London's place in the UK economy

On this spread you will compare the changes in London's economy with changes in the rest of the UK.

London's economic growth

The economic divide between London and the rest of the UK has widened during the 21st century. While London has 13% of the UK's population, it produces 22% of the country's wealth.

Economic growth in London has been faster than in other UK regions since 1997. The gap has widened further since the economic crisis in 2008. While economic growth slowed down in other parts of the UK, it has increased in London (graph A).

Mind the gap!

London ranks higher than other UK cities for most aspects of economic performance (table B). Some people think that the gap between London and the rest of the UK is bad for the country as a whole. London attracts business that might otherwise go to other parts of the UK. Others point out that businesses and workers in London pay taxes that contribute to the UK economy. In a national survey, only 24% of people in other cities thought that London had a positive impact on their own city's economy (map C).

Silicon Roundabout

The Old Street roundabout in Shoreditch, east London (photo D) has become the focal point for hundreds of new start-up companies in the media and hi-tech industries. It has been dubbed 'Silicon Roundabout' because of all the hi-tech companies there. As well as start-ups, many well-established companies like Amazon, Facebook and Google have also invested there. Young people from around the UK, with good qualifications (story E), are attracted to London to work for these companies, taking talent away from other cities.

Decoded starts up

Kathryn Parsons is co-founder of Decoded, a company which teaches computer programming to other businesses.

"Running a start-up business is hectic, so I operate on very little sleep, relying on my alarm clock to jolt me awake at 7.00 am. I catch the Tube to our office in Old Street for 9.00 am, picking up a muffin and coffee from Shoreditch Grind on the way."

It's a really exciting area of London to work in - there's lots of tech start-ups so it's been dubbed Silicon Roundabout, Britain's answer to Silicon Valley (in California). Our office is a huge open-plan space.

At Decoded we teach computer programming - people learn how to code in a day. They come in having never coded anything and by the end of the day they've built their own app. Our clients tend to be really successful people from companies like Facebook or the BBC.

Activities

1. Look at graph A. Compare economic growth in London with other regions of the UK. Write two sentences to compare the years before and after 2008.
2. Read factfile B. Choose two facts that are:
   a. a reason for London's fast economic growth
   b. a result of London's fast economic growth.
   In each case, explain the connection between the fact and London's economic growth.
3. Look at map C:
   a. Describe the pattern on the map. How do people's views of London vary with where they live in the UK?
   b. Explain the pattern.

Go further

Find out more about the hi-tech industry in London. Design an advert to attract talented young people to work for a company at Silicon Roundabout. Include information about the following in your advert: type of work, wage rates, location in London, accommodation and transport, London lifestyle.

Practice question

Evaluate whether changes in London's economy in the 21st century have been good for the rest of the UK's economy or not. (6 marks)