

# The Draft Replacement London Plan: How Much of a Change?:

## background note for LSE London HEIF Development Workshop 9<sup>th</sup> December 2009

### 1. Introduction

The consultation draft of the 'replacement' London Plan (Johnson's Plan) differs substantially in tone, structure, readability and emphases from its predecessor (Livingstone's Plan), whether in its original form or as altered / updated. In substance, however, the differences between the Johnson and Livingstone Plans may not be as great, mainly because it is still set within similar assumptions about growth in population and jobs that needs to be provided for.

Even so, there are important differences. In particular, concern for quality of life seems to be central to the Johnson 'vision', where economic growth and London's world city role were at the heart of Livingstone's. The treatment of employment growth in particular has a less triumphalist tone to it, with no affirmations of its inevitability. But reasons of prudence, avoiding being 'caught unprepared', still lead to planning provisions geared to a single (rather optimistic) forecast of employment growth – particularly given the lack of a policy to decentralise population (para. 1.45).

The quality of life emphasis is reflected within the Plan document in a structure of presentation which starts off from consideration of places/ place-making, and deals more evenly with areas across London (rather than focusing heavily on the CBD, as was the case even in later versions of the Livingstone Plan). In particular, extended consideration is given to Outer London, drawing on the work of the Mayor's Commission.

Overall, Johnson's Plan seems to give less weight to directly following through on a few big strategic priorities – such as the Livingstone Plan's pursuit of the 'how can rapid growth be accommodated within London' issue, via 'going east', densification and supporting rail links. Instead it is more concerned with building alliances and in involving other agencies (not only boroughs but stronger sub-regional alliances, and organisations in neighbouring regions) in implementation processes that integrate their own contexts / priorities. As such the Johnson Plan is more in line with the localist and place based agenda that is currently under discussion in the national political debate - and also with the City Charter signed by the Mayor and the boroughs..

Some obvious differences in coverage of the Johnson Plan, as compared with its predecessors, reflect external developments – notably the Olympics and heightened concern over climate change and sustainability. The economic shocks of the past two years stemming from crises in the financial markets figure only marginally. In part, this is because the Plan takes a longer term view that implies that after the short-medium term crisis has passed the most likely outcome is for London to face broadly the same economic/competitive environment as it has done over the base period on which forward projections are based.

As a stimulus to discussion, the remainder of this note picks up on six of the significant issues/emphases that we have just touched on, raising some of the questions that we see as particularly worth discussing.

### 2. Growth Assumptions

Over the years to 2031, total population in London is forecast to grow by 1.26 million (54k p.a.); households by 0.77 million (32k p.a.); and jobs also by 0.77 million (32k p.a.). The population

growth forecast is near the top end of the range presented in the 2008 amended version of the Livingstone Plan (39-57k p.a.), reflecting the latest government projections. Those for household growth on the other hand are close to the middle of its range (27-36k p.a.). The distinction is important as it implies continuing housing pressure reducing household formation in the capital.

The projected employment growth rate is, however, significantly slower than the single estimate (of 46k p.a.) adopted in the 2008 Plan. It is also less heavily skewed toward finance/business services which together now account for 55% of the expected net growth (420k), as compared with 67% in the 2008 version (though as before the actual growth must be in business rather than finance). Forecast growth in these sectors is now outweighed by **very** large projected growth in hotels/restaurants and 'other leisure/personal services', which are together projected to grow by 595k), representing an *incredible* assumed addition of 84% to employment in these sectors, in the years to 2031.

There continue to be major questions both about the scale of employment growth projected for the city, and about the Plan's failure to consider the uncertainties which inevitably surround such projections. Our own trend-based projections point to a likely growth of some 21k p.a. – one third below the Plan projection. This in particular reflects a much more modest increase in tourism/leisure jobs. Because of the great volatility in London employment, however, we find that the actual trend growth rate could be anywhere between zero and 40k p.a.

Beyond this, there are evident uncertainties in the wake of the financial crises about whether such past trends will necessarily continue, or whether London may have to face some more fundamental threat to its competitive position during the next decade or so. The question is whether (and how) the Plan should be expected to face up to such real uncertainties about growth prospects, particularly when forecasts are used to underpin appraisals of large scale infrastructural investments.

The Plan seeks to make provision for the addition of (at least) 33k p.a. homes in London, a target based on detailed studies of housing capacity. This figure is very close to the projected rate of increase in households over the period, and far above anything that has been achieved in the recent past. Even so, it makes no provision either for meeting the backlog of unmet need, or for the additional supply which the National Housing and Planning Unit estimate as required to prevent further deterioration in the affordability of London housing. This would imply around 45,000 per annum.

The shift from proportional to numerical targets implies a rise for some 25 out of 33 boroughs. Moreover there is to be a relative shift towards affordable – particularly intermediate market – housing which will be particularly difficult to achieve in an increasingly tighter fiscal environment.

London is argued to be a single housing market – hence local housing targets are based on capacity rather than revealed preferences. This is reflected in the fact that one third of the agreed target is in the North East sub-region (including areas in Gateway and beyond). Because (as the Plan recognises) there are strong housing market links to areas outside London, any shortfall in demand for residence in this sub-region, as well as any shortfall in overall provision, may well lead to population growth being diverted to locations in adjoining regions.

A greater emphasis in this Plan on minimum space standards, dwelling quality, and also (where locally desired) a presumption against back garden development all raise additional questions as to how much supply can actually be achieved – and how affordable even affordable housing will be for lower income employed households.

### **3. Outer London**

This version of the Plan gives very much fuller attention to Outer London. This reflects both complaints about the ‘zone 1’ focus of the Livingstone Plan and the expressed concerns (of borough partnerships in particular) about the continuing stagnation of employment levels in Outer London (in contrast to their neighbours outside London as well as to those nearer the centre). It may also have reflected increasing quality of life concerns among residents/voters in the outer areas especially those that have experienced rapid change in population structure.

The treatment of Outer London reflects an interim report from the Outer London Commission. Their brief had included consideration of radical strategic interventions, including 4 new ‘super-hub’ commercial centres, which might have been connected by a new orbital rail link. Neither of these elements was seen as being viable, however, and both the Commission’s and the Plan’s proposals are more incremental in character. They involve a series of proposals for enhancing the attractiveness, efficiency and accessibility of areas, largely through better use of existing assets. In particular there is an emphasis on enhancing the commercial, service and nodal roles of existing town centres, together with the promotion of a number of strategic outer London development centres, each with one or more specific economic strengths.

A number of potential activities are identified which could either be attracted or have their growth enhanced, but their prospects do not seem particularly strong. Nor is a clear case made that significantly faster growth in these areas would serve strategic goals (whether social or economic). There is an emphasis on the great diversity of places across outer London (as an asset as well as a constraint on one-dimensional policies) and tailoring action to local circumstances. But there is important recognition also of the limits of localism (which was a factor working against the viability of a super-hub strategy), leading to policies to boost co-ordination in development corridors (inside and outside London) and on an issue-specific basis. Whether these are adequate to fill the gap between city-wide strategy and local implementation is an issue deserving further discussion.

### **4. Social Objectives, Spatial Strategies and Evidence**

All London Plans are required to have some regard to equality of opportunity and also to seek to reduce health inequality among Londoners (which is closely tied to economic inequality). The Johnson Plan (like its predecessor, though in different language) goes well beyond this and gives substantial weight to bridging ‘the gap between rich and poor’, and several more specific versions of this.

Yet the means for doing so within the Plan are limited and/or stylised. Beyond issues of access to affordable housing, they effectively include two spatial strategies – targeting investment and job creation on/close to areas of social deprivation and promoting mixed residential neighbourhoods – plus skill development for individuals and the growing emphasis on place.

These have been part of previous Plans too, during a period when London’s relative position in terms of worklessness seems to have deteriorated substantially. There is some reason to believe that

neither of the spatial strategies will make much difference to social disadvantage, while 'skill development' also may not address the kinds of disadvantage that are most crucial. One question which needs to be asked is whether there is actually an evidence base for the suggestion / belief that these elements in the Plan can have substantial social effects or whether the issues are concentrated more on other constraints on individuals' ability to share in the benefits that a successful economy should offer. Another is whether, beyond the sets of Performance Indicators to be deployed in the Plan-Monitor-Manage framework, there will be provision for diagnosis and learning – about the causal connections between policies, processes and outcomes, and how better understanding of these should feed back into the Plan revision process.

## **5. Costings and Economic Viability of the Plan**

The Mayor's Plan is both a spatial development strategy for the city and the document which integrates all of the Mayor's strategies. In the second role, it remains curious that, as with earlier Plans, it neither includes nor is linked to any budget or economic appraisal of the strategies which are being recommended, nor comparisons with the cost of alternatives.

The current position is rather better than at the time of preparation of Livingstone's original Plan, since substantial more information is now available about TfL projects and potential funding streams for these. But even that is not directly presented in the Plan or its supporting documents. Nor is it linked to other cost elements of particular strategic options – and their alternatives. Neither consultation nor Examination in Public can thus seriously address crucial aspects of the Plan which the Mayor is presenting.

An important part of the explanation is that the Mayor does not actually control most of the funding that is required to implement the Plan – indeed the Plan is, in one respect, a kind of investment prospectus directed at the controllers of the purse strings in central government and elsewhere. This may be one reason why uncertainties (or potential biases in projections) are not openly confronted – but it is in itself a substantial source of uncertainty about its implementation, since (as has been the case with Cross-Rail) there is no way of telling whether crucial items of long term infrastructure required for a specific strategic option will actually/eventually get funded.

Whether within the text of the Plan or elsewhere, there are crucial questions that need to be addressed at this stage about how the Plan would be affected by a radically tighter public spending environment.

## **6. Governance**

In some sense the Plan is, as always, significantly about the governance of change. In this context the Plan takes on board the localist agenda at least in terms of rhetoric. It also plays towards to importance of place and of integration of investment proposals within local areas. This potentially increases the role of the boroughs but also perhaps that of the Homes and Communities Agency (or its successor) in terms of the 'single conversation'.

This approach however may not jibe with the continued emphasis on targets for housing especially affordable housing – a reflection of a wider issue in the context of potential government policy. It also is likely to increase the tensions associated with 'local housing for local people' in the context of a Plan that puts one third of additional housing in a relatively small proportion of boroughs.

More generally it is clear that there is cross party agreement at the national level that whatever happens elsewhere in the country the GLA has proved its value and its powers and responsibilities will remain.

Finally, the next year or so may bring more substantial political and economic change to Britain than has currently been envisaged. Neither the London economy nor the GLA and its resources will be immune from the impacts of such change.

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