Issue 7

CENTRE FOR LONDON

THE LONDON INTELLIGENCE

The seventh edition of The London Intelligence shines a light on several causes for concern. Job growth has continued, unemployment is falling and take-up of office space has remained steady. However, with only a few weeks remaining until Britain is due to leave the European Union, business activity has slowed, and business confidence has plummeted.

Brexit uncertainty has affected the housing market too, as average house prices rose by only 0.8 per cent in the year to October 2018. Although the number of first-time buyers in London was at its highest since 2015, transaction volumes fell by 18 per cent over the year, with fewer people looking to buy or sell overall. Many commentators predict that ongoing uncertainty will lead to continued stagnation.

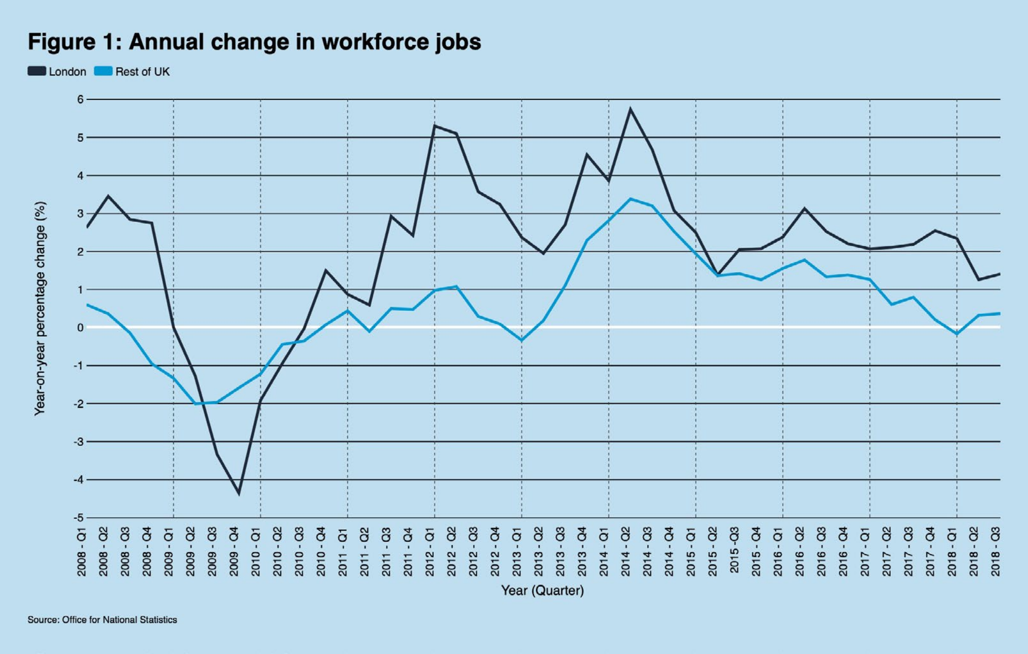
After a period of decline, rents have levelled out and begun to grow again, particularly for larger properties. As a result, the average proportion of income spent on rent has also increased, to 31.5 per cent – the highest it has been for four years. At the same time, renters are getting younger: the average age of London tenants today is 32 compared to 34 in 2015.

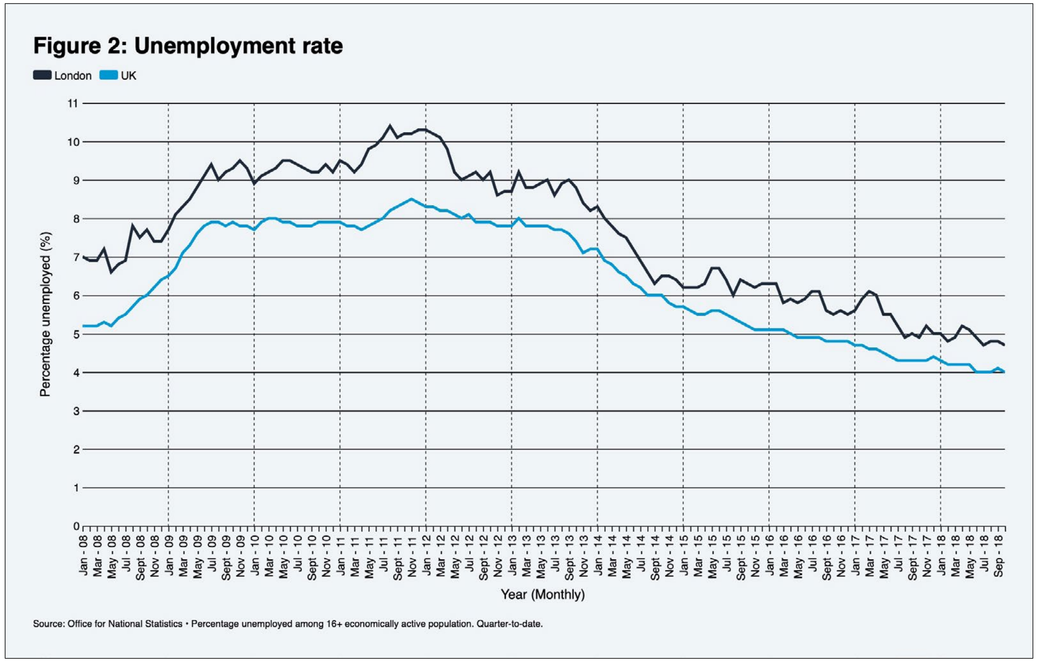
Lack of confidence is also affecting the delivery of new housing. New build starts were down 7 per cent in the year to Q3 2018, while net additional dwellings for 2017/18 fell to 32,000 – below half the level stipulated by the draft new London Plan. The number of approved planning applications declined for both major and minor schemes, which may signal a worrying longer-term slowdown in activity.

Unsurprisingly, Brexit remains Londoners' top concern, rising by 13 per cent in the last quarter of 2018. The approaching deadline for leaving the European Union may also be slowing arrivals by tourists and workers, although visitor numbers picked up over the summer. The government and Parliament must make progress on a withdrawal agreement or risk a significant economic downturn.

Economy

London's labour market remains strong, with continued job growth, particularly for employee jobs. This is despite progressively fewer foreign nationals registering to work in the capital. Although the take-up of office space remained steady, business activity slowed and business confidence declined further.





The capital's labour market remains strong as the number of workforce jobs continued to grow, reaching 5.98 million in the third quarter of 2018. Although the annual growth rate has slowed down in recent quarters, it is still 1 percentage point above the rest of the UK.

While the long-term trend in self-employment is still one of growth, last quarter's jump in self-employed jobs has been reversed. There were almost 774,000 self-employed jobs in Q3 2018 – almost 44,000 fewer than last quarter, or a 1 per cent increase compared to Q3 2017. Employee jobs stood at just over 5.2 million; an increase of nearly 57,000 on last quarter and a growth of 1.5 per cent year-on-year.

At the industry level, the picture looks nuanced. Following strong growth last year, London's construction industry saw an 11 per cent decline in job numbers in the year to Q3 2018; the second consecutive negative quarter. The capital's transport workforce also shows signs of contraction – falling 5 per cent year-on-year – a continuation of the downward trend that began at the beginning of 2018. This indicates that the decline in EU migration might be manifesting itself in skills shortages.

In contrast, London job growth was fastest year-on year in information and communication (12 per cent), arts and entertainment (11 per cent), real estate (11 per cent) and accommodation and food services (9 per cent).

However, recent research demonstrated that job growth in London and the wider UK has not been matched by an increase in average pay, or growth in productivity.

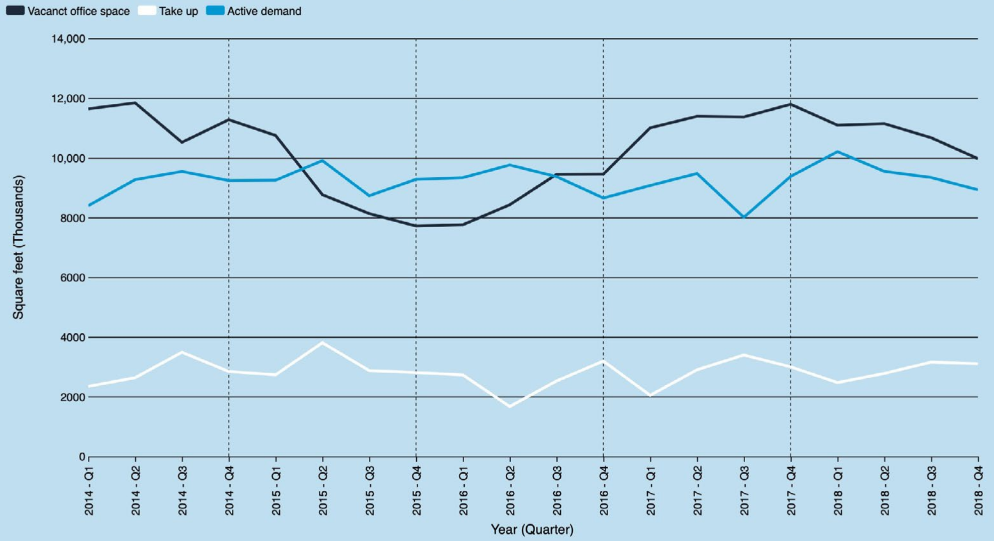
With the number of workforce jobs growing, unemployment in London continues to fall, with a 1.6 per cent decline in the year to October 2018. Though only 236,000 Londoners aged 16 – 64 are out of work, the unemployment rate in London (4.8 per cent) remains 0.7 percentage points above the UK average (4.1 per cent).

Though London's unemployment rate is at historically low levels, this can mask growing instances of in-work poverty, as jobs for many workers may be low paid and insecure.

> The slow pick up in real wages in recent months owes more to a faster drop in inflation than had been anticipated, rather than the willingness or ability of firms to pay higher nominal wages, despite the emergence of skills shortages. The problem is that many of the newly created jobs in London are in low productivity services. Manufacturing has suffered as world growth slowed. Private investment has been in decline reflecting Brexit uncertainty and business optimism is at its lowest in two years. Consumers, after years of falling disposable incomes are careful with their spending, thereby squeezing margins in sectors such as retail. And the period of easy and plentiful money at subsidised rates has come to an end.

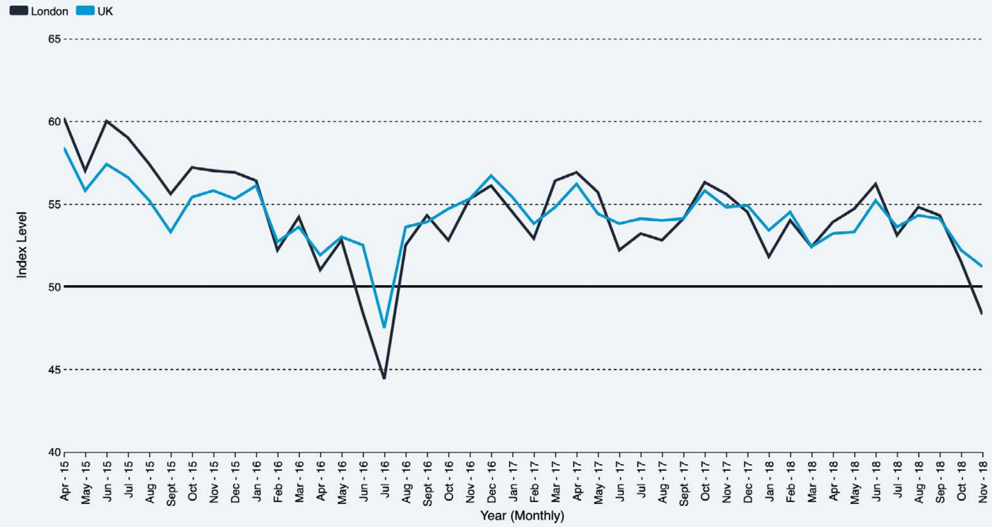
Vicky Pryce, Chief Economic Adviser, CEBR | **@realVickyPryce**

Figure 3: Central London's commercial property market



Source: JLL

Figure 4: Purchasing Managers' Index



Source: Natwest/IHS Market Economics

Despite political uncertainty, the central London office market remained resilient in the final quarter of 2018.

Take-up of office space remained steady, at 3.1 million square feet, increasing 3.5 per cent on the previous year and 22 per cent ahead of the 10-year quarterly average. Vacant office space saw a corresponding decline, while demand was down slightly on the previous quarter.

Active demand for office space in central London dropped by 5 per cent in the fourth quarter of 2018, to just under 9 million square feet. This may be an indication that some businesses are biding their time until the fluctuating pound – and Brexit – settles, as opposed to actively searching for space.

The Purchasing Managers' Index (PMI) measures business activity by surveying companies on output, new orders, employment and prices; any reading below 50 shows a decrease in activity from one month to the next. The higher the score, the quicker this expansion.

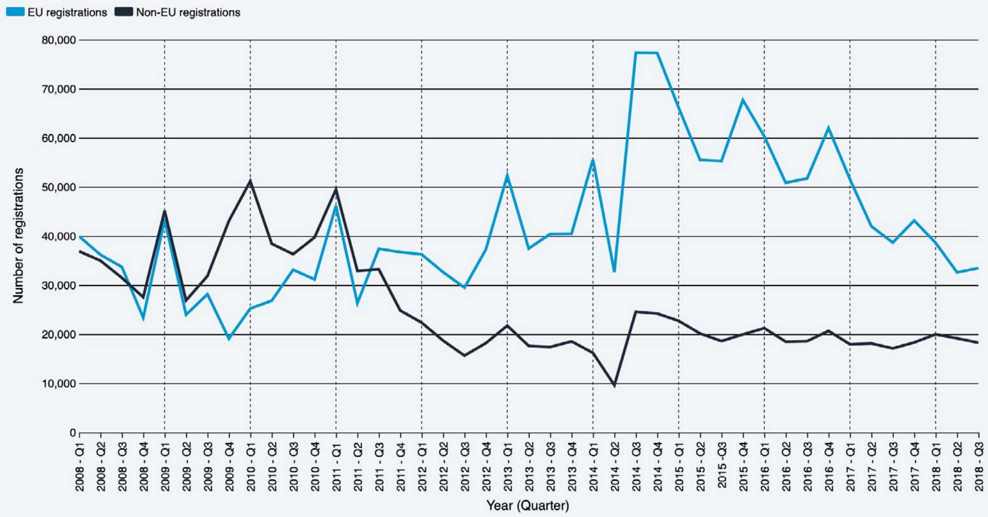
The NatWest/HIS Markit PMI shows activity in London has fallen for the first time since the EU referendum in July 2016, signalling heightened uncertainty undermining demand as the Brexit deadline approaches. The capital has also seen the slowest increase in prices of all UK regions, with only slight rises in prices across the city.

This chimes with the London Chamber of Commerce and Industry's latest Quarterly Economic Survey, which saw London companies' confidence in their own prospects plummet to a record low in Q4 2018.

London's economy is steadily losing the momentum it had at the beginning of last year, with commentators calling for clarity on Brexit in order to prevent the economy sliding into contraction.

Figure 5: NINo registrations

EU and Non-EU registrations



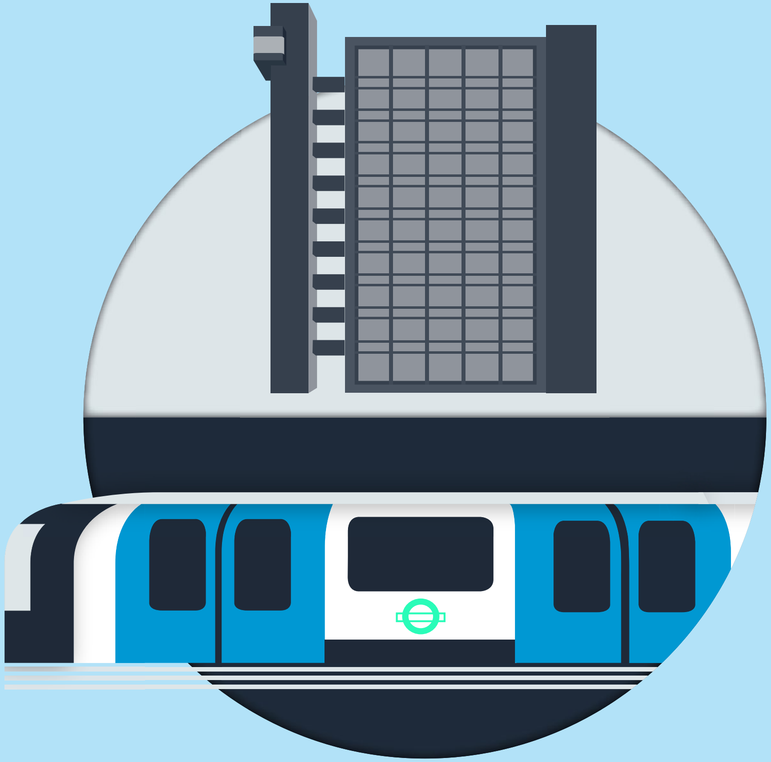
Source: Department for Work and Pensions

Foreign nationals require a National Insurance number (NINo) to work in London, and the number of registrations can provide a measure of work-related immigration in the capital.

Q3 2018 continued the recent trends. Non-EU registrations have remained broadly stable since 2015, falling 1.7 per cent in the three years to Q3 2018. EU registrations on the other hand have seen a dramatic decline, falling 39.5 per cent over the same period, to 33,400 registrations.

When compared to the previous year, Q3 2018 saw the largest fall in eastern European EU8 and western European EU15 nationals registering for work in London, declining by 19 per cent and 16 per cent respectively. Whilst the number of EU2 (Romanian and Bulgarian) nationals registering fell 9 per cent over the same period, registrations from Maltese, Croatian and Cypriot nationals saw a 128 per cent increase in Q3 2018 – albeit from a small base – after restrictions were lifted in June.

Housing



The housing market has stalled to a crawl, with a negligible increase in average house prices and a large drop in transaction volumes. London renters are getting younger and spending a higher proportion of their income on rents, which are still increasing, particularly for larger properties.

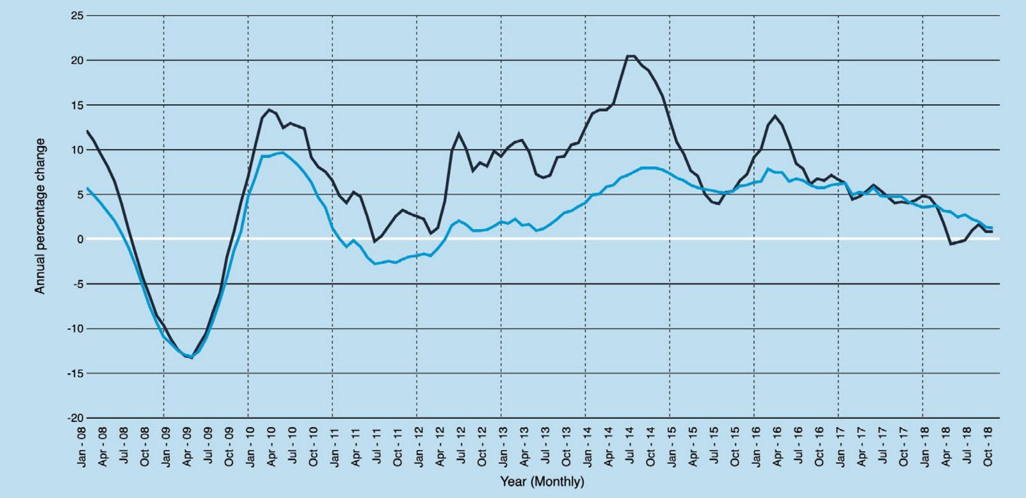


Figure 6: Mean house price
Annual change

Source: Acadata/Land Registry, annual change in prices paid for transactions • Mix and seasonally adjusted (MASA).

Buying and selling property in London requires confidence, but Brexit has been blamed for a chronic lack of confidence among London's house buyers, pushing many sellers to reduce their asking prices. London's previously strong house price growth is slowing to a crawl, at 0.8 per cent in the year to October 2018, and remains lower than in the rest of England and Wales.

Meanwhile, it was reported that the total value of London's housing stock fell by a record £26.2 billion in 2018, the first decrease since 2009. Experts predict even sharper declines

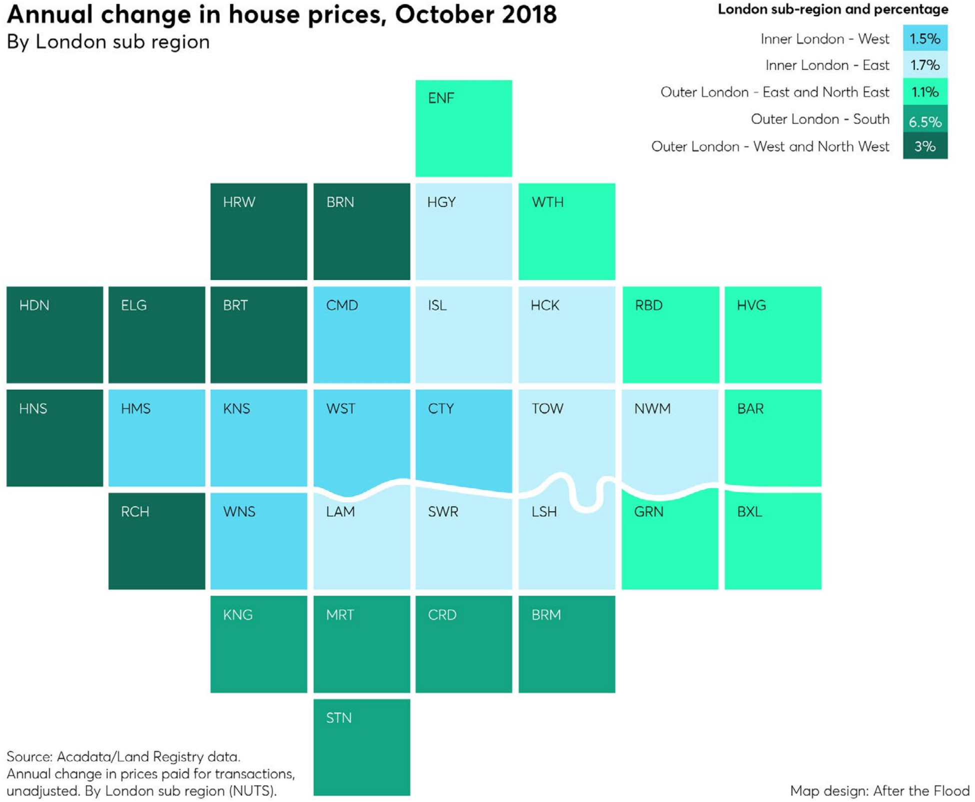


Figure 7:
Annual change in house prices, October 2018
By London sub region

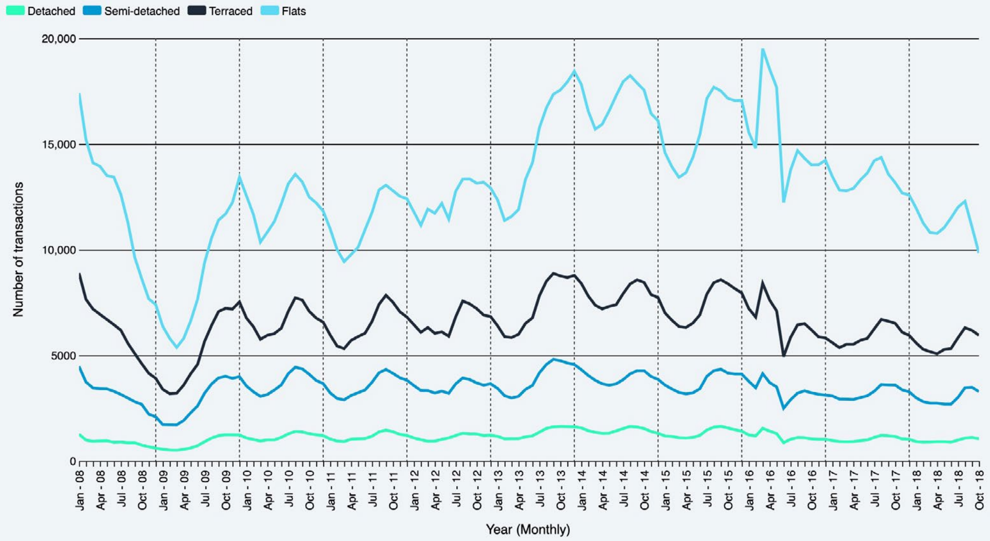
Source: Acadata/Land Registry data.
Annual change in prices paid for transactions, unadjusted. By London sub region (NUTS).

The picture across the capital looks subdued, with varying levels of growth at the sub-regional level. Q3 2018 saw a cooling of London's market, particularly in the west of the capital, which has traditionally been an area of strong growth. Inner west London house prices increased by only 1.46 per cent year-on-year – a significant decline on the last quarter. In contrast, south London saw house prices increase by 6.48 per cent in the 12 months to Q3 2018 – in contrast to previously sluggish growth.

Barking and Dagenham remains the cheapest borough to buy a house in, with average housing prices of £315,493, whilst Kensington and Chelsea is the most expensive, with prices averaging at £2,115,947. Greenwich is the cheapest inner London borough, with average house prices of £502,000, and Hounslow the cheapest in west London, at an average £530,000.

With house price growth in London slowing to a crawl, there are fears that continued Brexit uncertainty and a possible 'no deal' could lead to a contraction of the market, as warned by the Bank of England last November.

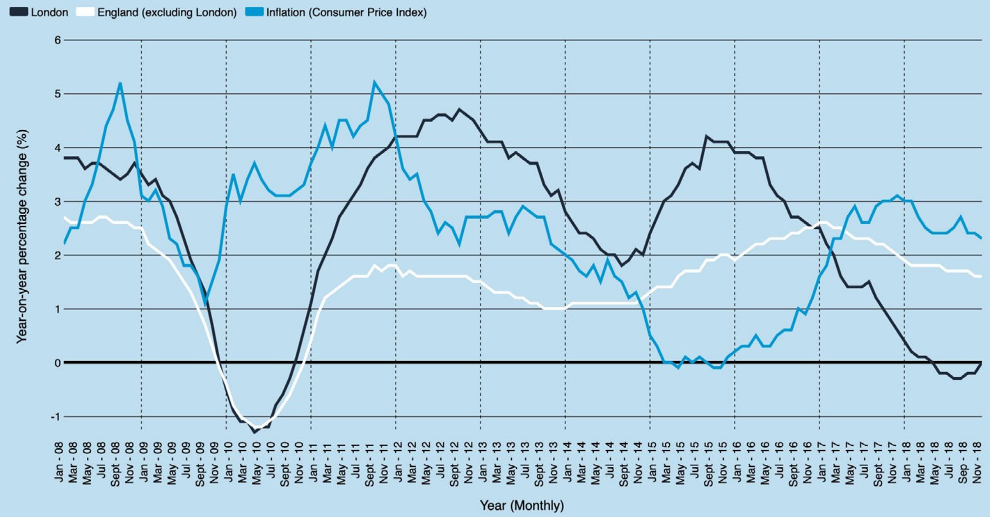
Figure 8: Housing transactions, by property type



Source: Acadata / Land Registry • Quarter to date

Figure 9: Rental Price Index

Annual change



Source: Office for National Statistics

Continued uncertainty around the Brexit negotiations has caused activity in London's housing market to slow, deflating confidence among buyers. With fewer people looking to buy or sell, transaction volumes fell for all property types in the quarter to October 2018 – to 20,100 transactions – an 18 per cent decline on the previous year. The number of flats bought and sold saw the sharpest decline, falling 25 per cent in the year to October 2018 and narrowing the gap between other housing types.

Commentators argued that first time buyers struggled with tighter lending, high house prices, and insecure employment, while existing homeowners took advantage of historically

The Office for National Statistics' experimental Rental Price Index (RPI) tracks the prices paid for renting property from private landlords in Great Britain.

In November 2018, after six months of declining rents, year-on-year prices in the capital remained static. Though most recent data indicate a strengthening of the market, rental growth is still a long way below the 4 per cent per year increases seen in 2015.

Figure 10: Annual rental change, by property type

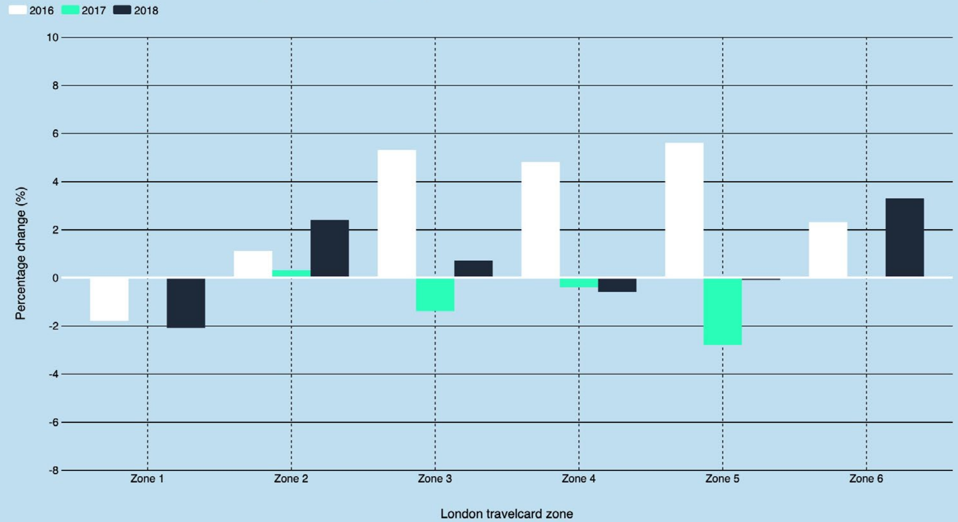
Year to	1 bed flats	2 bed flats	3+ bed flats	Terraced houses	Detached / Semi-detached hous	ALL
2015 - Q4	7.1%	5.3%	5.8%	7.7%	6.9%	7.6%
2016 - Q1	6.2%	4.1%	-2.7%	5.3%	0.5%	3.8%
2016 - Q2	1.4%	1.0%	-1.2%	1.8%	-0.5%	2.6%
2016 - Q3	4.4%	1.9%	2.3%	4.6%	6.9%	3.4%
2016 - Q4	0.2%	0.5%	3.3%	3.0%	5.9%	2.1%
2017 - Q1	1.5%	-1.5%	-3.3%	2.6%	1.0%	0.8%
2017 - Q2	1.0%	0.3%	2.1%	1.2%	5.4%	0.1%
2017 - Q3	-1.8%	-0.7%	0.4%	0.2%	2.1%	-0.7%
2017 - Q4	1.1%	0.3%	-3.4%	1.3%	-4.0%	-1.1%
2018 - Q1	-1.5%	0.7%	0.8%	-3.8%	2.0%	-1.2%
2018 - Q2	-0.5%	2.3%	-0.5%	-1.5%	-5.1%	-0.3%
2018 - Q3	1.9%	1.0%	-3.4%	3.5%	4.7%	1.8%
2018 - Q4	1.8%	3.8%	4.0%	4.7%	4.0%	2.6%

Source: Dataloft

Dataloft figures on actual rents paid, based on reports from around 15 per cent of transactions, indicate that London rents actually increased in Q4 of 2018. Terraced houses saw the largest rent increases, by a notable 4.7 per cent in the year to December 2018. The rental market for single bed flats appears to have been more subdued over the same period, with growth at 1.8 per cent.

Other sources have argued that rent price growth in London has been lower than projected, due to fewer EU migrants coming to live in the capital since the EU referendum and priced-out young adults leaving for lower priced cities.

Figure 11: Annual rental price change, by London travel card zone



Source: Dataloft

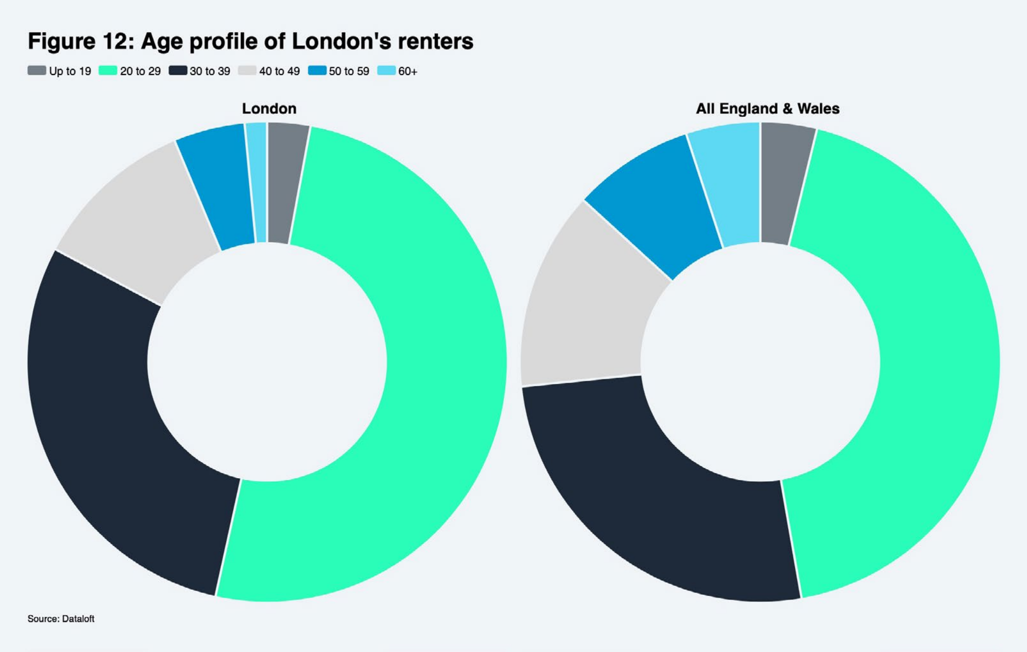
While the value of rents paid at the London-wide level have increased, not all areas of London have experienced the same level of growth.

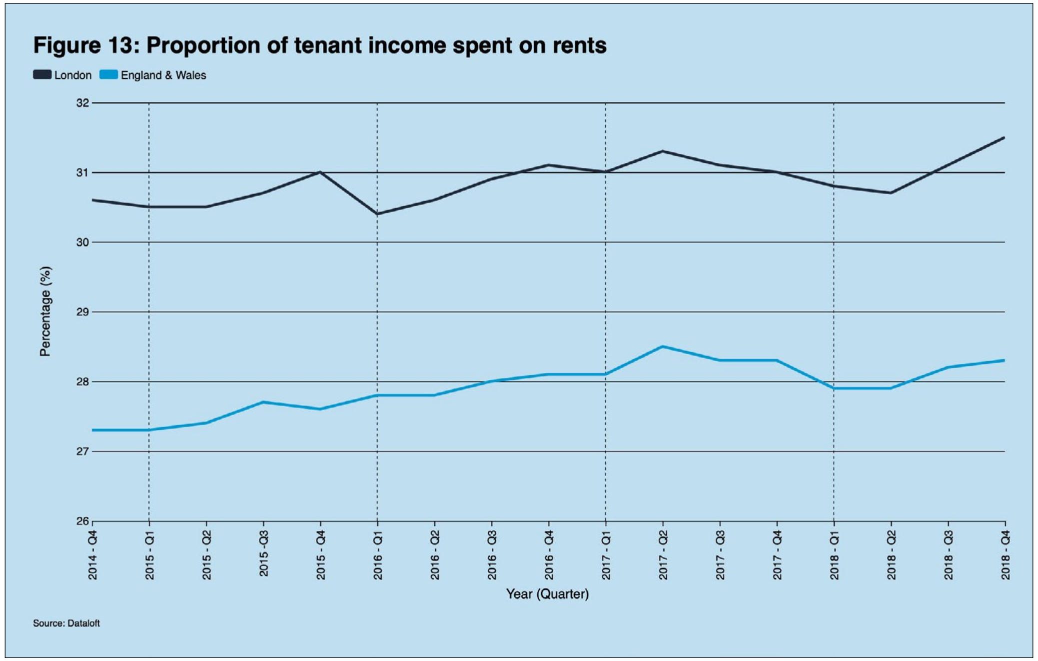
Rents paid in Zone 1 – typically used as a proxy for 'Prime Central London' – fell 2 per cent during 2018, in contrast to significant growth in Zone 2 and 6 over the same period, at 2 per cent and 3 per cent respectively.

The average growth in the rest of outer London was more subdued. Whilst Zone 3 experienced slight growth at 1 per cent, rents paid in Zones 4 and 5 fell by 1 per cent during 2018. Rents paid in Zone 5 remained static, falling 0.1 per cent, in contrast to the steep decline of the previous year.

“Three interlinked trends stood out in our analysis of the 2018 rental market: renters got younger; rental values got higher and the average proportion of income spent on rent, increased.
The average age of renters dropped in all zones – probably related to the rise in first time buyers, who tend to be older by the time they have saved for a deposit. In Q3 2018, the number of first -time buyers in London was at its highest since 2015. With rents trending upwards and renter ages trending downwards, it is inevitable that the ratio of rent to income would narrow.

Sandra Jones, Director, Dataloft | **@Sandraramidus @dataloftuk**





Whilst London's population is ageing, the profile of renters in the capital is getting younger. In 2015, the average age of a tenant was 34 years, yet today that figure stands at 32. Renters in London are younger than in the rest of the country. 53 per cent of renters in London are under the age of 29, compared to just 47 per cent across England and Wales. In contrast, only 6 per cent of Londoners living in rented accommodation are over the age of 50, compared to 13 per cent across England and Wales.

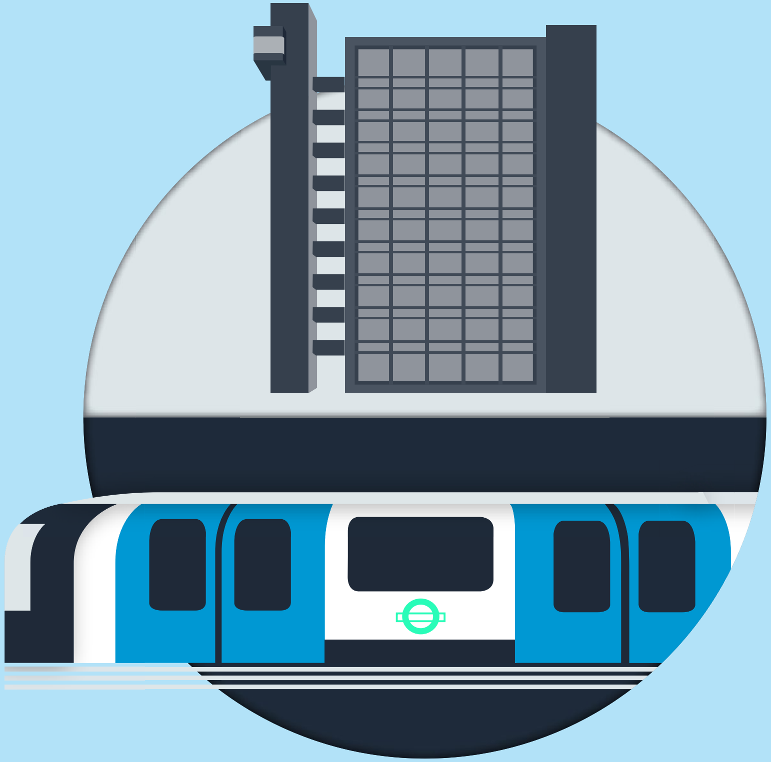
The situation is of course the reverse for homeowners, as data shows the average age of first-time buyers is increasing. In London it has grown from 31 in 2008 to 33 in 2018, while across the UK, the current average age is 31.

As rents are increasing and renters are getting younger, rent tends to take up a higher proportion of wages. The second half of 2018 saw a rise in the proportion of income spent on rent by London tenants. It increased from 30.7 per cent in Q2 2018 to 31.5 per cent in Q4 2018 – the highest level it has been in the last four years and consistently above the average in England and Wales (28.3 per cent).

> We are witnessing first-hand the trend towards younger private renters in London. Our tenants are on average 30 years old – either young professional sharers or couples – and concentrated in zones 2 to 4. Interestingly, these private renters are increasingly opting to renew their tenancies rather than move home, and we have seen more than 70% of our residents renew their tenancies annually. We will now be offering three-year tenancies to our residents, to provide longer term security and help create more sustainable communities.
>
> **Fiona Fletcher-Smith,** Group Director for Development and Sales, L&Q | **@LQHomesMatter**

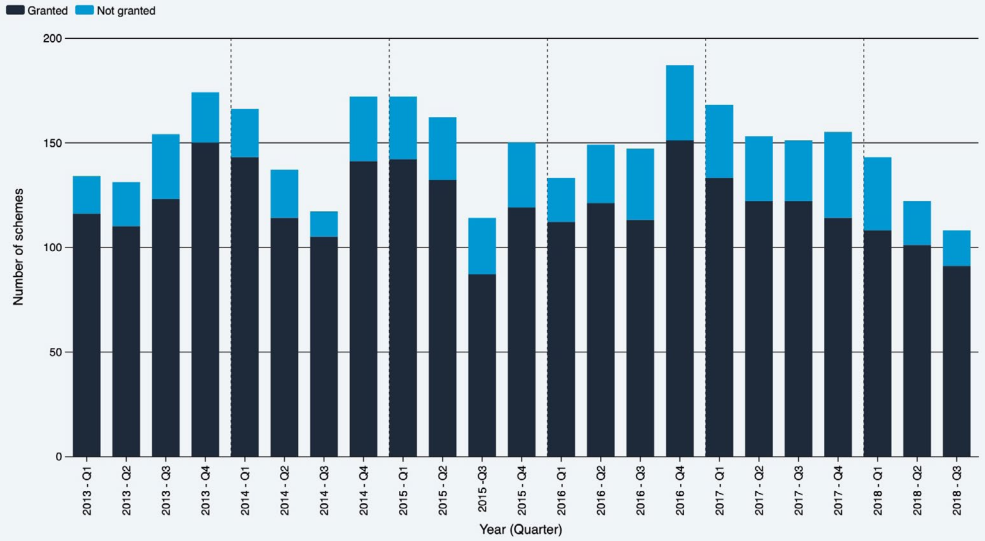
> The trend of London's private renters getting younger could be the result of tax changes to level the playing field between first time buyers and landlords, enabling more renters in their thirties to finally leave the rental market and become homeowners. It could also be linked to the continuing shortage of affordable, family-sized properties. As rents rise for two and three bedroom flats and houses, families incomes are being squeezed. These properties have experienced above inflation rent rises in the last year, despite rental prices for one bedroom flats rising below inflation. It's possible that even more renters in their thirties are choosing to leave London as it becomes even harder to afford to raise a family here.
>
> **Hannah Slater,** Policy and Public Affairs Manager, Generation Rent | **@hannahslateruk @genrentuk**

Housing delivery



The planning pipeline is decreasing, with fewer approved applications for major and minor schemes. Lack of confidence in the market is affecting housing delivery, with new build starts down 7 per cent in the year to Q3 2018. Following a record 2016/17, net additional dwellings in 2017/18 fell to below half the level stipulated by the draft new London Plan. Many boroughs saw declines above 50 per cent.

Figure 14: Residential planning decisions, major schemes



Source: Ministry of Housing, Communities & Local Government

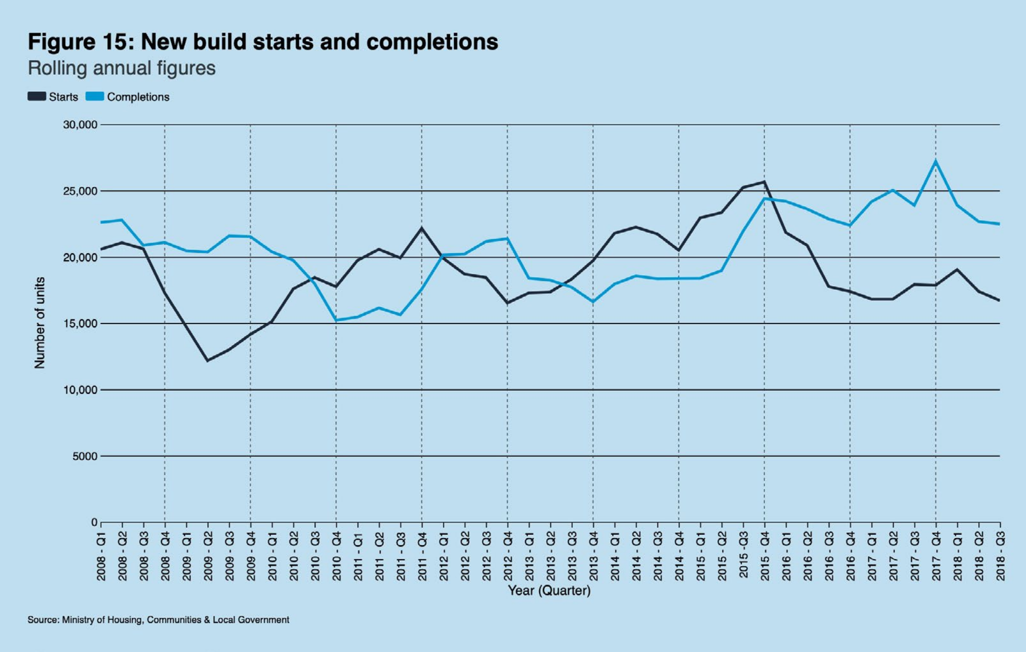
The number of considered planning applications continued to fall in the third quarter of 2018. In the quarter to September 2018, London planning authorities determined 108 major housing schemes, 30 per cent fewer than in the corresponding quarter of 2017. There was a 25 per cent decline in the amount of granted applications for major schemes (84 per cent of the total applications) in comparison to this time last year. A similar pattern – slowdown in activity, but an increase in the proportion of applications approved – can be seen for minor applications.

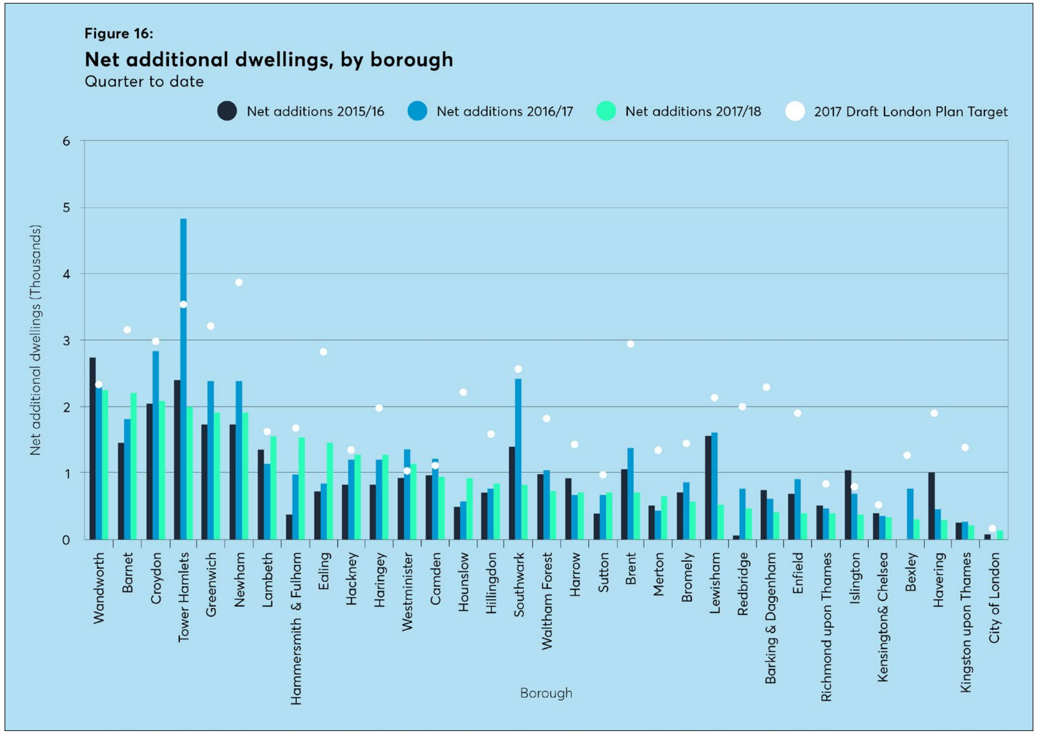
The percentage of major residential planning, determined within the government's 13-week target, sat at 83 per cent in the third quarter of 2018, a two-percentage point increase on the year previously.

Whilst it appears London's local authorities are processing applications faster, and making more positive decisions, a fall in the number of residential applications submitted is a cause for concern. It will be interesting to see if this is reversed in Q4, as in 2014, the last London borough election year before 2018, or whether it is a signal of a longer-term slowdown in activity.

One possible reason for the decline in planning applications is the growth of permitted developments. Since May 2013 applicants have been permitted to convert office space to residential use without seeking planning permission, instead requiring a 'prior approval' application only. Under this process, local authorities are unable to enforce minimum space standards, or seek affordable housing contributions, a feature which has drawn criticism.

A downward trend in the new supply pipeline pushes the draft new London Plan's target (65,000) further out of reach, whilst also showing signs of slowdown in the construction industry.





In the third quarter of 2018, London's housing supply continued to slow, losing all gains made during the previous year and returning to Q4 2016 levels.

Q3 2018 saw 22,500 completions; 6 per cent below the figure a year earlier. Construction also got underway on 16,700 new homes, down 7 per cent when compared to Q3 2017.

This is a worrying trend, given the tough targets for new supply set in the draft new London Plan, which is undergoing its examination in public at present. Though overall supply figures have slumped, some predict that the market's supply shortage will buoy up house prices during 2019.

Net additional dwellings, which include conversions and changes of use as well as new builds, provide a more comprehensive picture of housing delivery in the capital.

Across London, net additional dwellings fell to 32,000 in 2017/18, from a record level of more than 40,000 the previous year, and below half the level stipulated by the draft New London Plan. New builds (27,000) and net conversions (1,500) were both down 13 per cent on the previous year, with net change of use (5,500) seeing the sharpest fall, down 37 per cent on 2016/17. This reflects a slowdown in the level of permitted development conversions of commercial premises to residential units, which had boosted the previous year's figures.

At the borough level, those which experienced a bumper 2016/17, saw delivery slow down. Lewisham (-67 per cent), Southwark (-66 per cent) and Bexley (- 64 per cent) saw fewer than half the number of net additions when compared with the previous year, showing the breadth of poor performance across central and outer London boroughs. Tower Hamlets (-59 per cent) was also not far behind, though the borough continues to contribute a higher number than most to London's housing stock (2,003). These declines, however, are less dramatic compared to the levels of net additional dwellings in 2015/16.

Society

While tube and bus ridership figures have remained steady, there has been a rise in fatal or serious road accidents. International visitor numbers declined compared to the previous year, although attractions admissions recovered over the summer. Brexit remains Londoners' top concern, with healthcare just behind. Overall crime levels were stable and knife crime declined.

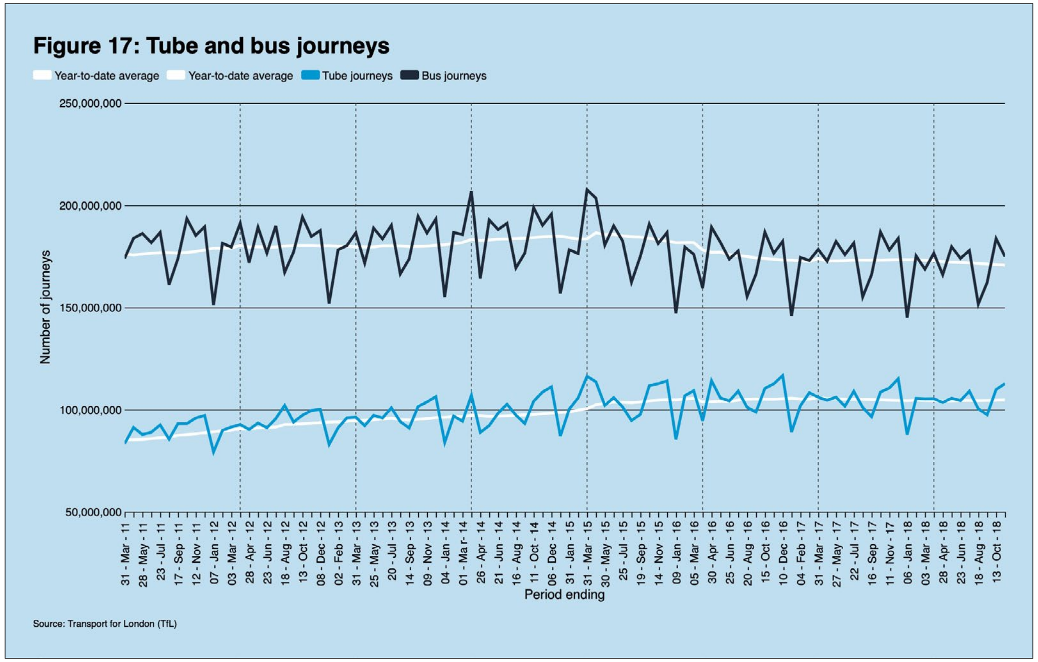


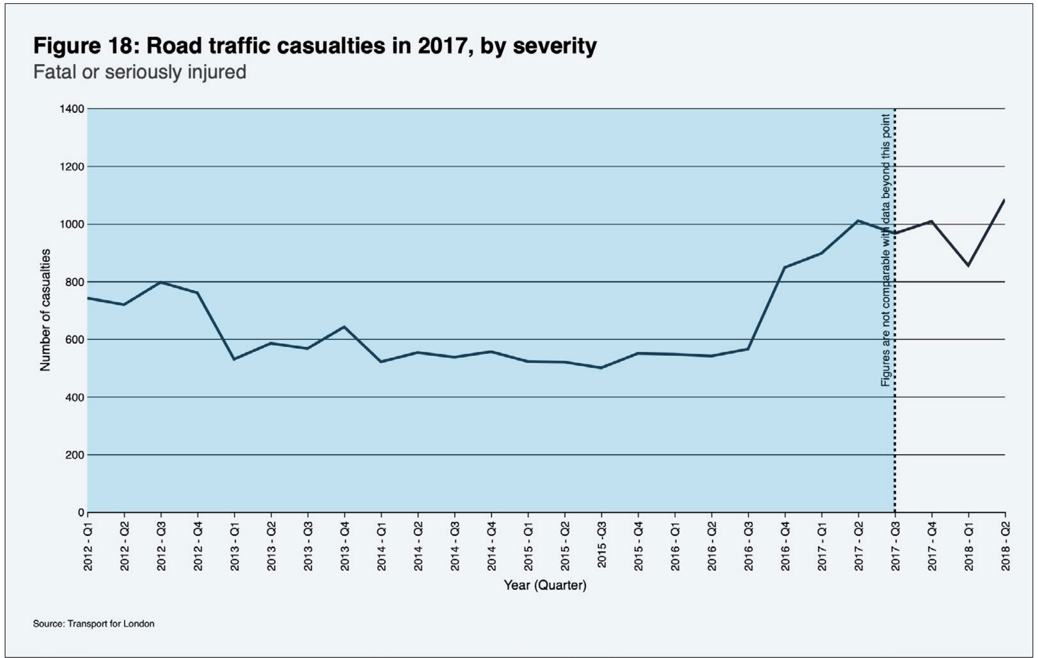
Figure 17: Tube and bus journeys

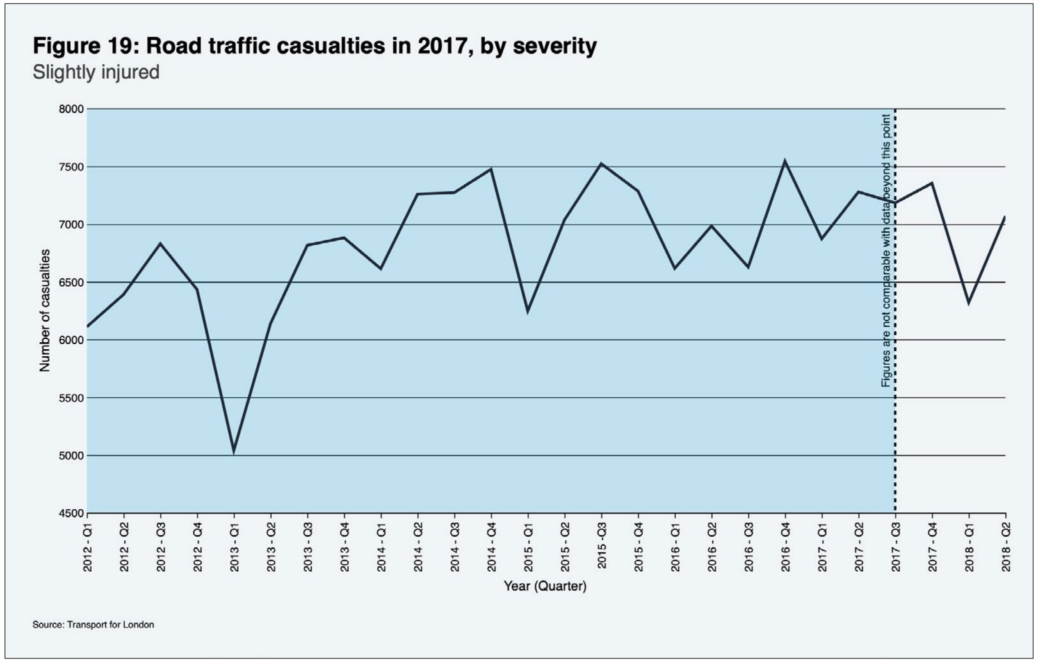
Source: Transport for London (TfL)

Despite a turbulent year for Transport for London, tube ridership figures are steady, with 105 million trips on the London Underground in the period to mid-October 2018. Bus ridership was slightly higher than a year previous, though the long-term trend is still one of decline in passenger numbers.

Transport for London's capital improvement programme – including the Northern Line extension, the Silvertown tunnel and Cycle Superhighway 11 – is being held up by the delay of Crossrail, which is now expected to open for business in 2020, two years behind schedule. Preparations for the Camden Town, and Holborn station upgrade are also being delayed.

Whilst bus fares, and single trip fares on the underground remain frozen until 2020 – benefiting the occasional traveller – daily caps and travelcards increased by an average of 3 per cent in the beginning of January – disadvantaging regular commuters. The zone 1-2 adult daily cap now sits at £7.00 (+ 20p), with the equivalent weekly cap at £35.10 (+ £1.00).

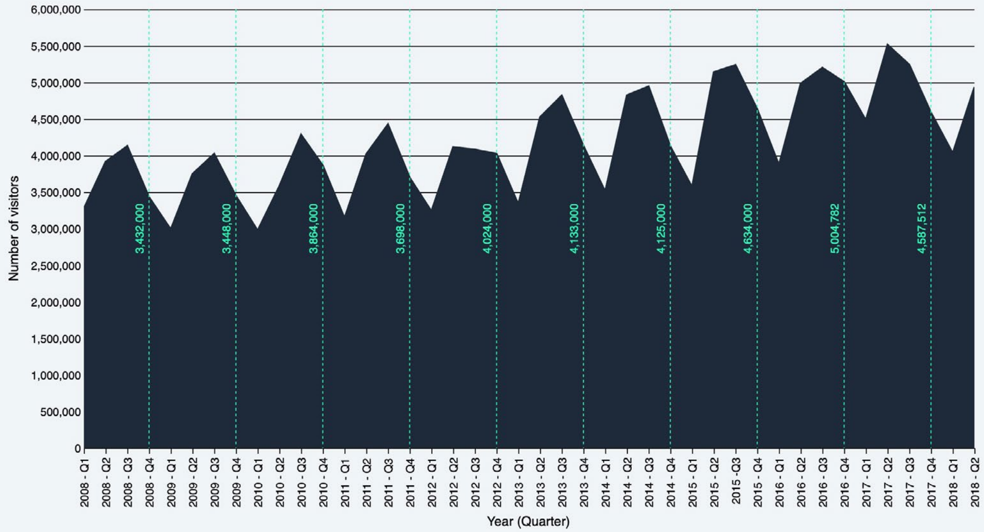




With the Mayor's aim of eliminating all deaths and serious injuries from London's roads by 2041, the recent spike in fatal and serious injuries from road traffic collisions is cause for concern. Despite efforts to reduce accidents – Transport for London introduced plans for a 20mph speed limit on major central London routes last year – 1,085 people were killed or seriously injured in the second quarter of 2018. Figures show a further 7,068 casualties were slightly injured in the same period. (Please note: Figures from September 2017 onwards are not directly comparable with previous years as a result of changes in reporting.)

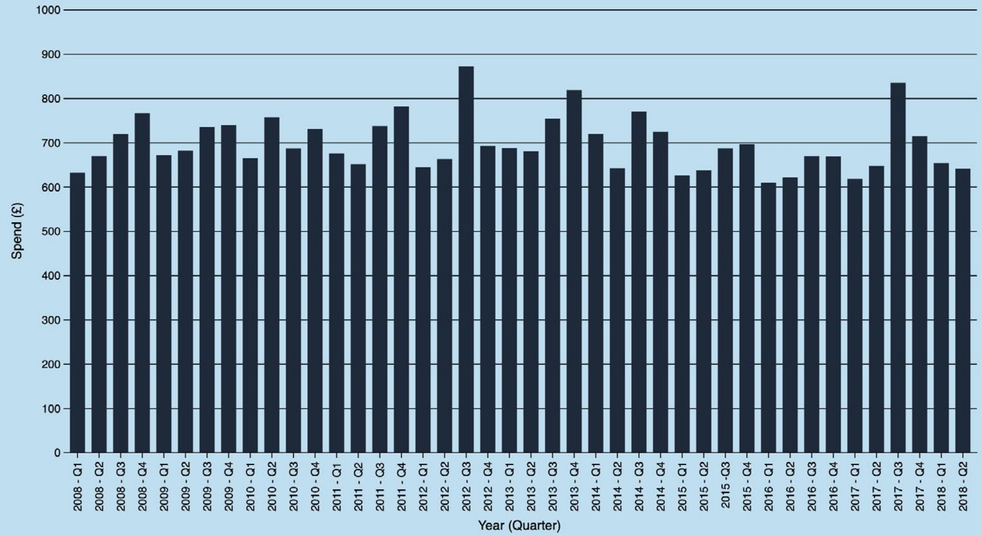
This month Transport for London announced the launch of a final public consultation on its proposal for a Direct Vision Standard for heavy goods vehicles (HGVs). The new plan will see the most dangerous lorries removed from London's roads later this year, a move welcomed by Will Norman, London's Cycling Commissioner. 1,400 cyclists were injured or killed on London's roads in the second quarter of 2018, up 14 per cent on the previous year.

Figure 20: International visitors, per quarter



Source: International Passenger Survey

Figure 21: Spend per visitor

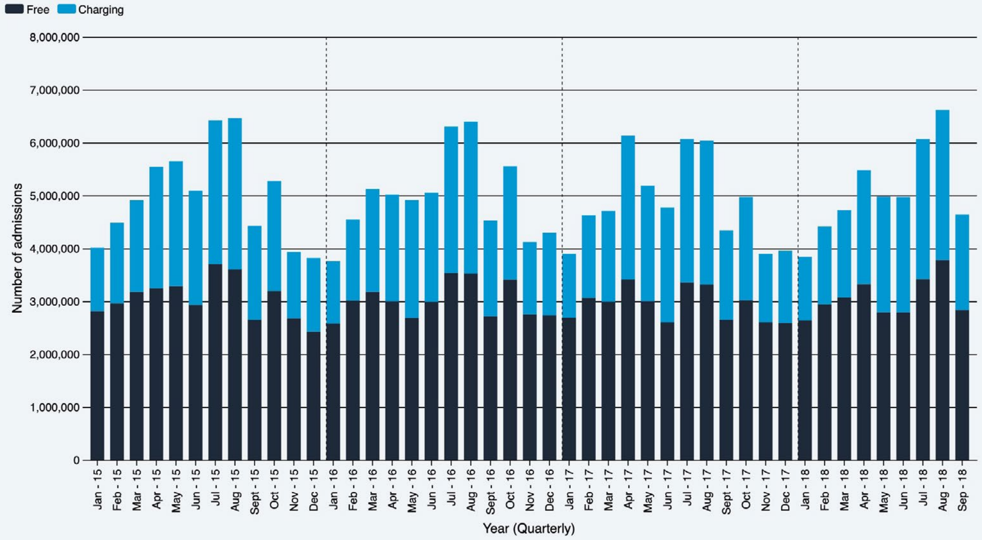


Source: International Passenger Survey • Adjusted to 2018 prices

London welcomed nearly 5 million visitors in the second quarter of 2018 – an 11-percentage point fall on the same period in 2017. Figures elsewhere in the UK paint a similar picture, with an average 9 percentage point fall in England, Scotland and Wales.

Visitor spending in the second quarter of 2018 is level with the previous year, at an average £640.14 per visitor. It remains to be seen whether it will equal or exceed the level achieved in summer 2017, when it was the highest since summer 2012; the year of the London Olympic and Paralympic Games.

Figure 22: London attractions monitor



Source: London & Partners

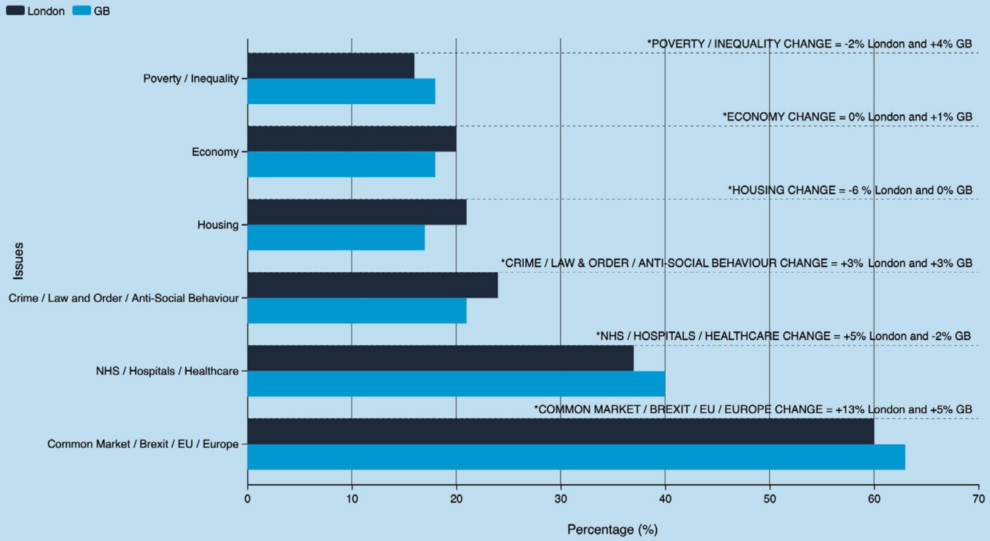
Following four consecutive quarters of negative annual growth, admissions to London's attractions improved over the summer of 2018. 17.3 million people visited the capital's tourist attractions in Q3 2018, up 5.4 per cent on 2017 figures.

London's free attractions saw the largest growth – up 7.7 per cent in the year to Q3 2018 to 10 million visitors – pushing up overall visitor numbers. The increase in fee charging attractions was smaller, with a 2 per cent increase over the same period to 7 million.

“Despite a large increase in total admissions, just under half of sampled attractions recorded reductions in admissions in the third quarter of 2018. The increase in visitors during this period was seen mostly in large central attractions. That said, attractions throughout London have benefitted from stabilising international visitor numbers. Visits from North America increased during the quarter due to favourable exchange rates with the British pound, which makes up for a 4 per cent reduction in visits from Europe over the same period. Available data also suggests that London may have received a modest increase in domestic visitors during the quarter, as currency effects continue to make international trips more expensive.

Matthew Purtill, Consumer Insight Manager, London & Partners | **@mattpurtill**

Figure 23: Issues index, Q4 2018 (*change from Q3)



Source: Ipsos MORI

As the 29 March deadline fast approaches, Londoners are becoming increasingly concerned about the UK's future relationship with the European Union.

Figures from Ipsos MORI's December 2018 Issues Index show that 60 per cent of London respondents believe Brexit to be the biggest issue facing the country, narrowing the gap between the capital and the rest of Great Britain to just 3 percentage points.

Despite a decline in crime numbers in London (see below), concerns about crime remain a major concern in the capital, with a 3 per cent increase in the proportion of respondents who mention this as a top issue. This may be due to a spate of violent crime reports in the last weeks of 2018.

> Looking at our Issues Index for the last quarter of 2018, a sharp increase in worry about Brexit has eroded the differences between country and capital. Both cite Brexit as the biggest issue for the country – a different picture even from the third quarter of 2018, when Londoners were significantly less concerned than the wider population.
> However, beyond the top two issues of Brexit and the NHS Londoners' views do remain somewhat different to their compatriots. Housing, pollution and the environment, and race relations are seen as slightly greater concerns, while capital residents continue to see immigration as less of a worry.

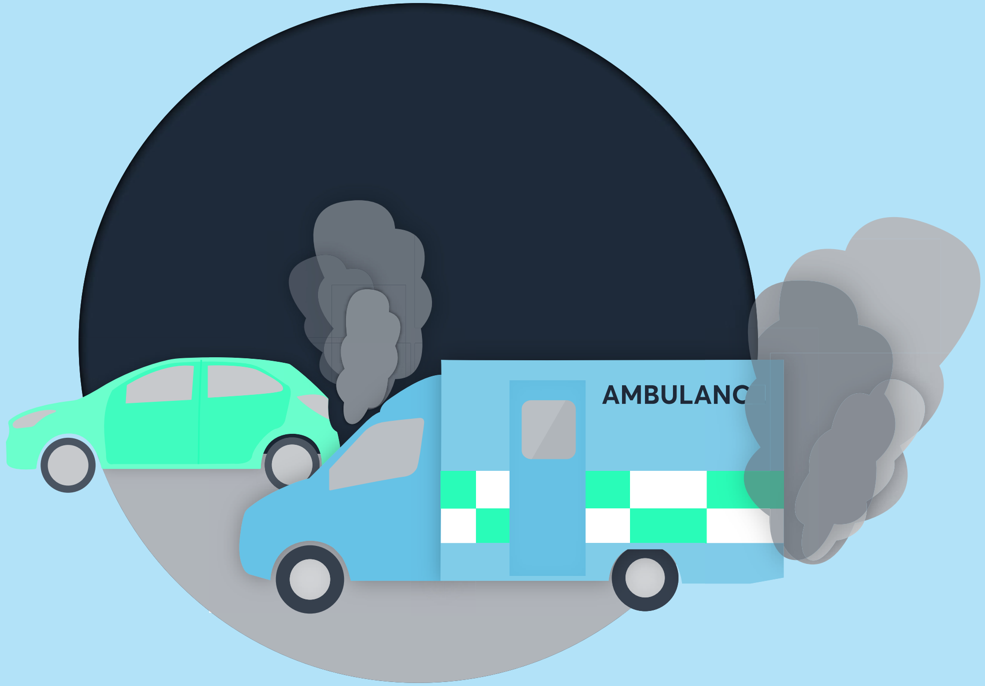
Michael Clemence, Research Manager, Ipsos MORI | **@mwclemence**

Figure 24: Total notifiable offences, per 1,000 people

Source: Metropolitan Police

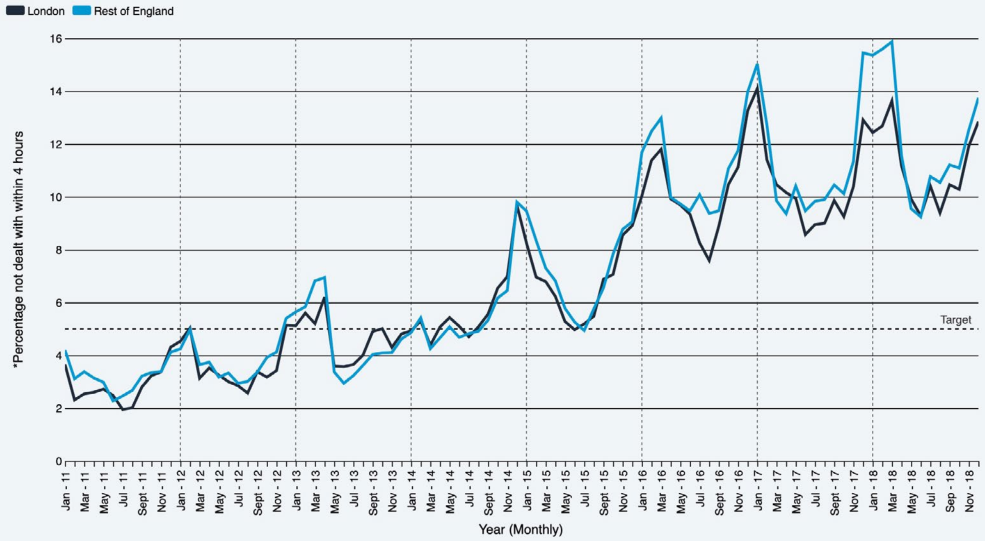
Total notifiable offences per capita showed little change on the previous year – a 0.1 per cent increase in the year to October 2018. Knife crime declined by 9.3 per cent in Q3 2018 when compared to the previous year, with 1,159 offences in the quarter to October 2018. Though numbers have fallen, knife crime remains a large challenge to the capital, with several incidents involving children serving to highlight the need for early intervention. This was reflected in the Mayor's recent appointment of Lib Peck to lead his new violence reduction unit, which is said to adopt a public health approach in its treatment of crime as a social virus.

Healthcare and environment



A&E performance has remained outside targets but in line with national levels, while delays in discharging patients have continued to improve. There has been a slight improvement in air quality and the hope is that the forthcoming Ultra Low Emission Zone (ULEZ) will lead to more significant reductions in pollutant concentrations.

Figure 25: A&E performance



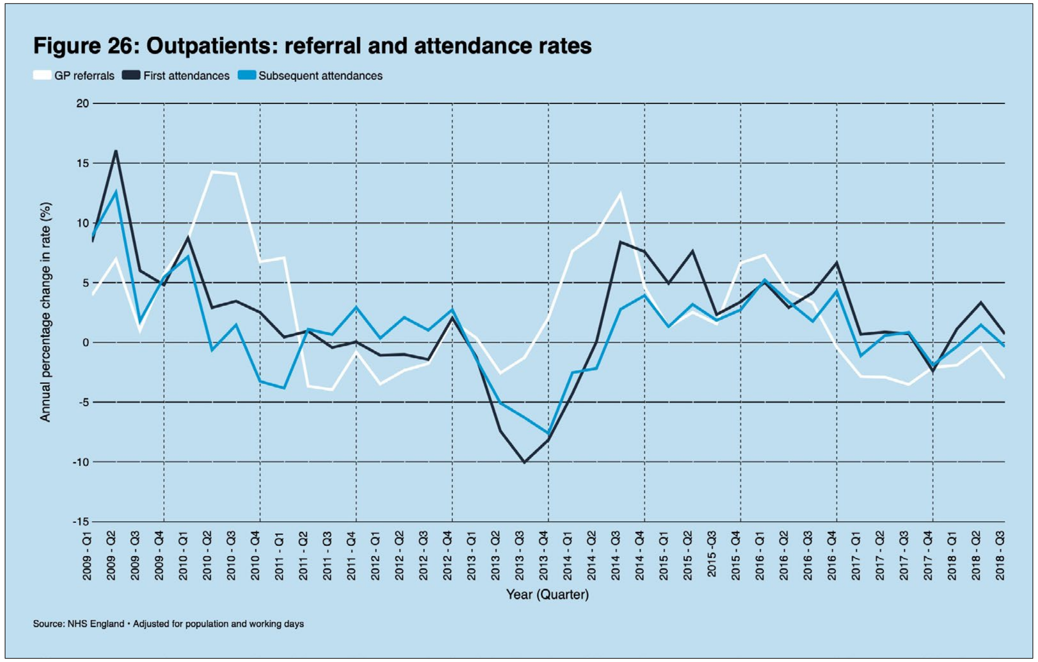
Source: NHS England • Percentage of attendances not admitted, transferred or discharged within 4 hours.

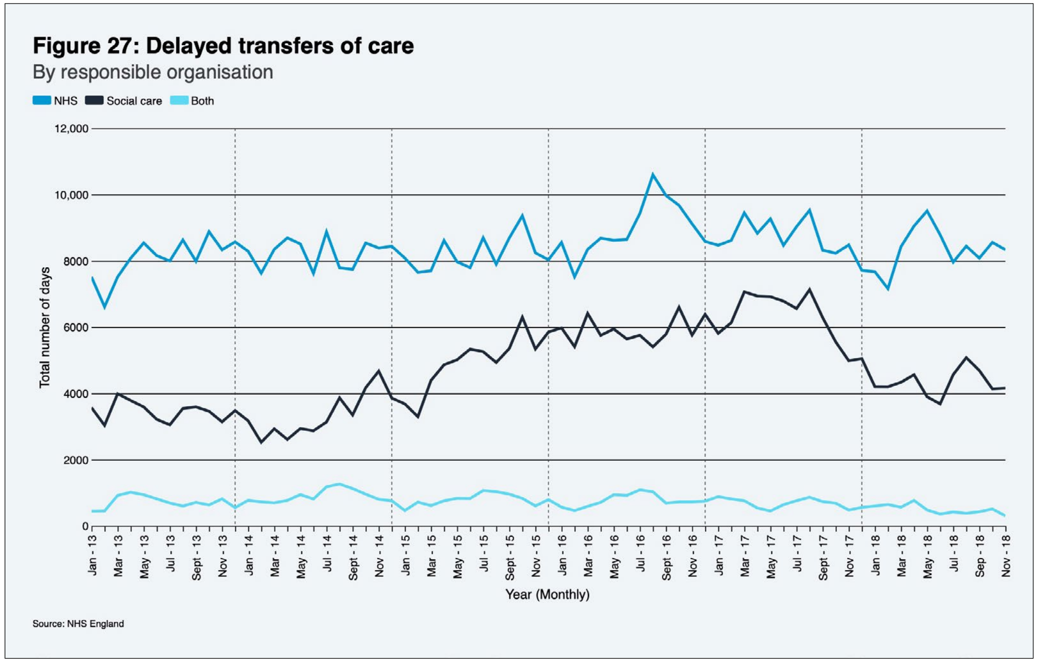
In December 2018, 54,000 patients attending London A&E departments were not attended to within 4 hours. Though these figures show slight improvement on the previous year – falling 0.05 per cent – performance has remained outside of the 5 per cent target for the third consecutive year. Senior NHS officials have recently questioned whether the target is still appropriate.

As the graph shows, performance in London mirrors that elsewhere in the rest of England, showing the increasing pressure that NHS staff and services are under across the country.

> The pattern of A&E performance in London is broadly in line with the rest of the country, reflecting that the pressures faced are a national, rather than local, challenge. A&Es in London are treating thousands more people than this time last year and this, along with the mild winter and lower levels of flu and norovirus, contributed to better performance against waiting time targets in December than this time last year.

Deborah Ward, Senior Analyst, Policy, The King's Fund | **@WardDeborahJ**





When adjusted for population, GP referrals fell 3 per cent in the third quarter of 2018 when compared with the previous year, to 572,000. Subsequent attendances also declined over the same period, albeit more marginally, falling 0.4 per cent over the same period. First attendances were slightly up on the previous year, with a 1 per cent increase in the third quarter of 2018, to 811,000 patients.

Digital demand management strategies are increasing across London's healthcare system, and the recent reduction in referral rates signal that they may be having a positive impact.

Delayed transfers of care in London's health system prevents new patients being seen, placing increased pressure on NHS staff and finances. They occur when a patient is ready to depart from their place of care and is still occupying a bed.

Recent data suggests continuing improvement, with a 10 per cent reduction in the total number of days delayed in the year to November 2018.

The new NHS long-term plan was announced earlier in the month, with GP's mental health and community care receiving the biggest funding increase. The plan promises a sea-change in the delivery of health care, yet some remain sceptical.

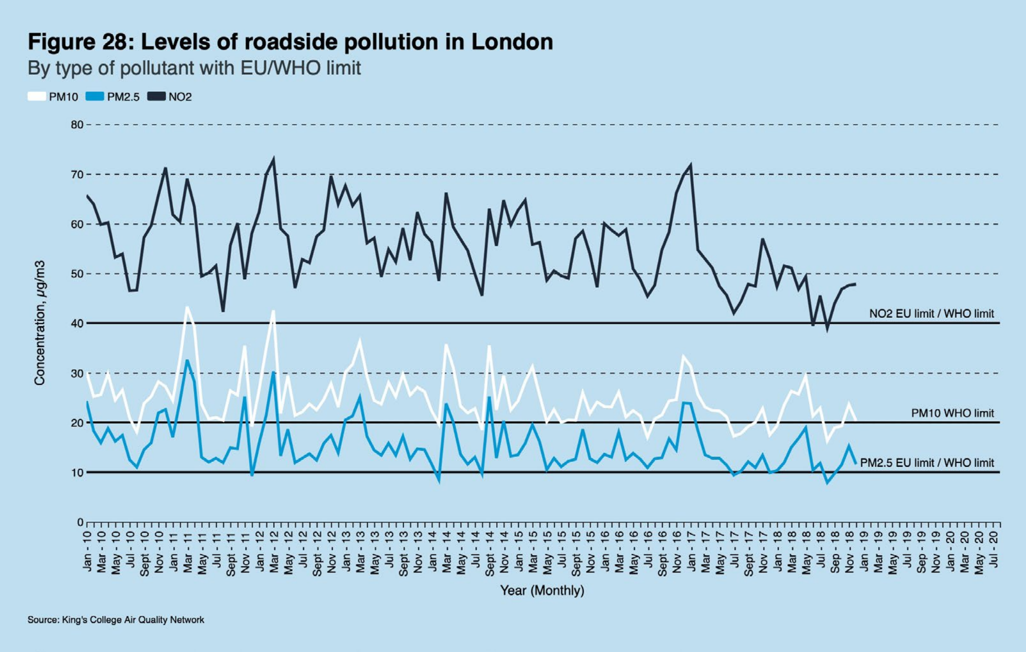


Figure 28: Levels of roadside pollution in London
By type of pollutant with EU/WHO limit

Air quality in the capital continues to be a live issue, though these data indicate that concentrations of particulate matter and in particular Nitrogen Dioxide are showing some signs of gradual improvement, while remaining above European Union and World Health Organisation targets.

Despite common assumptions, research carried out by the University of Leeds found cyclists in London are exposed to the least air pollution on their morning commute, when compared with drivers and pedestrians. A report by the Committee on the Medical Effects of Air Pollutants (COMEAP) also sparked concerns over air quality on the Underground, though any negative effects are yet to be unearthed.

Private hire vehicles will pay the Congestion Charge from April this year, alongside tighter restrictions on green vehicle exemptions in an effort to clean up London's air. April will also see the introduction of the ULEZ, which will charge the most polluting vehicles £12.50 per day. This month also saw the launch of a new air quality monitoring network to identify the most toxic areas of the capital.

Technical Appendix

Measure	Explanation
Workforce jobs	Workforce jobs is a quarterly measure of jobs in the UK by the ONS, and is the preferred measure of short term employment change by industry. A variety of outputs are produced, including industry, region, gender and full or part time status. It is a compound source from a range of employer surveys, household surveys, and administrative sources; it has a sample size of 83,400 nationally. The estimates are seasonally adjusted. More information can be found here.
Unemployment	These figures are from the quarterly regional labour market reports produced by the ONS, and are based on an ILO definition of unemployment. The figures come from a combination of surveys of households and businesses, including the Labour Force Survey. The numbers are seasonally adjusted.
Commercial Property Vacancy	The commercial property figures are sourced from JLL's Central London Office Market Report. Vacancy rates refer to the proportion of floor space that is unoccupied. Active demand relates to serious interest in commercial floor space, while take-up is the actual amount that is purchased or leased. More information can be found here.
Purchasing Managers' Index	The Regional PMI is compiled by IHS Markit for NatWest. It compiles responses from over 1,200 private sector manufacturing and services firm, which is representative of the economy's structure, and acts as a health check of business activity. The number is the seasonally adjusted proportion of those reporting positive responses, plus half of those reporting no change. A score of 50 indicates no change in activity on the previous month.
National Insurance Number (NINo) Registrations	These statistics are a 100% extract of the volume of adult non-UK nationals registering within the UK for a National Insurance Number, which they need to work or claim benefits / tax credits. Figures are based on when the person registers on the HRMC Recording and PAYE system, which may be some time after they entered the UK. These statistics are not a direct measure of long-term inward migration, and have 'national statistics', not 'official statistics' status.
House prices and transactions	The house price and transaction figures come from the LSL/Acadata England & Wales House Price Index. It uses actual transaction volumes and prices based on Land Registry data, and is updated monthly. The most recent monthly price (September 2018) accounts for c. 38% of transactions, two months previously c. 88%, and almost all for three months previously. The recent months are supplemented by forecast results. House prices are seasonally and mix adjusted at the London, but not borough level or with property type changes.
Rental Price Index	This index is calculated using actual rental data collected for the Valuation Office Agency, and shows the change in the price of renting residential property from private landlords. More information can be found here.

Measure	Explanation
Rental Market Data	Rental market data is supplied by Dataloft, based on rent paid data supplied under contract from a leading tenant referencing company. The large and growing dataset of rent-paid transactions includes detailed information on both tenants and tenancies. It includes three years of historic data with a monthly addition of some 15,000–20,000 new records. The data has been rigorously collected by Rent4Sure. The dataset represents around 15% of all rental transactions, with up to 22% in some regions and extends across England and Wales. Line by line data allows for extensive analysis of tenant profile and market trends. The annual change in rents is based on achieved rents. Incomes analysis shows individual tenant incomes against the rent or, in the case of sharers, against their share of the rent. The distance that tenants moved compares the tenants' previous address location with the address of their current rental property. Zonal changes are based on London travelcard zones.
Planning decisions	Planning decisions are based on figures produced by the Ministry of Housing, Communities and Local Government, and published in table P135 here, sourced from General Development Control (District) PS1/PS2 returns.
New build starts and completions	Figures are sourced from administrative data as reported to the Ministry of Housing, Communities and Local Government. Starts and completion statistics for new build dwellings are taken from Table 253a from here.
Net additions	Ned additions to the housing supply are based on figures produced by the Ministry of Housing, Communities and Local Government, and published in table 123 here, which is sourced from Housing Flows Reconciliation (HFR) and the Greater London Authority (GLA). The London Plan targets are from the 2017 Draft London Plan (Table 4.1 here), and the Annual Monitoring targets from the 2016 London Plan (Table 3.1 here).
Public Transport Ridership	The London Plan targets are from the 2017 Draft London Plan (Table 4.1 here), and the Annual Monitoring targets from the 2016 London Plan (Table 3.1 here).

Measure	Explanation
Road safety	The data is for road traffic collisions and casualties occurring on the public highway, involving personal injury in the Greater London area, as published in the Casualties in Greater London factsheet. Figures are reported to the Metropolitan and City of London police services during the reporting period, in accordance with the Stats 19 national reporting system. These figures are provisional estimates and subject to change. Figures for road traffic collisions from September 2016 onwards have been reported by the Metropolitan Police Service (MPS) using the new Case Overview and Preparation Application (COPA). The City of London Police Service (CoLP) adopted the Department for Transport (DfT) Collision Reporting and SHaring (CRASH) system in September 2015. COPA and CRASH systems use a new method od assessing the severity of injury sustained in collisions, whereby Police officers record the type of injury suffered rather than assumptions about the severity of the injury. The recording system then assigns an injury severity according to the type of injury recorded. This contrasts with the previous system where officers recorded whether, in their judgment, an injury was 'slight' or 'serious'. The use of these systems has resulted in improved accuracy in the recording of unjury type, with more injuries being classified as serious rather than slight.
International visits	Data is from the International Passenger Survey (IPS), which collects data face to face with passengers passing through ports into and out of the UK. This determines location of stay, length of stay, and spend during stay. The London sample is around 20,000 per annum. More information about the IPS can be found here. More information on recently changes to the survey methodology can be found here.
Attractions monitor	The figures presented here are for the number of unique visits to 63 of London's top attractions: museums, stadia, galleries, monuments and more. Data is collected by the individual attractions, before being sent to and compiled by London and Partners.
Issues index	Ipsos MORI's Issues Index is conducted monthly and provides an overview of the key issues concerning the country. Ipsos MORI interviewed a representative quota sample of 965 adults aged 18+ across Great Britain. The questions are spontaneous – i.e. respondents are not prompted with any answers. Ipsos MORI's Capibus vehicle was used for this survey. Interviews were conducted face-to-face in-home between 3 and 14 August 2018 at 169 sampling points across Great Britain. Data are weighted to match the profile of the population.
Crime	These figures are for raw administrative crime data as supplied by Metropolitan Police Service and the Mayor's Office for Policing and Crime (MOPAC). Total Notifiable Offences (TNOs) refer to all statutorily notifiable offences, as per Home Office Counting rules. More detail on violent crime definitions can be found here.

Measure	Explanation
Healthcare	GP referral figures are from administrative data submitted by NHS Trusts and Independent providers treating NHS patients for the Quarterly Activity Return. More information on these statistics can be found here. The A&E figures refer to administrative data which measures the total number of attendances in the calendar month for all A&E types, including Minor Injury Units and Walk-in Centres, and of these, the number discharged, admitted or transferred within four hours of arrival. More information on this can be found here. Delayed discharge figures are from the Monthly Situation Report, which collects data on the total delayed days during the month for all patients delayed throughout the month. More information can be found here, and here.
Air pollution	The London Air Quality Network (LAQN) was developed by King's College London in 1993. It comprises over 100 continuous monitoring sites in the majority of London's boroughs. You can see more about the LAQN here.