GLAECONOMICS

London's Economy Today

Issue 214 | June 2020

Outlook for London's economy remains gloomy as lockdown is eased

By **Gordon Douglass**, Supervisory Economist, and **Eduardo Orellana**, Economist

The easing of the COVID-19 lockdown which began in May continued into June. However, this was overshadowed by data from the Office for National Statistics (ONS) showing the biggest ever monthly drop in UK GDP which fell by 20.4% in the month of April after already falling by 5.8% in March (Figure 1).

Monthly data can be very volatile especially in the current environment, however data for the three months to April (which included the non-lockdown periods of February and the first half of March) showed GDP declining by 10.4%. In economics a fall in GDP of more than 10% in a given year or falling GDP for 2 or more years is usually referred to as a depression. Of the sectors of the economy Accommodation and food services saw the largest decline in output in those months with it falling by 40.9%, while Other services fell by 20.5%, and Construction, Education, and Transport and storage all saw output fall by more than 18%. However, showing the differential impact of the lockdown on sectors, Financial and insurance services and Real estate saw output fall by only 1.5% and 0.4% respectively and Public administration and defence saw output growing by 0.2%. Also the PMI for May, although still showing a decline, did pick up a touch on their very low levels in the previous month.

Also in this issue

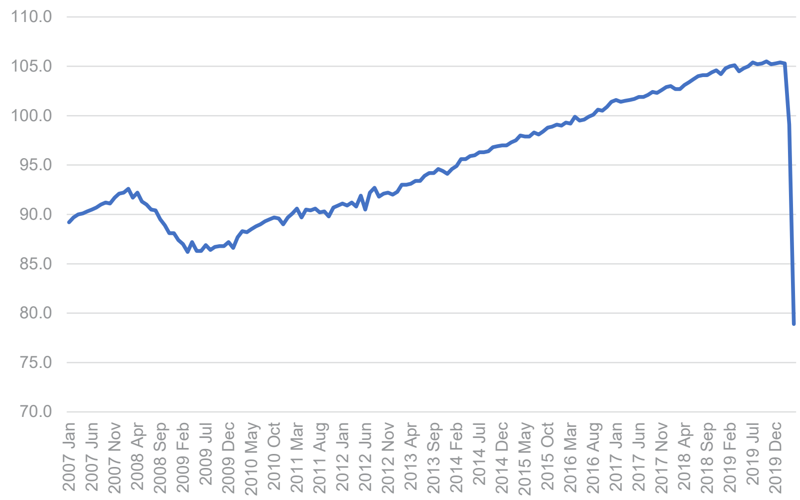


Figure 1: UK monthly GDP, Monthly index, January 2007 until April 2020

Source: ONS

As mentioned, easing of the lockdown has continued. For instance, non-essential shops were allowed to reopen in England on 15 June which should see some recovery in GDP over the coming months although not to pre-crisis levels for some time yet. Also the Government announced the creation in England of "support bubbles" where a single person or single person plus child household can meet another household of any size to provide support to each other. However, plans for all primary school children in England to have at least one month's worth of further teaching before the start of the school holidays were shelved by the Government in June due to problems ensuring social distancing. Despite this easing of the lockdown, data continues to show that activity across a number of sectors of London's economy remains reduced although with some upticks compared to the height of the lockdown for those parts of the economy for which restrictions have been eased (Figure 2). Further easing is planned in July such as the reopening of pubs in England with social distancing in place.

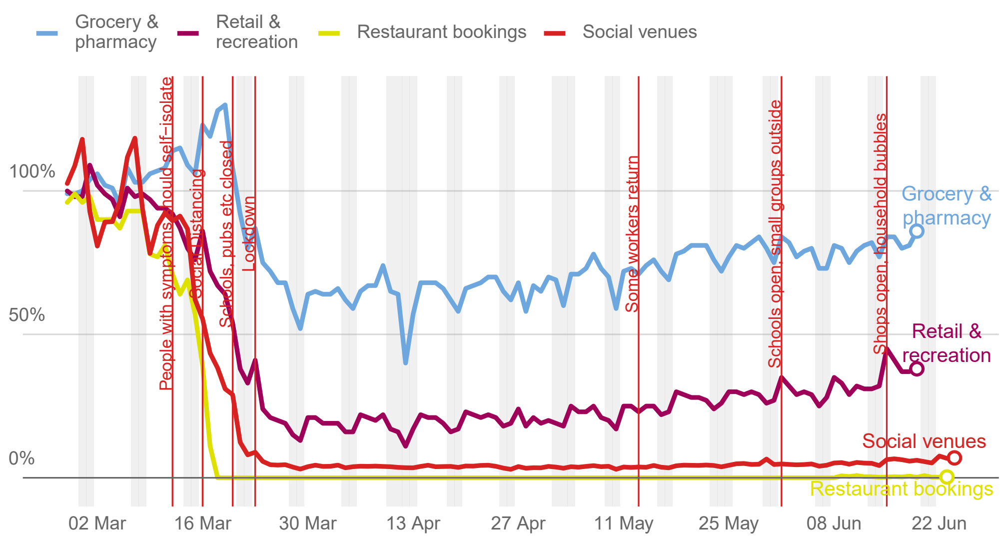


Figure 2: Retail and recreation activity in London

Source: Grocery and retail data from Google Mobility, social venues from Purple public Wifi and restaurant bookings from Open Table. Note: Vertical red lines show changes in social distancing rule and vertical grey bands show weekends and public holidays

Inflation falls again in May as public debt rises above 100% of GDP for the first time in 60 years

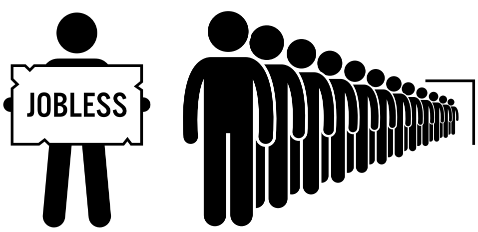
Other data published in June also shows the impact of the pandemic on the national economy such as shown by the steep fall in inflation over the past few months. This has seen the Consumer Price Index (CPI) measure of inflation fall from 1.5% in March to 0.8% in April and 0.5% in May 2020 . The ONS noted that falling prices for "motor fuels and a variety of recreational and cultural goods" caused the largest downward contributions to inflation but were partly offset by food and non-alcoholic drinks price rises.

ONS data published in June also showed the impact COVID-19 and the policy responses to it are having on public finances. Public sector net debt, excluding public sector banks, was, at the end of May 2020, 100.9% of GDP, which was the first time debt has been above 100% of GDP since March 1963. Government borrowing in May 2020 was estimated to have been £55.2 billion, about nine times bigger than in May 2019, and the highest borrowing in any month since records began in 1993.

In response to the poor economic situation the Bank of England decided to extend by a further £100 billion its policy of quantitative easing, although it has slowed the rate of assets purchases under the scheme expecting to now complete it by the end of the year. The Bank further noted "that the outlook for the UK and global economies is unusually uncertain" but that "emerging evidence suggests that the fall in global and UK GDP in 2020 Q2 will be less severe than set out" in their May economic scenario for the UK.

Internationally, central banks and governments have also been taking action to support their economies. The European Central Bank increased its quantitative easing programme by €600 billion in June, with the programme set to run to June 2021. While in the US, despite a surprise boost in hiring by 2.5 million jobs in May giving an unemployment rate of 13.3%, the chair of the Federal Reserve, Jerome Powell, has warned that the road to recovery is "going to take some time".

London sees large rise in employment-related benefit claims



Employment data from the ONS published in June allows us to see the first impact of the lockdown on London's and the UK's labour markets. Experimental Claimant Count data which covers claims for Jobseeker's allowance and those claimants of Universal Credit (UC) who are "searching for work" showed that the number of claims in the capital has gone up by 167% (around 310,000) since March, which was higher than the UK increase (126%). London alone accounted for a fifth of the increase in UK claims over this period.

Looking at this data in more detail shows that workers aged 25-29 saw the largest year on year increase in claims (+238%) in London but almost all age groups in the capital experienced a larger increase than their UK counterparts (Figure 3). At a more local level, Newham is the borough that experienced the largest year on year change in claims in the capital (+16,505), and West Ham is the parliamentary constituency that saw the largest increase in claims on the same period last year, followed by Tottenham and East Ham.

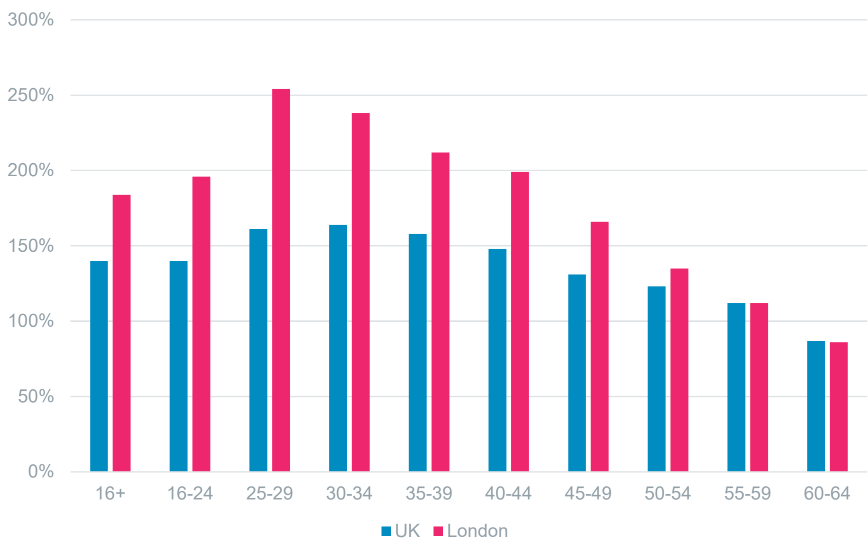


Figure 3: Claimant count change, by age groups, May 2019 – May 2020, UK and London

Source: ONS Labour Market Statistics. Note that an increasing number of people became eligible for unemployment-related benefit support, although still employed. Consequently, changes in the Claimant Count will not be due wholly to changes in the number of people who are unemployed

There was also a large fall in the number of hours worked at the UK level. Between February to April 2019 and February to April 2020, total actual weekly hours worked in the UK decreased by 94.2 million, or 8.9%, to 959.9 million hours. This was the largest fall on record since the beginning of the series in 1992. Accommodation & Food Services saw the biggest fall in average actual hours; down 6.9 hours to 21.2 hours per week. While, experimental monthly estimates of paid employees and their pay using HMRC PAYE data shows that the number of payroll employees in the UK fell by 612,000 between March 2020 and May 2020 (-449,000 between March and April; -163,000 between April and May).

Londoners less able to economise than elsewhere in the UK during the lockdown

The ONS also released in June analysis of household spending during the lockdown which found at the UK level that a fifth of usual household spending had been prevented by the lockdown. However, young people and those who are renting were groups that found it difficult to cut back their spending as a higher proportion of their income is spent on essential items. In relation to London the ONS observed that its households were the least equipped to cut back on their spending (Figure 4). This was because a typical London household "spends 58% of its weekly budget on essentials such as food and housing costs (the highest of any region or country of the UK)". While, "at the same time, Londoners spend proportionally the least on activities such as holidays and meals out that have been prohibited (20%), potentially leaving them with limited wiggle room if their incomes were to fall".

Polling for the GLA further highlights the financial strain some households are under with 11% of surveyed Londoners saying they are seriously struggling financially. This comprises of 8% saying they are struggling to make ends meet, and 3% who are needing to go without essentials or rely on debt. Looking at this more closely Londoners aged 25-64 are struggling the most financially – 13% of Londoners in this age category compared to 6% of 18-24s. Whereas just 4% of Londoners aged 65+ say they are struggling financially.

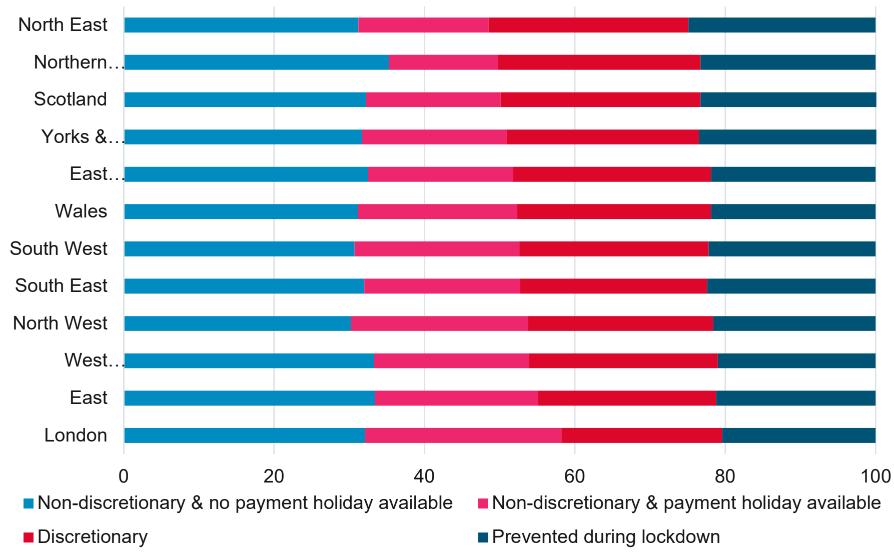


Figure 4: Weekly household expenditure by region by expenditure type % of total), UK, financial year ending March 2017 to financial year ending March 2019

Source: ONS - Family Spending

Nearly a third of the UK workforce was furloughed at the end of May

For the period 18 May to 31 May 2020, the Business Impact of Coronavirus Survey (BICS) from the ONS found that 30% of the UK workforce of responding businesses had been furloughed. The BICS also found that "5% of the workforce had returned from furlough leave between 18 May and 14 June 2020", and "according to the latest Opinions and Lifestyle Survey (OPN), nearly half of all working adults (49%) had worked from home between 11 and 14 June 2020, an increase from 41% the previous week". Despite so many workers being furloughed the Office for Budget Responsibility has recently revised down its estimate of the cost of the coronavirus job retention scheme by £24 billion to £60 billion. Examining this change the Institute for Fiscal Studies (IFS) observed that rather than being due to less than expected furloughed workers "the change in estimates arose because the average wages of those being furloughed are much lower than they had expected".

GLA Economics has also undertaken analysis of the furloughing rates in London. This found that the share of 16-64 of workers that are on furlough varies significantly across local authorities and parliamentary constituencies in London. Thus, the local authority with the highest share (Hounslow – 32%) of workers (16-64) has double that of the local authority with the lowest (Camden – 16%). There was also found to be a clear relationship between furlough rates and areas that have seen the greatest rises in claimant count shares. A positive relationship between furlough rates and BAME proportions by local authority was also seen.

London airports see a big fall in visitor numbers due to the lockdown

Despite many parts of the lockdown being gradually eased, a restriction that's been expanded has been on international travel. This has seen a quarantine imposed on international travellers arriving from abroad (except from the Republic of Ireland) with them being required to self-isolate for 14 days on arrival in the UK. The airline sector has warned that this is likely to exacerbate the problems it already faces as shown by the large decline in passenger numbers at London airports (Table 1). This decline has seen Heathrow airport starting a voluntary redundancy programme for its frontline staff, after already reducing management roles by a third. While, British Airways, easyJet and Ryanair have said they plan to sue the Government over the quarantine rules.

	January	February	March	April
City Airport	-2	-3	-72	-
Heathrow	3	-1	-52	-97
Stansted	-1	0	-58	-99
Gatwick	-2	-4	-54	-100

Table 1: Annual growth rate in the total passengers at London airports in 2020 (%)

Source: UK Civil Aviation Authority

The tourism sector which is an important employer in London has been and is likely to continue to be very negatively impacted by the current crisis. This was partly highlighted by a recent report on the creative industries, a sector with a big dependency on tourism, by Oxford Economics. This showed that at a UK level 119,000 permanent creative sector workers could be made redundant by the end of 2020. While, creative freelancers could see 287,000 roles lost by the end of the year. This is further highlighted by research by the Society of London Theatre and UK Theatre at the end of May which suggested 70% of theatres could run out of money by the end of 2020. In response to the problems faced by the tourism sector and to encourage a restart of the sector in the EU, the European Commission has launched an app to provide travellers with real-time information about COVID-19 rules and the infections status of each EU country.

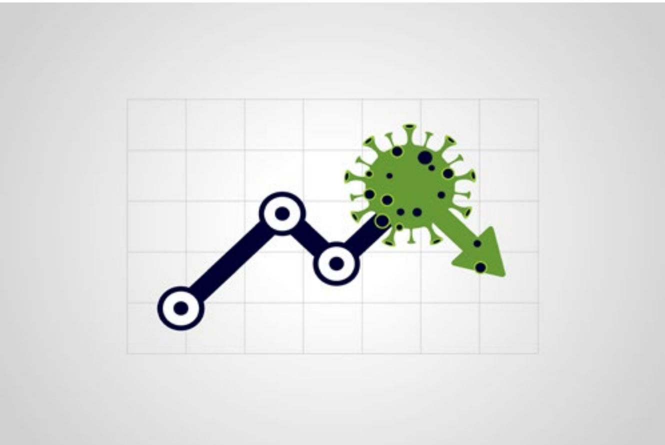
As indicated by the EU's moves to open up travel, the lockdowns in most countries continue to ease, although with some tightening in the cases of a recurrence of COVID-19 such as in Beijing. A number of European countries have thus been easing their restrictions on international travel although maintaining some restrictions in certain cases such as in Greece which has opened up to arrivals from some countries viewed as low risk but not the UK.

Brexit transition deadline looms

Despite the COVID-19 pandemic putting an end to face to face meetings Brexit talks continue, with the deadline for any UK request for an extension of the transition period approaching at the beginning of July. However, the UK Government "formally confirmed" in June that it will not ask for such an extension according to the Cabinet Office minister, Michael Gove. While, in preparation for a "no deal" Brexit at the end of the year the UK has said that checks on goods from the EU will be phased in over the first six months of 2021. However, the EU stated that checks on UK goods would commence at the beginning of the year.

There was a fourth meeting between the UK and EU negotiators at the beginning of June, although limited progress was made. In response to this the director-general of the CBI, Carolyn Fairbairn, has warned that given the current pandemic firms "have not a spare moment to plan for a no trade deal Brexit at the end of the year - that is the common sense voice that needs to find its way into these negotiations". However, since that meeting there has been some more positive signs with the EU's chief negotiator, Michel Barnier, stating in a speech later in June that "I am ready to find compromises, but the British have to accept to translate legally what is written in the political declaration". With him adding "what we now need to make progress are clear and concrete signals that the UK is open to work on an agreement". After a high-level meeting between the Prime Minister and the EU council in mid-June, a statement was released noting that they agreed that new momentum was required adding that "they supported the plans agreed by Chief Negotiators to intensify the talks in July and to create the most conducive conditions for concluding and ratifying a deal before the end of 2020. This should include, if possible, finding an early understanding on the principles underlying any agreement". And that "the Parties underlined their intention to work hard to deliver a relationship".

Forecasts for the economy remain poor



Although the full consequences of the end of the Brexit transition period loom at the end of the year, at the moment most economic news remains dominated by the economic consequences of the pandemic. In response to this, forecasters have been attempting to model the economic impact at the global, regional, national and sub national levels. This has seen the World Bank in its June 2020 Global Economic Prospects warning that the global economy could contract by 5.2% this year with "per capita income contracting in the largest fraction of countries globally since 1870", while emerging market and developing economies will see "the weakest showing by this group of economies in at least sixty years". The OECD also published its latest Economic Outlook in June which forecast the UK economy could contract by 11.5% this year, slightly worse than other major European economies. If there was a second peak in the pandemic this could rise to a 14% contraction. The IMF has updated their World Economic Outlook forecast in June and now expects the UK economy to decline by 10.2% this year before growing by 6.3% next year.

More closer to home we published our latest London's Economic Outlook in June, which in this case provided an economic scenario for the capital. This scenario was conditioned on both the Bank of England's COVID-19 scenario published in May and the OBR's April COVID-19 scenario and included all relevant national statistics published up to the end of May 2020. It suggested that if these scenarios occurred that:

- London's real Gross Value Added (GVA) growth rate could be -16.8% this year due to the present COVID-19 crisis. This growth rate is then expected to rebound to 17.2% in 2021 before returning to more normal figures in 2022 (4.5%).
- In line with GVA, London is projected, in this scenario, to see an unprecedented fall in the number of workforce jobs in 2020 (-7.0% in annual terms) which will be slowly recovered through positive growth rates in 2021 (1.4%) and 2022 (4.9%).
- Similarly, London's household income and expenditure are both projected to decrease notably in 2020 before starting to grow again in 2021 and 2022.

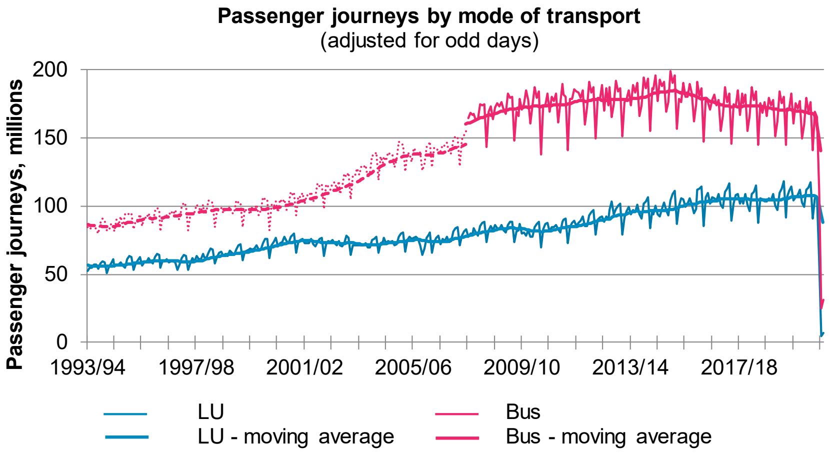
It should however be noted that there was a great deal of uncertainty around this scenario not just on the course of the pandemic but also the outcome of the EU/UK trade talks. GLA Economics will continue to monitor these and other situations over the course of the next few months and report on them in this and other publications which can be found on our publications page.

Economic indicators

In May, passenger journeys in London recovered slightly but remained very close to historic lows

- Only 38.1 million passenger journeys were registered in May, 8.3 million more than in April which registered the lowest level of the historic series. As a reference, passenger journeys in February – when there were no lockdown restrictions – were 271.4 million. In May, 31.5 million of all journeys were Underground journeys and 6.7 million were bus journeys. The bus journeys are estimates of passengers boarding as the closure of the front doors to protect the drivers prevented validation of entry. The reduced demand on both modes follows from the Government advice not to use public transport except for essential journeys.
- The 13-period-moving average in the total number of passenger journeys reduced from 247.0 million in April to 228.3 million in May.
- The methodology used to calculate the number of bus passenger journeys was changed by TfL on 1 April 2007. For a detailed explanation, please see LET issue 58 (June 2007).

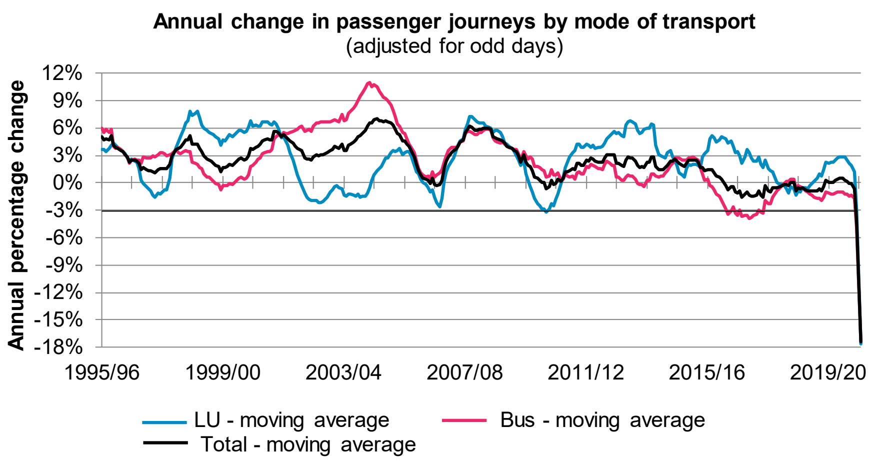
Source: Transport for London
Latest release: June 2020, Next release: July 2020



The moving average annual change in passenger journeys in London reached a new historic low in May

- The moving average annual growth rate in the total number of passenger journeys was -17.4% in May, down from -10.9% in April, -4.2% in March, and -0.6% in February.
- The moving average annual growth rate of bus journeys decreased from -11.2% to -17.3% between April & May and the moving average of Underground passenger journeys fell from -10.3% to -17.6% in the same period.
- The reduced demand on both modes follows from the Government advice not to use public transport except for essential journeys.

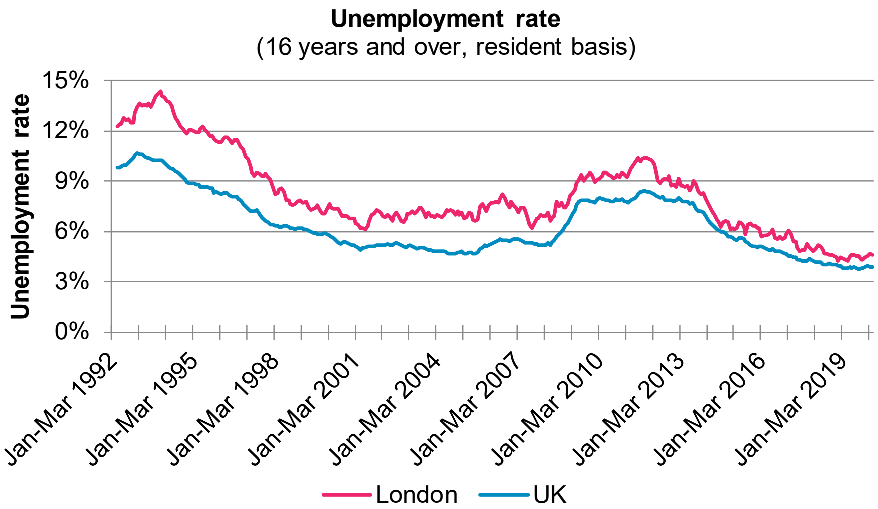
Source: Transport for London
Latest release: June 2020, Next release: July 2020



In the three-month period February-April, London's unemployment rate was 4.6%

- Around 234,000 residents 16 years and over were unemployed in London in the period February - April 2020.
- The unemployment rate in London was 4.6% in that period, 0.1 percentage points higher than the same rate in the period November 2019 – January 2020.
- The UK's unemployment rate remained at 3.9% in the three-month period February-April.
- Unemployment only started to rise from the last two weeks of March because of the COVID-19 outbreak.

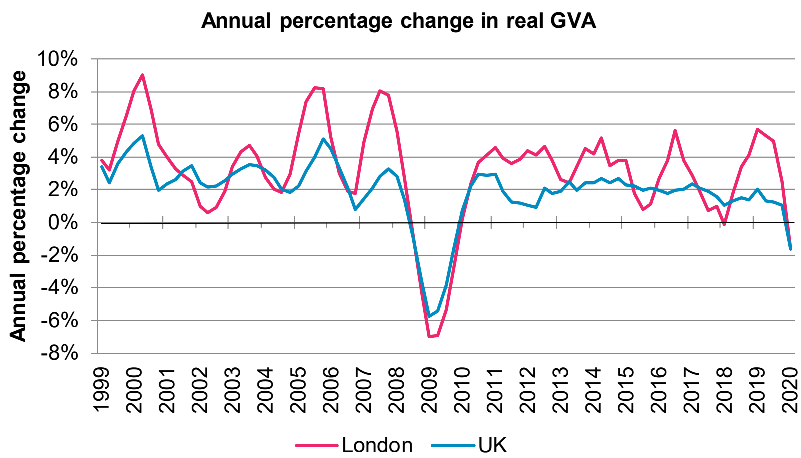
Source: ONS Labour Force Survey
Latest release: June 2020, Next release: July 2020



London's GVA fell by 1.6% in the first quarter of 2020 compared to the same quarter in 2019

- London's annual real GVA growth rate notably decreased from 2.5% in Q4 2019 to -1.6% in the first quarter of 2020, based on GLA Economics estimates. This implies a reduction of output by 4.1 percentage points in only one quarter, the largest quarter-on-quarter fall in output since the 2008-2009 financial crisis.
- Likewise, the UK output annual growth rate for Q1 2020 was -1.6% - also the lowest quarterly rate since 2009 and 2.5 percentage points below Q4 2019. The impact of the COVID-19 outbreak in this data has only been felt in the last two weeks of March.
- London's real GVA quarterly estimates for both the period Q1 1999 to Q4 2012 and the two most recent quarters have been produced by GLA Economics. Estimates for the intervening period are outturn data from the ONS, which does not publish quarterly estimates for London´s real GVA prior to 2013.

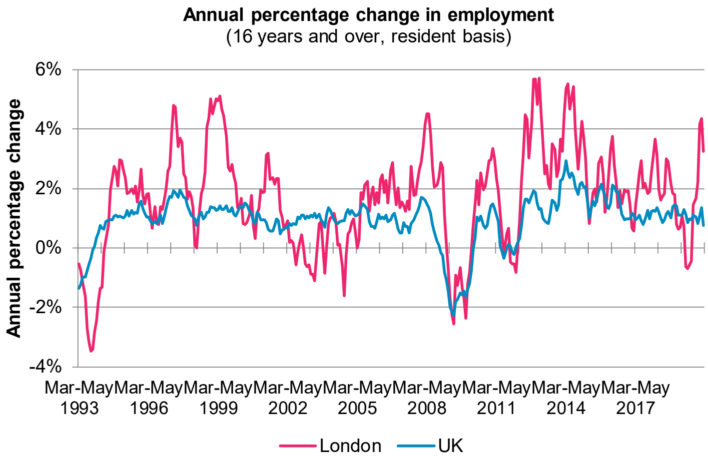
Source: ONS and GLA Economics calculations
Latest release: May 2020, Next release: July 2020



London's annual employment growth rate was 3.3% in the period February-April 2020

- Around 4.83 million London residents over 16 years old were in employment during the three-month period February-April 2020. The rate of annual employment growth in the capital was 3.3% in that period, 1.1 percentage points higher than the previous period (November 2019-January 2020).
- In the three-month period February – April 2020, the UK employment rate grew annually at a rate of 0.7%, 0.1 percentage points below the three-month period November 2019-January 2020.
- Employment started to contract in the last two weeks of March because of the COVID-19 outbreak.

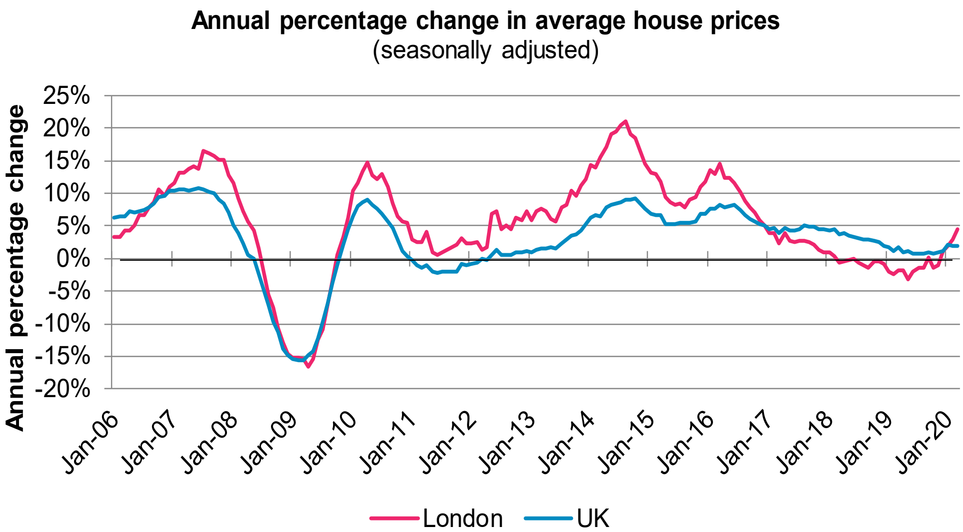
Source: ONS Labour Force Survey
Latest release: June 2020, Next release: July 2020



London house prices increased by 4.6% in annual terms in March

- In March 2020, the average house price in London was £489,764 while for the UK it was £232,744.
- The annual growth rate in average house prices in London was 4.6% in March 2020, up from 3.0% in February 2020. This is the highest annual growth since December 2016.
- Average house prices in the UK rose by 2.0% in annual terms last March, the same rate as in February.

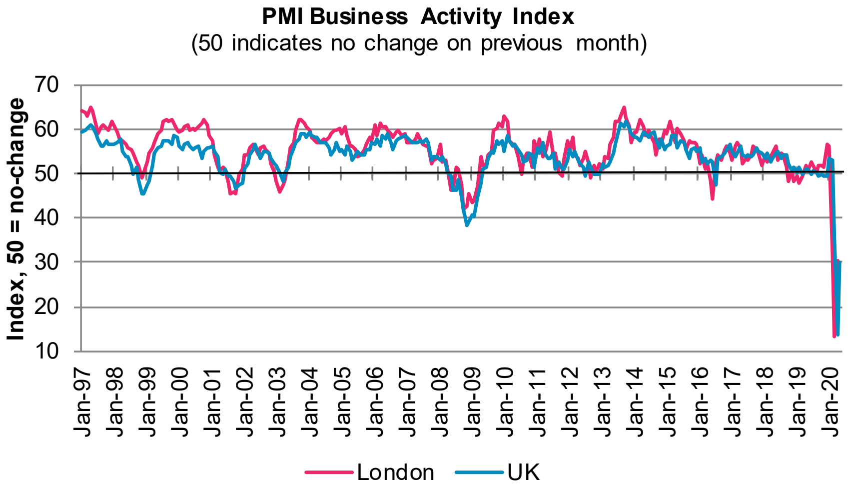
Source: Land Registry and ONS
Latest release: May 2020, Next release: July 2020



Fall in London business activity might have reached a turning point in May

- The business activity index at London private firms fell dramatically from 56.0 in February to 31.5 in March and to 13.4 in April - this the lowest level and the largest fall of the historic series. Conversely, in May the level was 30.8 marking an improvement although still indicating a decline.
- Similarly, the UK index rose from 13.8 in April to 30.0 in May.
- The Purchasing Managers' Index (PMI) survey shows the monthly business trends at private sector firms. Index readings above 50.0 suggest a month-on-month increase in activity on average across firms, while readings below indicate a decrease.

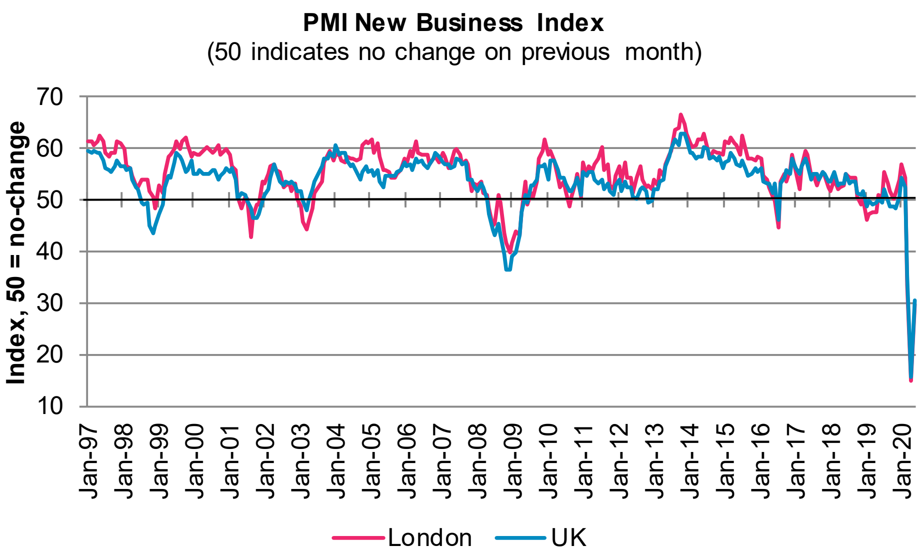
Source: IHS Markit
Latest release: June 2020, Next release: July 2020



New business activity in London improved in May from a record low in April

- The PMI New Business Index in London went up in May (29.7) up from its lowest point in the recorded series (14.9) in April. This is the first increase in three months.
- Similarly for the UK, the level of this index in May was 30.5, up from 15.7 in April.
- An index reading above 50.0 indicates an increase in new orders from the previous month.

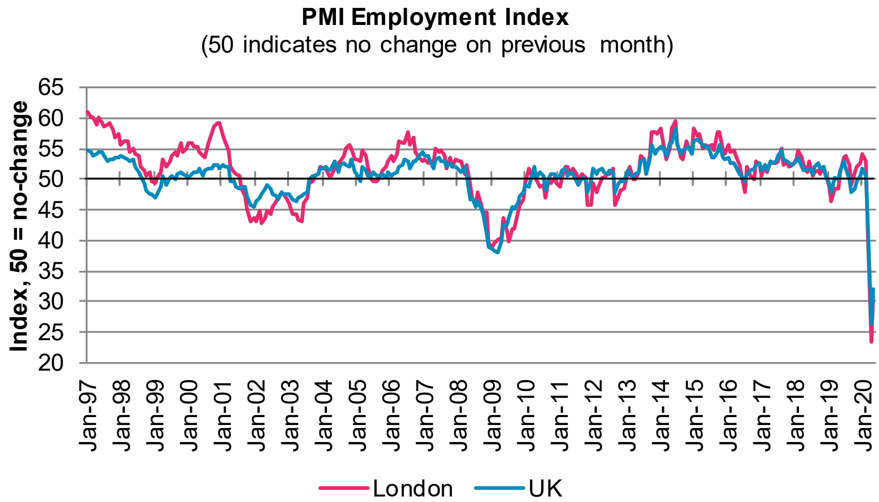
Source: IHS Markit
Latest release: June 2020, Next release: July 2020



In May, the PMI Employment Index recovered slightly

- The Employment Index for London rose to 30.8 in May after a fall between February (52.9) and April (23.6) – this represented the deepest registered monthly drop of the series.
- The index also increased for the UK from 26.4 in April to 32.1 in May.
- The PMI Employment Index shows the net balance of private sector firms of the monthly change in employment. Readings above 50.0 suggests an increase, whereas a reading below indicates a decrease in employment from the previous month.

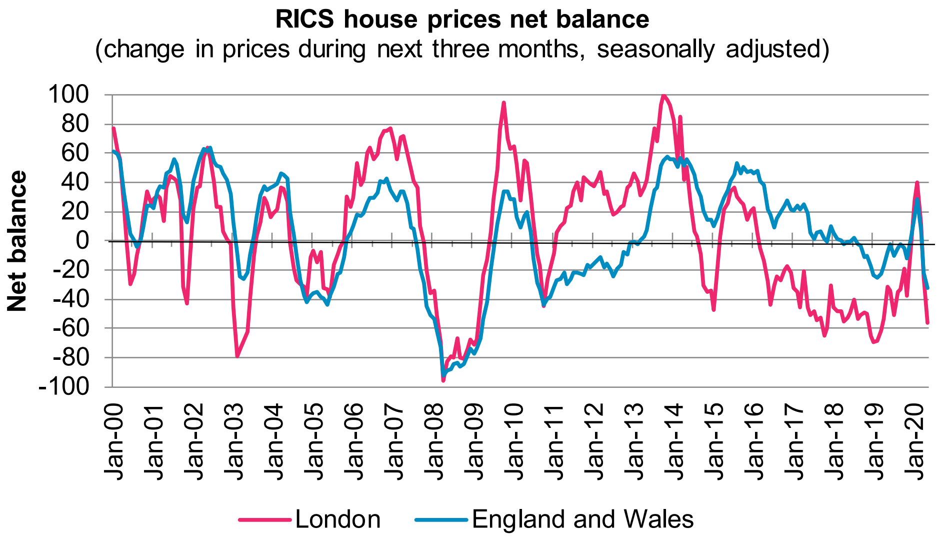
Source: IHS Markit
Latest release: June 2020, Next release: July 2020



The fall in the net balance of house prices continued in the three months to May

- In the three months to May, the net balance of property surveyors reporting a rise in house prices was -57, down from 11 in March and -24 in April, the lowest figure since March 2019.
- For England and Wales, the RICS house prices net balance index also decreased from 7 in the first quarter of the year to -22 in the period February – April and to -32 in the three months to May.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

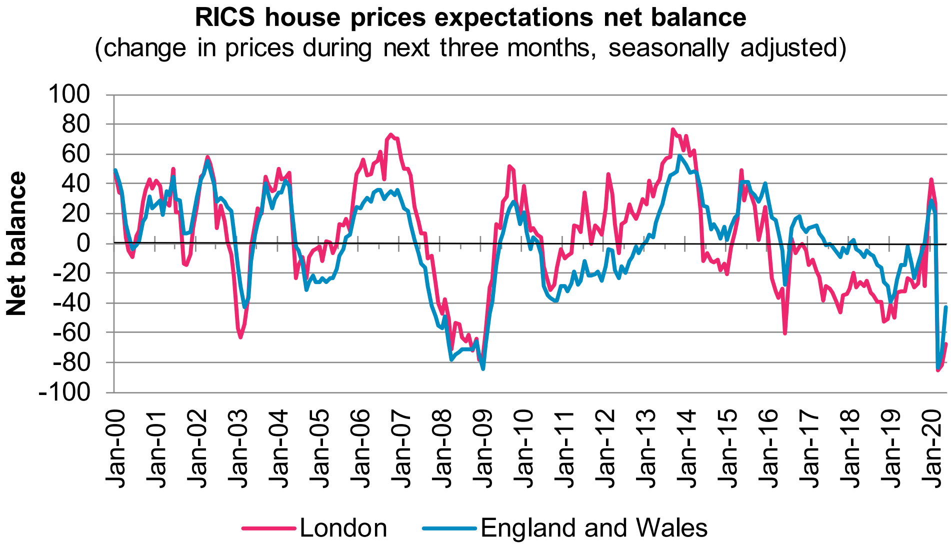
Source: Royal Institution of Chartered Surveyors
Latest release: June 2020, Next release: July 2020



Negative expectations on house price rises in London remain but reverted slightly in May

- Between March and May, surveyors reported expectations of a further contraction in London house prices (-67). However, this represents an increase compared to -82 in the three months to March.
- Sentiment in England and Wales was -43 in May, also up from -73 in April.
- The net balance index measures the proportion of property surveyors reporting a rise in prices minus those reporting a decline.

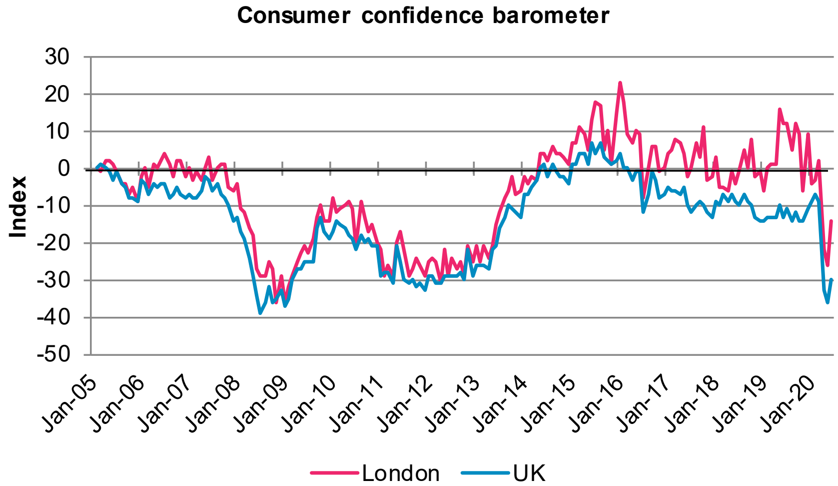
Source: Royal Institution of Chartered Surveyors
Latest release: June 2020, Next release: July 2020



In June, consumer confidence in London recovered part of the fall in April and May

- The consumer confidence index in London was at -14 in June after having registered a big fall between March and May (from 2 to -26). June still represents one of the lowest levels in seven years.
- In June, the sentiment for the UK remained lower than in London (-30) from May (-36). The UK has not shown a positive index score since January 2016.
- The GfK index of consumer confidence reflects people's views on their financial position and the general economy over the past year and in the next 12 months. A score above zero suggests positive opinions; a score below zero indicates negative sentiment.

Source: GfK NOP on behalf of the European Commission
Latest release: June 2020, Next release: July 2020



GLA's First Adult Education Budget Data Publication

By **Melisa Wickham**, Supervisory Economist, **Audrey Baker**, Senior Data Analyst, and **Héctor Espinoza**, Economist

The Adult Education Budget (AEB), which was devolved in August 2019 to the GLA, funds education and training for adults aged 19 and above. In line with the Mayor's vision and objectives, a range of data about the AEB programme will be published quarterly in order to ensure transparency, engage stakeholders, and support learners and employers to make more informed decisions. In this article, GLA Economics presents key aspects, caveats and findings of the first AEB data release (June 2020), plus what to expect in future publications.

Background Information

From 1 August 2019, the Secretary of State for Education delegated responsibility for the commissioning, delivery, and management of London's Adult Education Budget (AEB)[1] to the Mayor of London.

In early 2020, the AEB Mayoral Board agreed that AEB programme data should be published on a quarterly basis - following the Department for Education's Further Education and Skills data publication and in line with the UK Code of Practice for Official Statistics.

GLA's first AEB data release

GLA Economics published AEB data for the first time on 12 June 2020[2]. This release, based on administrative education records[3], includes London level data and presents provisional, reported to date figures for the first two quarters of the 2019/20 academic year. It should be noted that in-year data is subject to a data lag and future reconciliation. They should be treated with caution and as provisional estimates. In this context, only the final year data will provide the most comprehensive picture of delivery.

Below we show some headline statistics of the programme, such as AEB participation (learners and aims), demographic characteristics of the learners, course levels and subject areas, and some of the Mayoral areas of interest.

1 The AEB funds education and training for adults aged 19 and above.
2 Data tables and further information are available here: https://data.london.gov.uk/dataset/gla-adult-education-budget
3 R06 (August-January) Individualised Learner Records (ILR) data, Funding Claims (August-January), and Funding Summary Report (FSR R06)

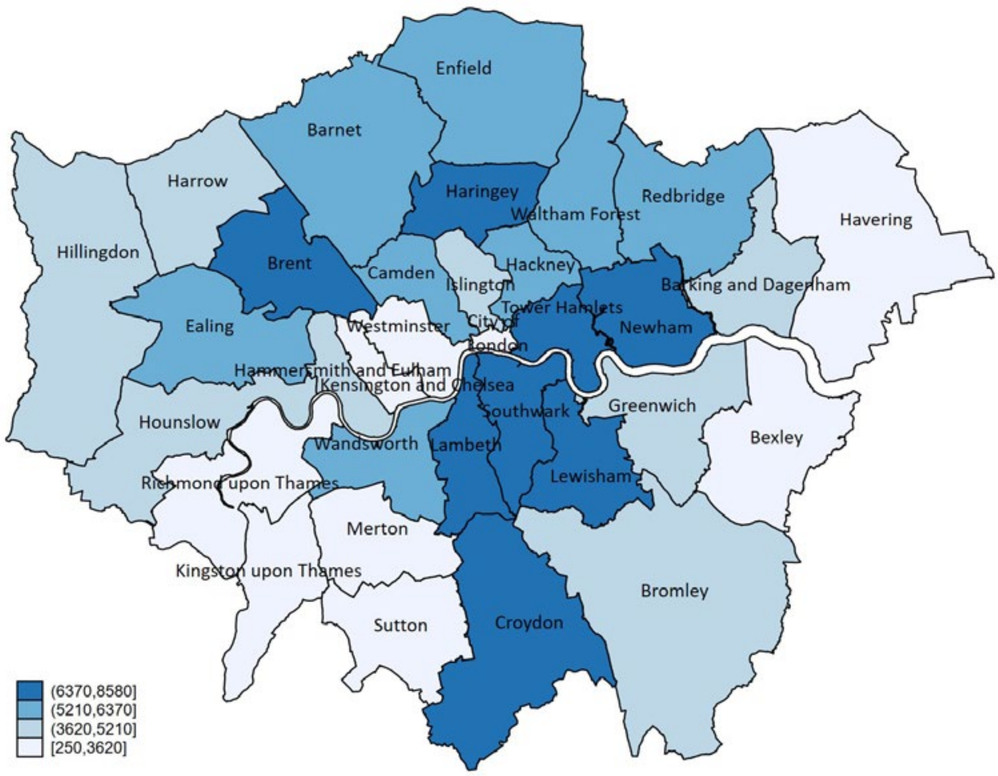


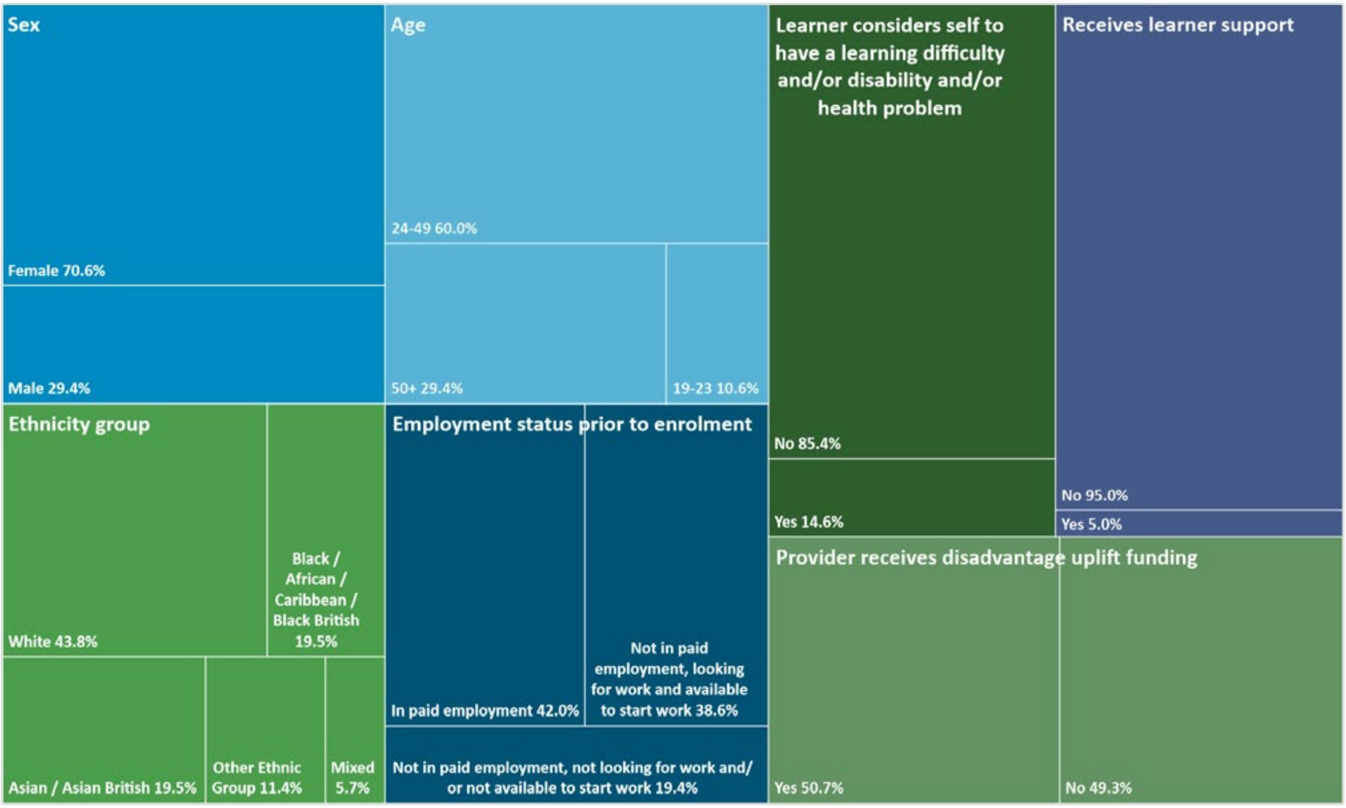
Figure A1: Learner participation by borough, August to January 2019/20

Source: R06 (August-January) ILR data
Note: Figures are based on learner's home postcode on the learning start date and excludes records without a valid postcode. The number of learners by Borough described in brackets.

In academic year 2019/20 (August-January data), there were 162,700 learners and 281,600 aims enrolments[4]. Figure A1 shows how adult learners participating in GLA-funded further education are distributed across boroughs in London. Pre COVID-19 data shows that the AEB programme has reached all areas in London with sizable numbers. In absolute terms, the London boroughs showing higher volumes of learners (colour dark blue in Figure A1) are Newham, Southwark, Tower Hamlets, Lambeth, Lewisham, Croydon, Haringey and Brent.

4 In monetary terms, the AEB delivery to date in the first two quarters of academic year 2019/20 reached £118,894,900. This contrasts with some of the other monetary estimates in the published tables on the proportion of funding to date for adult skills which GLA Economics have produced. These estimates are based solely on the SILR, which contains funding calculated by the ESFA's funding formula for Adult Skills (FM35) learners. This includes formula programme and learning support funding. It does not include any Earnings Adjustment Statement (EAS) Claims or learner support in the Funding Claim that may be associated with Adult Skills provision. Full details are provided in the notes of the published tables.
It should be noted that this data refers to provisional in-year data. This does not present estimates of the GLA liabilities to date and shouldn't be considered a financial statement. GLA payments are in accordance with the Standard National Profile for AEB Grant-Funded Providers and final reconciliation applies at the end of the academic year subject to the arrangements agreed by the Mayor for that year. For more information on grant and procured payment and reconciliation processes please see: https://www.london.gov.uk/what-we-do/skills-and-employment/skills-londoners/adult-education-budget/information-gla-aeb-providers#acc-i-57898

Figure A2: Demographic characteristics



Source: R06 (August-January) ILR data
Note: Age is based on learner's age on 31st August of the academic year. Employment status prior to enrolment is based on self-declaration by the learner, as reported in the Individualised Learner Record (ILR). This variable is an indicative measure of employment status but is not sufficient to adequately deduce whether a person is employed, unemployed, or economically inactive, since the full suite of contextual questions needed to do so are not asked. Further, this data is not required for learners enrolled only in Community Learning. Learning difficulty and/or disability and/or health problem is based on self-declaration by the learner.

Figure A2 shows some demographic characteristics of the AEB learners. Of the 162,710 participants in the first two quarters of 2019/20:

- 71% were female;
- 56% were from a Black or Minority Ethnic background (including Mixed, Asian, Black and Other Ethnic Group learners)[5] and 44% were from White background;
- 11% were aged 19-23, 60% aged 24-49, and 29% 50+;
- 15% consider themselves to have a learning difficulty and/or disability and/or health problem;
- In Adult Skills learning, 51% of providers received the disadvantage uplift funding[6];
- 5% received learner support[7].

5 The percentage calculation for the Black, Asian and Minority Ethnic (BAME) and "Learner's disability, learning difficulty and/or health problem" (LLDD) measures here are based on excluding instances of unknown ethnicity and unknown learning difficulty/disability.
6 Disadvantage funding does not apply to Community Learning, so only Adult Skills learning is included.
7 These are learners who are reported to receive the types of learner support included in the GLA's AEB funding rules (https://www.london.gov.uk/what-we-do/skills-and-employment/skills-londoners/adult-education-budget/information-gla-aeb-providers).

Level	Aims Enrolments	
	Adult Skills	Community Learning
Entry Level	88,000	5,590
Level 1	46,490	1,160
Level 2	48,650	1,040
Level 3	3,330	*
Level 4+	*	*
Other Level	20	87,360
Total	**186,490**	**95,150**

Table A1: AEB provision by funding model (i.e. Adult Skills or Community Learning) and level

Source: R06 (August-January) ILR data
Note: Levels are based on the notional NVQ level version two

Table A1 shows that in the first two quarters of the 2019/20 academic year, there were 186,490 and 95,150 enrolments in GLA-funded Adult Skills and Community Learning courses, respectively. The aim level composition differs between Adult Skills and Community Learning. Adults Skills delivery range is concentrated between Entry Level and Level 3, while Community Learning tends to be concentrated at Other Level (i.e. level not applicable). This suggests complementarities between the two streams and that Adult Skills and Community Learning might be catering for different learners and needs in London.

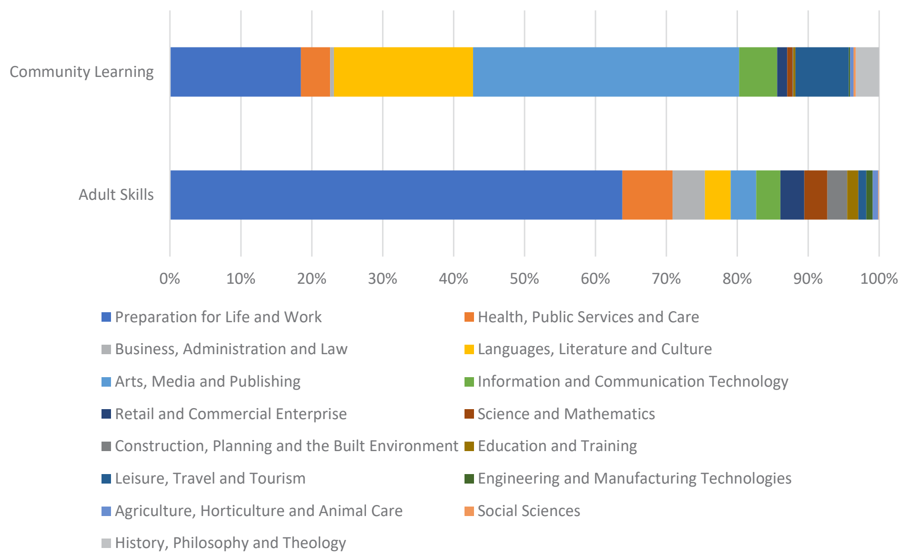


Figure A3: Participation (aims) by Subject Sector Area and funding model (i.e. Adult Skills or Community Learning)

Source: R06 (August-January) ILR data
Note: Sector Subject Areas are based on Sector Subject Areas Tier 1

The analysis by Sector Subject Area suggests that some courses are more popular than others. Figure A3 shows that 'Preparation for Life and Work', 'Health, Public Services and Care', 'Business, Administration and Law', 'Languages, Literature and Culture', 'Arts, Media and Publishing', and 'Information and Communication Technology' are the most popular subjects. However, some differences are found by funding model. Overall, more than 50 per cent of the aims in Adults Skills are classified under the category 'Preparation for Life and Work', while subjects in Community Learning are to some extent more evenly distributed.

Mayoral areas of interest

AEB data tables also include information about English and Maths (basic skills) and British Sign Language courses.

Entitlement	Level	Learner Participation	Aims Enrolments	Portion of Funding to Date for Adult Skills
English	*Entry Level*	6,800	7,550	£3,628,000
	Level 1	4,110	4,240	£1,673,000
	Level 2	6,620	6,710	£2,868,000
	Total	**17,270**	**18,490**	**£8,170,000**
Maths	*Entry Level*	6,820	7,130	£4,485,000
	Level 1	4,140	4,210	£1,651,000
	Level 2	6,340	6,430	£2,826,000
	Total	**16,990**	**17,770**	**£8,962,000**
Total		**25,630**	**36,260**	**£17,132,000**

Table A2: English and Maths (Entitlements)

Source: R06 (August-January) ILR data
Note: Entitlement learning is learning taken as part of the legal entitlements to full funding for eligible adult learners for English and Maths and Level 2 and Level 3 learning[8]. Levels are based on the notional NVQ level version two

English and Maths Entitlement

Basics skills, such as English and Maths skills are essential in enabling people to function in society and progress in learning and employment. Table A2 shows, in total, 25,630 learners participated in 36,260 courses.

British Sign Language

From August 2019 to January 2020, 310 people participated in British Sign Language courses[9].

Learners in receipt of low wage

Data on learners in receipt of low wage will be published in subsequent releases as the GLA is currently reconciling in-year numbers and related statistics.

Further breakdowns (e.g. achievements) and more information about Mayoral areas of interest are available in https://data.london.gov.uk/dataset/gla-adult-education-budget

Next Steps

A more complete set of statistics, including sub-regional and Borough figures, is expected to be published in the subsequent quarterly releases, starting with the third quarter 2019/20 academic year publication.

Furthermore, data releases based on R10 (first three quarters) and R14 (final year) ILR data will provide a more comprehensive representation of (GLA funded) FE achievements[10] and delivery to date (£) in London.

Data on learners in receipt of low wage will be also published in subsequent releases as the GLA is currently reconciling in-year numbers and related statistics.

8 See the GLA's Adult Education Budget funding rules for further information on entitlements (https://www.london.gov.uk/what-we-do/skills-and-employment/skills-londoners/adult-education-budget/information-gla-aeb-providers) and the methodology note for details on how entitlement learning has been identified.

9 The GLA fully fund any learner aged 19+ whose first or preferred language is British Sign Language (BSL), or who cannot access spoken language because of their deafness and would benefit from BSL, to study for qualifications in BSL, up to and including level 2.

10 Achievements are not shown here. Perhaps unsurprisingly, a significant number of FE learners (+50%) have not completed their courses by January 2020, and therefore are currently classified under category 'study continuing' in the ILR data.

Our latest publications

We publish regularly on the state of London's economy, providing the latest economic data for London and interpret how this may affect policy. This includes analysis of recent developments in London's economy and forecasts for the next couple of years.

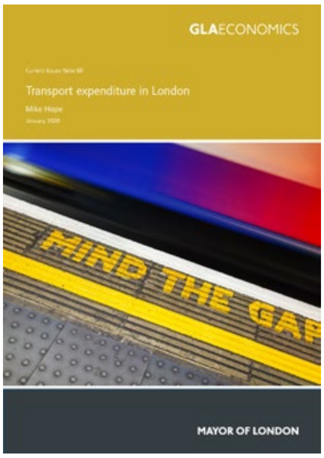
We provide analysis on sectors of the economy including tourism, retail, housing, health, science, technology and more.

We analyse recent developments in London's labour market, by sector and borough.

View all the GLA Economics publications on our website.

The Evidence Base for London's Local Industrial Strategy - Final report
This is the final report on the evidence base that is informing and supporting the development of London's Local Industrial Strategy, following on from the interim report published in August 2019. It presents clear, robust and comprehensive evidence on London's economy with a view to supporting the overall objective of achieving inclusive growth in London. It reports on London's strengths, key constraints, issues and risks for the five foundations of productivity introduced by the Industrial Strategy White Paper (Business Environment, People, Infrastructure, Ideas and Place), while also highlighting the linkages between the economy of London and the rest of the UK.

Download the full publication.



Transport expenditure in London
This current issues note looks at the case for continuing transport expenditure in London.

London spills over its administrative boundaries, and there are 2 million more people in it every day than its 8.8 million residents. The city relies on public transport, and so public investment – 58% of all journeys on public transport in Britain are at least in part in London. People make far more use of public transport than elsewhere in the country, and increasingly so.

Download the full publication.

London's Economic Outlook: Autumn 2019
GLA Economics' 35th London forecast suggests that:

- London's GVA growth rate is forecast to be 1.8% in 2019. The growth rate is expected to decrease to 1.1% in 2020, before increasing to 1.8% in 2021.
- London is forecast to see increases in the number of workforce jobs in 2019, 2020 and 2021.
- London's household income and spending are both forecast to increase over the next three years.

Download the full publication.

GLAECONOMICS

City Hall
The Queen's Walk
London SE1 2AA

Email glaeconomics@london.gov.uk
Internet www.london.gov.uk

June 2020

ISSN 1740-9136 (print) ISSN 1740-9195 (online) ISSN 1740-9144 (email)

London's Economy Today is published towards the end of every month. It provides an overview of the current state of the London economy, and a selection of the most up-to-date data available. It tracks cyclical economic conditions to ensure they are not moving outside the parameters of the underlying assumptions of the GLA group.

Images

Subscribe
Subscribe online at https://www.london.gov.uk/what-we-do/research-and-analysis/join-our-mailing-list-research-and-analysis

Disclaimer
GLA Economics uses a wide range of information and data sourced from third party suppliers within its analysis and reports. GLA Economics cannot be held responsible for the accuracy or timeliness of this information and data.

GLA Economics, Transport for London and the Greater London Authority will not be liable for any losses suffered or liabilities incurred by a party as a result of that party relying in any way on the information contained in this publication.

About GLA Economics
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