



THE ECONOMIC VALUE OF LONDON'S 24 HOUR ECONOMY



in association with







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## EXECUTIVE SUMMARY

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**As London welcomes the launch of its new Night Tube, the city's 24-hour economy is booming. New analysis<sup>1</sup> for London First in association with EY shows the dramatic transformation occurring as London works later, longer and smarter.**

**The analysis shows businesses across London and across industries working through the night and bringing jobs and prosperity to the city and country.**

### The findings are striking:

- London's night-time economy contributed £17.7bn to £26.3bn in Gross Value Added (GVA) to the UK economy in 2014
- Its economic activity directly supports 723,000 jobs – one in eight in London
- Big employers include not just hotels and restaurants (97,125 jobs) and arts and entertainment (46,592) but a whole range of industries: transport and storage (107,136); health and social work (101,282); admin and support services (62,150); professional, scientific and technical (59,803); wholesale, retail and repair (59,248); and information and communication (54,558)
- When indirect impacts are included, the night-time economy is responsible for 1.26 million jobs overall and £40.1bn GVA
- That figure is likely to grow by a further £1.63 billion a year by 2026, and by £2 billion a year by the end of that decade as another 66,000 jobs are added

### The analysis also takes a look at the impact the Night Tube will have on London's economy.

- The services could add up to 2,200 new jobs, with over 500 jobs directly employed in operating the service
- And by 2029 it could add £77 million to London's economy each year

At a time of economic uncertainty – particularly following the Brexit vote – this is a welcome boost to London's economy, but it should be seen in the context of the £40 billion economic benefits already delivered by the general move we have seen to a 24-hour economy in London.

To support that move – and the additional £2 billion or more a year it will bring in future – the analysis suggests that London needs a holistic strategy that works for all its industries. London should therefore welcome its new Night Tube. Equally, though, we must ensure it's not the final stop in the journey to support the city's 24-hour businesses.

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<sup>1</sup> New analysis supplied by the Centre for Economics & Business Research for London First in association with EY



A MASSIVE CONTRIBUTION:  
MEASURING LONDON’S NIGHT TIME ECONOMY

**Better late than never. With the launch of the new Night Tube service this month, London can finally call itself a 24-hour city. Together with the Night Time Commission established by the Greater London Authority to assess the night-time economy in more detail, and the anticipated appointment of a ‘Night Czar’ by Mayor Sadiq Khan, these factors have brought the economic value of London’s 24-hour economy to the fore.**

To support the work of the Night Time Commission, London First working with EY have undertaken new analysis that sheds fresh light on the importance the 24-hour economy, and its potential for growth.

London’s nightlife, its restaurants, bars, clubs and culture, are among the best in world. They are an essential part of its appeal, both to residents and the 31.5 million who visited in 2015 – including 18.6 million from overseas – spending £15 billion.<sup>2</sup> But they are also just part of the

story. As more Londoners are working later and longer, 24-hour businesses can be seen across the capital. From accommodation to film and broadcasting, arts to technology, a wide range of industries are driving UK economic growth through day and night.

The Night Tube provides a boost to this, but it is in the context of the wider growth we can expect as the city’s 24-hour economy matures: an extra £2 billion a year of Gross Value Added (GVA) by 2029.

£2bn

extra boost in

15 YEARS

to economy

This is the real prize to be working towards; and overcoming the barriers that could prevent it being realised, is what should be keeping business and government up at night.



WORKING ACROSS INDUSTRIES

#24HLondon

Our new analysis estimates<sup>3</sup> that London’s night-time economy contributed between £17.7bn and £26.3bn in Gross Value Added (GVA) to the UK economy in 2014 (the latest year for which figures are available). This figure is between five and eight per cent of the London’s entire GDP, estimated at £325bn.<sup>4</sup>

Just as the night-time economy is important to London, London’s move to a 24-hour economy is vital to the wider night-time economy. London represents up to 40% of the £66bn estimate for the total UK night-time economy.<sup>5</sup> Once multiplier impacts are included, the overall contribution of London’s night-time economy is just over £40 billion.

This economic activity directly supports 723,000 jobs – one in eight in the capital.<sup>6</sup> A large number of these are in the bars, restaurants, clubs, shows and hotels central to London’s nightlife and tourism. Over a quarter (25.9%) in London’s accommodation and food services sector, and more than one in five (22.4%) in arts, entertainment and recreation usually work at night. In both cases this is an even higher proportion than in the same sectors outside London (20.2% and 15.2%, respectively).

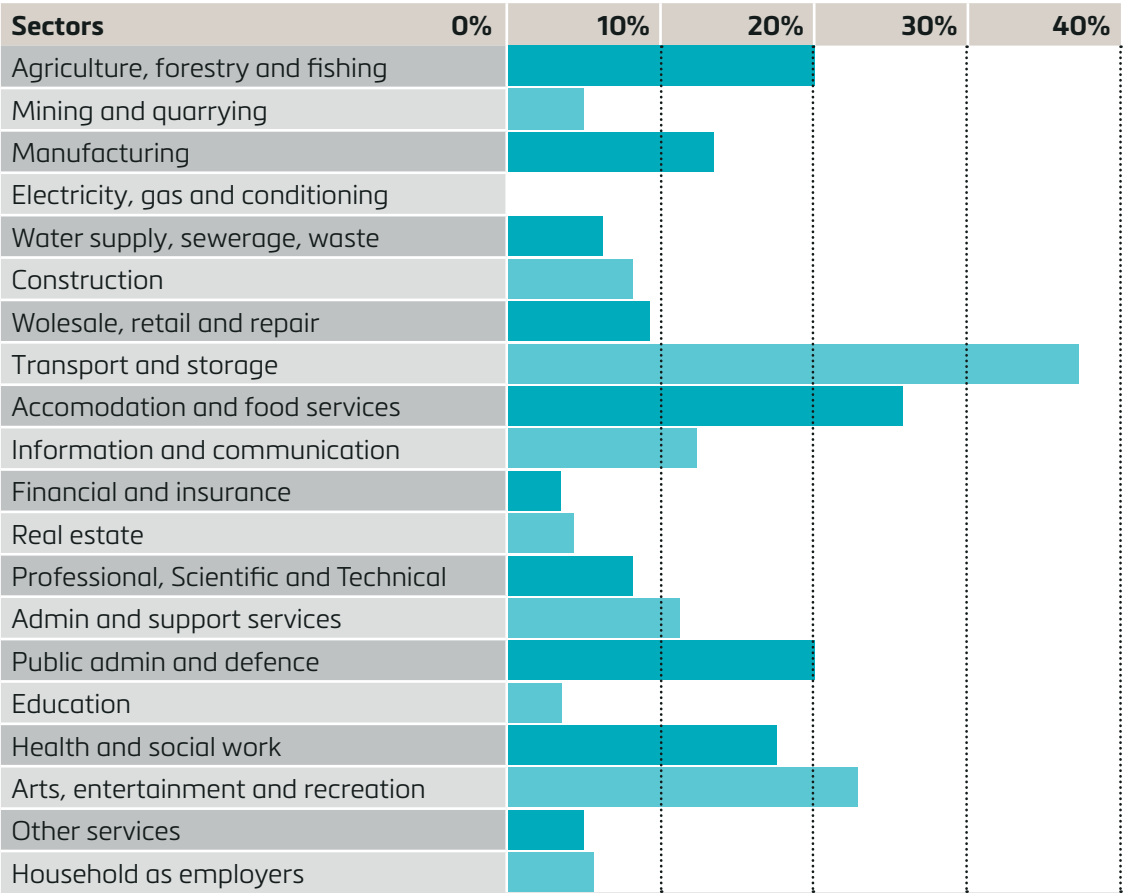


Figure 1. Share of employees working nights, by sector.<sup>7</sup>

Even in terms of the proportion of workers active at night, however, both trail the 37.2% working nights in the transport and storage sector, covering people and freight. When it comes to absolute numbers of workers in these sectors, meanwhile, it becomes clear quite how broad the 24-hour economy is spread. Again, transport and storage tops the table, with an estimated 107,136 jobs in the sector working nights, but a variety of other sectors also contribute significantly to the numbers.

<sup>2</sup>“London welcomes over 30 million tourists for the first time ever”, London & Partners, May 20, 2016  
<http://www.londonandpartners.com/media-centre/press-releases/2016/20160520-london-welcomes-over-30-million-tourists-for-the-first-time-ever>

<sup>3</sup> Estimate is based on previous studies and official figures. These include Rough Nights, The Young Foundation, March 2011; A Hard Days Night, the Trades Union Congress (TUC), August 2015; Westminster Evening & Night Time Economy: A Cost Benefit Study, TBR, July 2015; The Night-Mix Index, 2009, TBR Ltd & MAKE Associates Ltd (2009); and The Labour Force Survey  
[http://youngfoundation.org/wp-content/uploads/2012/10/Rough\\_Nights.pdf](http://youngfoundation.org/wp-content/uploads/2012/10/Rough_Nights.pdf)  
<https://www.tuc.org.uk/sites/default/files/AHardDaysNight.pdf>  
[http://transact.westminster.gov.uk/docstores/publications\\_store/policy-docs/Westminster%20ENTE%20Cost%20Benefit%20Analysis%20Full%20Report.pdf](http://transact.westminster.gov.uk/docstores/publications_store/policy-docs/Westminster%20ENTE%20Cost%20Benefit%20Analysis%20Full%20Report.pdf)  
<http://www.tbr.co.uk/pages/tbr-observatory/night-time-economy.php>  
<http://www.ons.gov.uk/surveys/informationforhouseholdsandindividuals/householdandindividualsurveys/labourforcesurveyylfs>  
<sup>4</sup> Regional GVA statistics, Office of National Statistics  
<http://www.ons.gov.uk/economy/grossvalueaddedgva/bulletins/regionalgrossvalueaddedincomeapproach/previousReleases>  
<sup>5</sup> The Night-Mix Index, ibid  
<sup>6</sup> Workforce jobs by region and industry dataset, ONS  
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/datasets/workforcejobsbyregionandindustryjobs05>  
<sup>7</sup> Source: Labour Force Survey (2015 data), Cebr analysis

WORKING ACROSS INDUSTRIES

In fact, more people also work nights in health and social work (101,282), as well as transport, than accommodation and food services (97,125). The numbers in arts, entertainment and recreation (46,592), meanwhile, are dwarfed by those in a whole range of sectors: admin and support services (62,150); professional, scientific and technical (59,803); wholesale, retail and repair (59,248); and information and communication (54,558). Furthermore, almost as many work in public administration and defence (45,342).

London’s 24-hour economy is therefore broad and deep. It is not only waiters and barmen but increasingly engineers, security staff and shopkeepers; nurses, cleaners and cab drivers; and IT support experts, administrators and artists – as well as an extraordinary range of others.

Sector	Jobs in London night-time economy
Agriculture, forestry and fishing	600
Mining and quarrying	250
Manufacturing	19, 035
Electricity, gas, air conditioning supply	0
Water supply, sewerage, waste	1,176
Construction	23,287
Wholesale, retail and repair	59,248
Transport and storage	107,136
Accomodation and food services	97,125
Information and communication	54,558
Financial and insurance	15,086
Real estate	5,895
Professional, Scientific and Technical	59,803
Admin and support services	62,150
Public admin and defence	45,342
Education	15,840
Health and social work	101,282
Arts, entertainment and recreation	46,592
Other services	7,350
Household as employers	1,541
Total	723,296

Table 1. Workers in the night-time economy.<sup>8</sup>

<sup>8</sup> Source: Labour Force Survey, Nomis 2016 data (<https://www.nomisweb.co.uk/>), Cebr analysis

UNDERPINNING THE ECONOMY

The importance of taking a broad view of the 24-hour economy is clearer still when considering the economic impact of each of these sectors.

There is some uncertainty over night-time workers’ economic output and therefore the Gross Value Added (GVA) contributed by each sector. Nevertheless, it seems likely the GVA of a range of sectors equals or outweighs even the £1.38bn that accommodation and food services businesses are estimated to contribute.

That includes not just the big employers such as transport, health and professional, scientific and technical sectors; it also includes a range of much smaller employers, who nevertheless punch above their weight in terms of economic output – the financial and insurance sector and real estate are two examples.

The direct economic impact of these sectors also has a knock-on effect on the rest of the economy: night-time workers spend their hard-won income on goods and services (the “induced” impact); and suppliers of these 24-hour businesses must themselves buy products and hire labour to meet their demands (the “indirect” impact).

These multiplier impacts account for another 536,100 jobs (most of them in the day-time economy) in the capital, to make the night-time economy responsible for 1.26 million jobs overall. Its wider economic impact (including the indirect day-time effects), meanwhile, is calculated at £40.1bn: 12% of London’s total GDP.

Sector	Direct economic impact	Indirect economic impact	Induced economic impact	Total economic impact
Professional and financial services	3,195	1,490	869	5,554
Facilities management	1,411	623	377	2,412
Logistics and deliveries	3,790	2,754	1,214	7,759
Accomodation & food	1,383	666	380	2,429
Information & comms	2,632	1,039	681	4,352
Retail	1,035	531	291	1,857
Health & social work	3,198	1,360	846	5,404
Entertainment & recreation	795	309	205	1,309
Total	21,995	11,834	6,278	40,106

Table 2. London night-time economy economic impacts (£ millions).<sup>9</sup>

<sup>9</sup> Source: Cebr analysis

Not only is the 24-hour economy substantial, it is also resilient. The Night Time Industries Association says those it represents were among the few industries to have seen continuous growth over recent years, “weathering the destabilising consequences of the economic recession”.<sup>10</sup>

Growing, younger populations,<sup>11</sup> reform of UK licensing laws, increasing two-worker families, globalisation and a host of other factors have driven a long-term expansion of working hours towards a 24-hour economy. The UK, and particularly London, has seen an increase in both the share and absolute numbers of night-time workers in the last decade. In London, 109,140 new night-time jobs were created between 2004 and 2016, despite a dip during the recession.

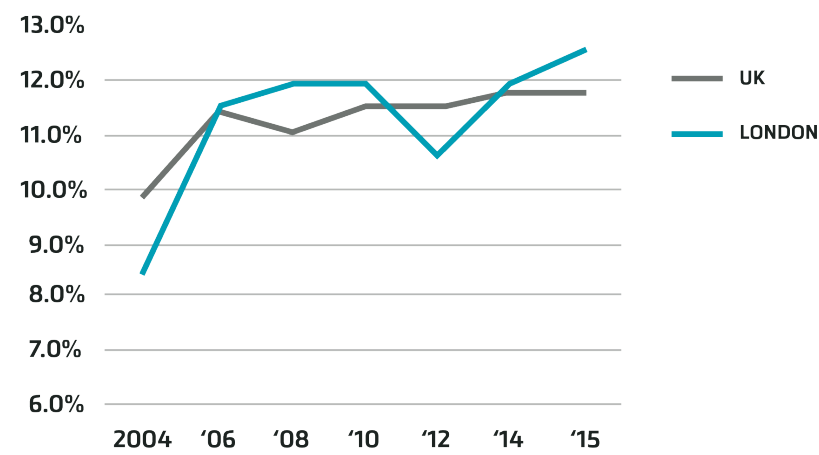


Figure 2. An increasing share: Proportion of night-time jobs.<sup>12</sup>

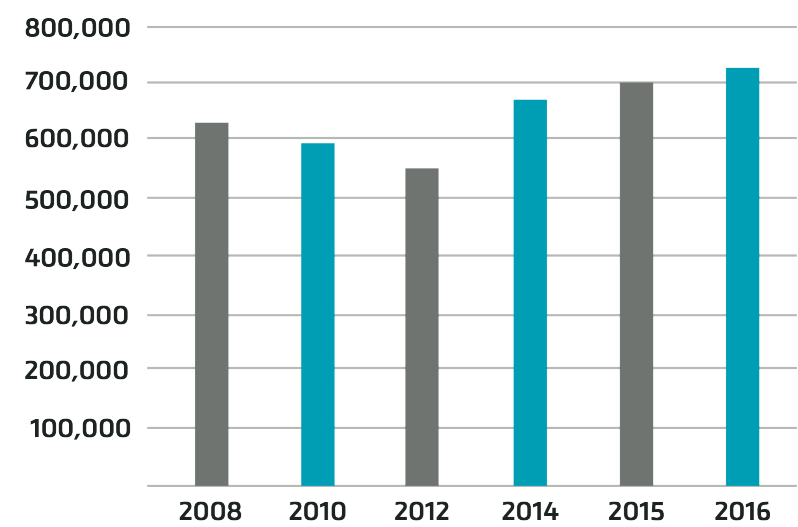


Figure 3. Number of night-time jobs in London.<sup>13</sup>

This trend is likely to continue. If the share of night-time workers as a proportion of the total workforce remains at 2015 levels, the number of jobs in the night-time could increase from 723,000 today to 789,000 by 2029. If the share of night-time workers continues its upward trend, the number will be even greater.

This increase will bring significant benefits to the economy. Using the same economic models and multiplier assumptions as above the total number of jobs created, directly and indirectly by 2029 would be more than 114,000.

The resulting increase in GVA by 2029 from direct effects would be £2 billion, or £3 billion in including the wider economic impact. At a time of significant uncertainty as a result of the UK’s decision to leave the European Union, the move towards a 24-hour economy in London can play an important role in sustaining UK growth in the coming years.

London night-time economy: JOBS	Direct economic impact	Indirect economic impact	Induced economic impact	Total
Est. night-time employment 2029	789,115	370,135	214,815	1,374,065
Increase from 2016	65,819	30,872	17,917	114,609

Table 3. London night-time jobs growth forecast.<sup>14</sup>

London night-time economy: £m of GVA	Direct economic impact	Indirect economic impact	Induced economic impact	Wider economic impact
Total est. night-time economy GVA contribution 2029	23,996	12,911	6,849	43,756
Increase from 2014	2,001	1,077	571	3,065

Table 4. Night-time economy GVA impact growth.<sup>15</sup>

<sup>10</sup> Forward into the Night, The Night Time Industries Association, June 2015 <https://www.ntia.co.uk/forward-into-the-night/>  
<sup>11</sup> “After Dark”, The Economist, October 4, 2014 <http://www.economist.com/news/britain/21621854-london-becoming-24-hour-city-after-dark>  
<sup>12</sup> Source: Labour Force Survey, Cebr analysis  
<sup>13</sup> Source: Labour Force Survey, Cebr analysis

<sup>14</sup> Source: Cebr analysis  
<sup>15</sup> Source: Cebr analysis

It is in this context that the impact of the Night Tube should be viewed. There is little doubt the Night Tube will add to the benefits from London’s move towards a 24-hour economy and help it on its way.

An assessment by Volterra Partners for Transport for London and London First in 2014<sup>16</sup> estimated that the Night Tube would create 1,965 new jobs. Of these, 265 were to be directly created to run the service. These figures have since been updated with 500 new jobs created to operate the service. The rest are gains to the wider night-time sectors.

% Share of Night Tube jobs boost

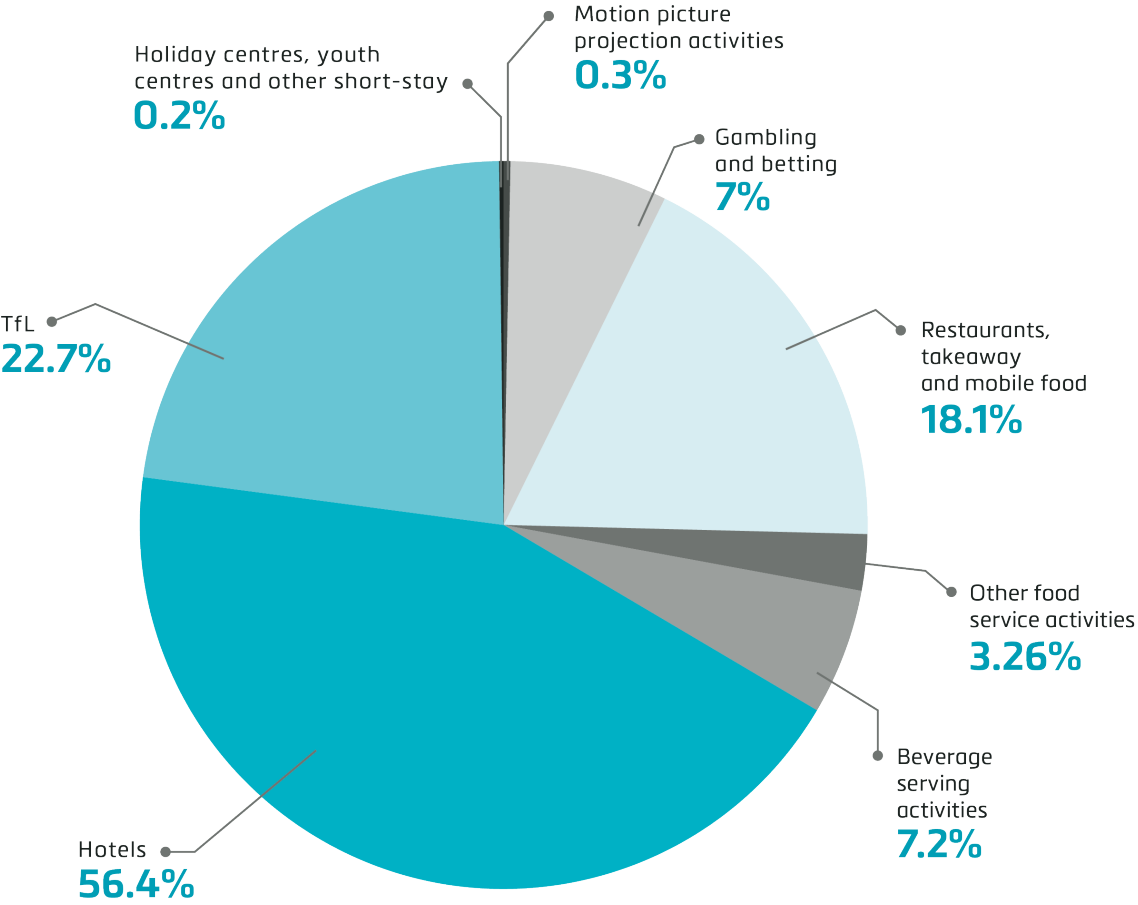


Table 6. Night Tube job generation by sector. <sup>17</sup>

In this model the Night Tube will directly add £42 million a year to London’s night-time economy GVA by 2029, or £77 million a year including multiplier impacts.

This is a significant sum and a welcome additional support to a growing part of the economy. While the Night Tube is a critical element, additional measures will be required to ensure the full benefits of the £2 billion growth expected from the night-time economy over this period are realised.

The impact of the Night Tube is limited in part by the restrictions on the service. It will run initially only to a limited array of stations, first on Central and Victoria lines in August, with the Piccadilly, Jubilee and Northern in the autumn. Metropolitan, Circle, District, and Hammersmith & City lines will follow at a later, unspecified date, and services may be extended to parts of the London Overground rail network in 2017 and the Docklands Light Railway by 2021.<sup>18</sup>

More importantly, the service will only run on weekends, covering Friday and Saturday nights. This concentrates the benefits of the service on the important, but narrow range of accommodation, food and entertainment sectors that make up just part of the night-time economy.

To support the wide range of other businesses in London, the launch of the Night Tube must be part of a wider strategy to support the development of the 24-hour economy more generally. While the opportunities from an expansion in working hours are substantial, there are challenges, in managing the often competing interests of residents, users and businesses.

Even when it comes to traditional night-time businesses such as bars and clubs, public policy at a local and national level is also not always well aligned. More broadly as London faces rapid population growth transport and infrastructure networks are under increasing strain. A well-managed 24-hour economy offers an opportunity to rethink how we smooth out demand, particularly around freight, deliveries and road use.

In a number of respects, there are encouraging signs. As well as the Night Tube, we have seen the establishment and first meetings of the Night Time Commission<sup>19</sup> and plans to appoint a Night Czar.<sup>20</sup> We are also able to look to examples elsewhere for inspiration: Cities such as New York and Berlin already have 24-hour underground services, the former operating throughout the week; Amsterdam, Zurich, Paris and others already have night mayors. Indeed, April saw the first international Night Mayor Summit.<sup>21</sup>

London is arguably only catching up some international competitors in its support for the night-time economy. If it is to keep pace and, more importantly, if it is to see the full potential of a 24-hour economy, the Night Tube must be just the start of our journey.

<sup>16</sup> Impact of the Night Tube on London’s night-time economy, Volterra Partners, September 2014 <http://content.tfl.gov.uk/night-time-economy.pdf>  
<sup>17</sup> Source: Cebr analysis

<sup>18</sup> “The Night Tube”, Transport for London: <https://tfl.gov.uk/campaign/tube-improvements/what-we-are-doing/night-tube?cid=nighttube>  
<sup>19</sup> “Mayor announces plan for Night Time Commission for the capital”, London Mayor March 15, 2016: <https://www.london.gov.uk/press-releases/mayoral/night-time-commission-for-the-capital>  
<sup>20</sup> “Sadiq Khan to create ‘night czar’ role to protect London clubs”, BBC, May 19, 2016: <http://www.bbc.co.uk/news/uk-england-london-36332868>  
<sup>21</sup> “The first ever International Night Mayor Summit kicks off in Amsterdam”, Amsterdam Night Mayor: <http://nachtburgemeester.amsterdam/the-first-international-night-mayor-summit-kicks-off-in-amsterdam/>

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**About London First**

London First is an independent business membership organisation whose mission is to make London the best city in the world in which to do business. Its members include the capital's leading employers in key sectors such as financial and business services, property, transport, ICT, education, creative industries, hospitality and retail. Established in 1991, its work encompasses a wide range of issues under the umbrella of maintaining London's competitiveness in an increasingly challenging environment.

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