London School of Economics)
London's Place in the UK Economy 2003
- 15:30-15:50 Refreshment Break
- 15:50-16:30 Adrian Cooper (Oxford Economic Forecasting)
*The Economic Effects of Transport Delays on the
City of London*
- 16:30-17.15 Ian Barlex and Julian Ware (KPMG)
*Comparative Public Transport Investment in Major
European Cities*

Company

Job Title

Name

Name	Job Title	Company
Chris Lee	Lead Officer, Environment Committee	Association of London Government
Robert Khan	Public and Parliamentary Affairs Manager	Association of London Government
Cristina Schoesser	Deputy Trade Commissioner	Austrian Trade Commission
Gerhard Muller	Commercial Counsellor & Trade Commissioner	Austrian Trade Commission
Elvira Scheben	Head of London Project	Bank of England
Clive Bates		Cabinet Office Strategy Unit
Chris Yiu		Cabinet Office Strategy Unit
Mark Pragnell	Secretary	Centre for Economic & Business Research
Paul Houston	Director	City Property Association
Mary Rance	Lord Mayors Private Secretary	Confederation of British Industry
Commodore Peter Tribe	Strategic Transportation Director	Corporation of London
Joe Weiss	Speechwriters Researcher	Corporation of London
Kate Alpass	Head of Research	Corporation of London
Malcolm Cooper	Director of Economic Development	Corporation of London
Martyn Baker	Economic Development Officer	Corporation of London
Michelle Kears	Marketing and Communications Officer	Corporation of London
Nicola Constantine	Economist	Corporation of London
Paul Valentine	Deputy City Surveyor	Corporation of London
Peter Bennett	City Planning Officer	Corporation of London
Peter Rees	Assistant Town Clerk	Corporation of London
Richard Adams	Research Officer	Corporation of London
Shaun Curtis	Planning Advisor	Corporation of London
Simon McGinn	Director of Public Relations	Corporation of London
Tony Halmos	Media Manager	Corporation of London
Ian Raithbone	Chairman	Corporation of London
Peter Berry	Future and Innovation Group	Crossrail
Keith Harhoff		Crown Affairs
		Department of Trade and Industry

Maxim Worcester	Director	Deutsche Borse
Chris Gallop	Chief Administrative Officer, EMEA & Head of UK Corporate Real Estate & Services	Deutsche Bank
Adam Dunsterfield	Director of Projects	Enterprise LSE Limited
Alan Carmel	Economist	GLA Economics
Duncan Melville	Senior Economist	GLA Economics
Andrew Lynch	GLA, Business and Europe	Government Office for London
Harvinder Mankoo	Head of Research	Government Office for London
John Biggs	Chair, Transport Committee	Greater London Authority
Kerry Schofield	Researcher	Greater London Authority
Lorraine Roberts	Economic Development Officer	Greater London Authority
Akito Tani	Deputy Director General	JETRO (Japan External Trade Organisation)
Christian Jabre	Marketing and Press Officer	KPMG
Julie Round	Manager, Transport Advisory Services	KPMG
Milan Pandya	Manager, Transport Planning Team	KPMG
Laurie Baker	Strategy, Planning and Partnership Director, Community Regeneration Unit	London Borough of Camden
Ian Nichols	Principle Strategic Development Officer	London Borough of Ealing
Ross Gill	Strategic Development Manager	London Borough of Greenwich
Sharon Davies	Head of Development	London Borough of Greenwich
Emma Peters	Leader of the Council	London Borough of Lewisham
Councillor Andrew Judge	CEO	London Borough of Merton
Colin Stanbridge	Campaign Executive	London Chamber of Commerce
Elizabeth DeWinton	Made in London Manager	London Chamber of Commerce
Helen Hill	Strategic Development Advisor for Transport	London Chamber of Commerce
Andrew Tesseyman	Market and Sector Analyst	London Development Agency
Mark Hardwick	Director of Business Development	London First Centre
Susan Proudfoot	Deputy Chairman	London Metropolitan University
Suzanne May		London Transport Users Committee
Malcolm Kerr		Montagu Evans

Mick Roberts	Director	MVA Ltd
Tony Doherty	Economist	Schroder Property Investment Management Limited
Grahan Rowcroft	Deputy Director Services	Trade Partners UK
Robert Irvine	Manager Financial Services & VIP Visits	Trade Partners UK
Laurie Hestleden		Trades Union Congress
Matt Dykes		Trades Union Congress
Brian Abbott	Head of Communications	Transport for London
Peter Field	Director, Rail Development	Transport for London
Richard De Cani	Head of Development & Planning	Transport for London
Councillor Colin Barrow	Cabinet Member for Economic Development and Transport	Westminster City Council
Mike Fairmaner	Economic Policy Manager	Westminster City Council

London's Place in the UK Economy 2003

London School of Economics

Ian Gordon

Tony Travers

Christine Whitehead

London's Place in the UK economy 2003

- Ian Gordon
- Tony Travers
- Christine Whitehead

LSE London

Outline of Presentation

- The London economy: change and competitive position
- Social Change and Education in London
- Policy and Investment in London

LSE London

The London economy: change and competitive position

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After the Boom

- The long boom of the 1990s now clearly over
 - both for London and the wider economy
- London jobs fell in 2001-2 (stable in RUK) but share stabilised
- Earnings kept growing faster than nationally
- Expectations remain relatively buoyant
 - but evidence doesn't support rapid return to trend growth rates
 - very high levels of debt as pers. source of instability
- A period of restructuring associated with slow growth still as likely as return to strong growth
- This would involve significant job losses

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Trends in Total Employment Greater London and UK 1971-2000



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The Cycle Turns

- Recent trends illustrate normal pattern for this stage of cycle in relation to:
 - Level of office vacancies
 - Moves to decentralise routine office jobs – this time including
 - Planned international moves (to India)
 - Civil Service dispersal – Lyons review considering at least 20K jobs (including policy divisions / depts.)
 - Higher out-migration to RUK:
 - Net losses up from -50K norm to -100K (balancing international growth)
 - Possibly lower productivity (but no data for this)

Cannot draw long term implications from these

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The Labour Market

- Employment in London declined — by about 1% in 2002
 - All loss concentrated in Central London — and (non-financial) business services
- But this did not increase unemployment.
- Because the fall in activity was absorbed by a decline in net commuting to the capital.
- Inactivity among the working age population continued to grow — principally among students and family carers

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LFS Changes 2001.Q4 to 2002.Q4

	Change (000s)	Change %
Working in London		
Total	-17	-0%
Central London	-18	-2%
Peripheral London	1	+1%
Business services	-28	-1%
Other services	+12	+2%
Activities		
Employment	+31	+1%
Working age population	+42	+1%
Unemployed	-4	-0%
Unemployed	-18	-1%
Unemployed	+16	+1%
Unemployed	-1	-0%
Net Commuting	-31	-1%

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London's International Economy

- New London Business Survey data on distribution of sales from London businesses confirms the significance of 'global sales'
 - But overall export share below previous LBS estimate (13%)

Market area	% of sales	% of external sales
World Exports	20%	-
Export to London	2%	-
Export to South East	7%	1%
Rest of the UK	22%	0%
Export to the EU	2%	2%
Rest of Europe	7%	3%
USA	1%	2%
Rest of the World	7%	12%

- International trading sector is internationally owned too
 - (Half of exports beyond EU come from foreign-owned firms (2 firms share of turnover))

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The Labour Market

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LFS Changes 2001.Q4 to 2002.Q4

	Change (000s)	Change %
Working in London		
Total	-17	-1%
Central London	-23	-4%
Outer London	6	1%
Business Services	-28	-5%
Other sectors	11	2%
Unemployed		
Total population	+19	1%
Working age population	+42	+1%
Employed	-1	0%
Unemployed	+19	+1%
Non-workforce	+14	+1%
LFS unemployed	-1	0%
Net Commuting	-10	-1%

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London's International Economy

- New London Business Survey data on distribution of sales from London businesses confirms the significance of 'global sales'
- But overall export share below previous LBS estimate (13%)

Market area	% of sales	% of total sales
Within London	20%	-
Elsewhere in London	20%	-
Elsewhere in South East	7%	18%
Rest of the UK	17%	50%
Elsewhere in the EU	2%	7%
Rest of Europe	2%	7%
USA	2%	2%
Rest of the World	2%	2%

- International trading sector is internationally owned too
- Half of exports beyond EU come from foreign-owned firms (7 times share of turnover)

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Social Change and Education in London

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2001 Census Evidence on London's Changing Population

- Population rose by 360,000 since 1991
— faster than UK
- Younger than UK population
— with more small, non-couple households
- Ethnicity — more than 29% from non-white minorities
 - half of Britain's minority population
 - In Inner London 34% non-white and just 51% 'white British'
 - White numbers fell by 4% since 1991 — decreasing in 8 boroughs
 - by 11% in Newham
 - In Newham, Tower Hamlets and Hackney, less than 60%

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Standards of Living

- Londoners' standards of living remain higher than the rest of the country
- Full time earnings well above the national average in 2002:
 - 17% for men and 10% for women
 - Rising faster than in the rest of the country over the year
 - After adjusting for the risk of unemployment, earnings still 21% higher
- Costs of living are more difficult to estimate — and vary enormously between households in different features
 - But average differential estimated at 12%
 - Over the last year housing costs have risen more slowly — in proportional terms — than the rest of the country,
 - Hence Londoners appear relatively better off than last year

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Estimated London Cost of Living Differences for Selected Groups

Population Group	Estimated London Cost Differential
Average population income	11.3%
SE&SE - worse owner, rural moved to owner-occupant, 1 or two working-age adults in household	14.3%
LOW - worse owner, in private sector housing, 1 or two working-age adults in household	19.7%
Affluent housing in private sector housing	8.3%

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An Example — the impact of London housing costs on teachers

- Teachers are paid 6% more in London than elsewhere in the country
 - about 4% according to the 2001 LFS
- Many teachers depend on a single income.
 - More London teachers in London are the main or only earner
 - 43% household heads, cf 29% in rest of country
 - 19% are single women, cf 30% in rest of country
- Large proportions of teachers are looking to move out of London or out of the profession.
 - Almost one third in Hammersmith / Newham actively looking for another job, of whom 41% expecting to leave London, + 10% to leave profession.
- Housing reasons dominate these decision – plus quality of life concerns.
 - Two thirds looking for cheaper accommodation; a half for better, and a third wanting to buy.
 - Journey to work and quality of life also important.

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Education - Inputs

- London spends less on education relative to GDP
 - below all regions except the South East

Proportion of GIP Devoted to Education, 2000

N East	N West	Y&H	E.Mid	W.York	East	
7.4%	6.9%	6.9%	6.4%	6.7%	5.7%	
London	S East	S West	Wales	Scotland	N Ireland	UK
5.2%	4.8%	6.1%	7.7%	8.3%	7.8%	6.8%

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Educational Outputs

- London GCSE results are generally well below UK
- But value added in many difficult boroughs is above

Average	% passing 5 GCSE passes (grades A-C) 2012	Value added index 2011-12	
		Key Stage 2 to Key Stage 3	Key Stage 3 to GCSE
Hackney	34.1%	98.9	101.7
Greenwich	30.2%	99.0	99.6
Newham	42.4%	99.1	101.1
Tower Hamlets	43.6%	99.0	101.8
Waltham Forest	44.2%	99.6	101.3
London	43.4%	99.4	100.1
England	49.8%	99.4	101.2
England	50.8%	100.0	100.0
Stratford	31.2%	99.4	101.8
Redbridge	31.2%	100.9	101.1

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Policy and Investment in London

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Investment needs

- London's public expenditure low relative to GDP
 - London 30%
 - UK average 41.5%
- In part explained by London's relatively large GDP
- but, public sector is relatively small within scale of economy
- widely-accepted need for re-investment
 - railways, Tube
 - housing, schools, hospitals
- difficulty in measuring "capital" spending
 - FFI/PPP etc
 - many data not available for London alone
 - no overall measure of investment in London

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Policy issues

- (1) Transport
 - congestion charging
 - successful implementation
 - low net yield/high cost of bus improvements
 - uncertainty about economic impacts
 - Underground PPP/transfer to TfL
 - Metronet and Tubelines have assumed control of assets
 - many years until improvements delivered
 - TfL's approach to the contracts
 - DLR extension to City Airport; also Barking extension
 - City Airport extension rare example of new rail infrastructure
 - Stalled projects
 - Crossrail, East London line, Thameslink, light transit schemes

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Policy issues

- (2) Growth areas in the region
 - Thames Gateway, Stansted/Cambridge, Ashford
 - government committed to accommodate SE growth
 - London's growth as key element
 - issue of land release
 - need to speed up development
 - little identified resource for infrastructure
 - need new mechanisms to allow local taxation/value capture
 - Olympic Games
 - need for (by London standards) very rapid achievement
 - complexity of governance and planning systems
 - development cooperation/development companies

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Policy issues

- (3) "Unanswered questions"
 - policy commitment to converge regional GDP per head
 - commitment to SE expansion vs need to assist other regions
 - major infrastructure projects
 - Crossrail: go ahead, reject or further research?
 - Olympics, Thames Gateway projects
 - risk of losing opportunity for quality developments
 - SR 2004 crucial to any major developments
 - Asylum seekers/immigration
 - London's reliance on a flow of international migration
 - Measuring London
 - Quality/fitness of data, eg. Census, Labour Force Survey

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Policy issues

- Where is London going?
 - a pause in growth in 2001 - early 2003, though no recession
 - halt in employment growth
 - positive short-term forecasts for GDP growth
 - though not as high as in late 1990s
 - risk of a sharper downturn
 - current levels of indebtedness
 - risks to housing market, consumer boom
 - but, fundamentals remain positive
 - but, threat from poor infrastructure
 - London needs to develop if it is to prosper...

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London's Place in the UK economy

- Ian Gordon
- Tony Travers
- Christine Whitehead

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