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London

bigger and better?

Edited by Ben Kochan

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Preface

This book was prepared from material that came out of the London Development Workshops, a Higher Education Innovation Fund (HEIF) funded project of the LSE London Research Centre. The project consisted of a series of conferences, workshops and seminars which brought together stakeholders in key debates on London's economic, political and social development. Drawing on LSE's research strengths, networks and reputation for contributing to robust public policy, the London development workshops helped to transfer knowledge and expertise from universities across the UK at the point where policy formation, economic development and business activity converge around particular issues. Workshops were held at LSE on London's housing, governance, demography, transport, education, media and economy.

We would like to thank HEIF, the contributors to this publication, and all those who participated in the programme and particularly those who chaired or spoke at a session who included: Kate Barker, Keith Berryman, Andrew Campbell, Michael Cassidy, Merrick Cockell, Neale Coleman, Kate Davies, Howard Davies, Len Duvall, Michael Edwards, Jim Fitzpatrick MP, Jonathan Freedland, Sally Hamwee, Christopher J Holmes, Rob Huggins, Simon Jenkins, Jacqui Lait, Dave Lawrence, Edward Lister, Ken Livingstone, Hugh Malyan, Helen Margetts, Hugh Muir, Bob Neil, David Orr, Trevor Phillips, Anne Power, Nick Raynsford MP, Bridget Rosewell, Michael Snyder, Eric Sorensen, Dhananjayan Sriskandarajah, Jay Walder, and Mike Youkee.

Finally, we would like to thank Torunn Kielland who played a central part in organising all the events.

The papers and presentations associated with these events are on LSE London's website: http://www.lse.ac.uk/collections/londonDevelopmentWorkshops/

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Introduction: London - bigger and better?

Ben Kochan

The LSE's 2005-6 series of London development workshops funded by HEIF covered a wide range of topics related to the management of change in the capital, but a pervasive issue was that of its widely anticipated growth, with discussion of: how far this could be taken for granted; the conditions required to secure and accommodate it; its potential effects on the welfare of Londoners; and the kind of governance arrangements needed both to manage these issues and to relate developments inside London to those in the Greater South East as a whole. These are questions both about whether London can be expected to get 'bigger' in numerical terms, and how getting 'bigger' relates to making it 'better'.

The idea that expansion is natural to London and the key to its future has become widely accepted in recent years, and is central to the vision of its first elected Mayor. It is important to recall however, that, until the 1990s, the reverse view prevailed. At best, Greater London was thinning out in terms of population and jobs; or, alternatively, it was undergoing structural decline. Since then much has changed, both in realities and in perceptions even more strikingly. London's population and its economy have been growing at a rapid rate for the last 15 years or so, and current plans all envisage this continuing. Continuing growth should not be taken for granted, however. To sustain growth requires, as the contributions to the workshops emphasised, at the very least the provision of additional infrastructure, both social and physical, within a framework that ensures social/economic equity and integrated communities.

Governance

Central to managing growth is having an effective Londonwide government to address strategic issues for the benefit of the capital city as a whole and its multitudinous stakeholders. The establishment of a London-wide government in 2000 should contribute to London's future success. Six years on, the Government is to expand the role and functions of the Mayor, with both additional responsibilities and more powers over the Boroughs. In particular, it is proposing to give the Mayor greater control over strategic planning issues and housing funding. This would include new proactive planning powers to approve as well as reject strategic schemes, overriding any parochial tendencies in local authorities. These reforms may well facilitate larger strategic schemes to physically accommodate the forecast growth, but - as was discussed at the workshops and is highlighted in these papers - additional tax-raising powers still seem to be required to underwrite the transport and other infrastructure which would also be required.

However, as Tony Travers points out in his paper, the proposed reforms would already make the Mayor more powerful in relation to the city's development than any earlier London-wide authority. How he will be called to account for his decisions, and take Londoners with him are key questions. The Greater London Assembly, was set up to call the Mayor to account, but up to now has found it hard to find an effective way of pursuing this, and the current proposals do little to strengthen it. With the Mayor's additional powers there are likely to be new tensions with London's local authorities. These councils have existed for over 40 years, have a strong democratic remit, and weakening their powers risks both alienating them and increasing disillusionment with local democracy.

Housing

The number of households in London requiring a decent, affordable home is rising at an even faster rate than in the rest of the UK, mainly due to a combination of international immigration, increasing longevity and smaller households. Christine Whitehead, in her paper, says that London feels the housing shortage more strongly than other UK regions, because of its disproportionate incidence of homelessness and overcrowding. The affordability of private housing is also at its worst in London, with the highest house price to income ratio of any British region.

A growing population makes an important contribution to meeting the demands of the buoyant economy, and housing makes an important contribution to London's growth. But, if sufficient affordable housing is not provided, public services in the capital will have major problems recruiting staff, and will not be able to cope with the increasing demands. Rising house prices make it ever more costly both to fill this gap and to provide for those in major housing need.

If London's economy continues to grow, the problems are likely to get worse in terms of the affordability of both market and social housing. Since 2000, housebuilding has increased, but it is still failing to keep up with demand, leading both to rising levels of housing need and escalating house prices. The recent faltering in the growth of housebuilding raises questions about how well the rhetoric of expansion is grounded. An area of expansion is in the private rented sector, which is playing a key role in

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housing more mobile and younger households, but they will need affordable larger houses to move on to.

The 2004 report for the Treasury by Kate Barker on Housing Supply and her presentation to one of the workshops, brought into sharp focus the general need to increase housebuilding in order to stabilise house prices. It also raised issues about how that increase should be achieved, particularly in terms of meeting the infrastructure requirements. The government accepts that the new housing development can only go ahead if associated infrastructure is provided and proposes a planning gain supplement to help fund it. But the amount which can be raised is unclear, and how infrastructure provision will be coordinated with development has to be resolved. In particular, Thames Gateway, an area identified for major house-building, cannot work effectively without the provision of major new infrastructure.

The debate between increasing the density of housing to accommodate the growing number of households, and alternative strategies involving building out into the green belt and on to other greenfield sites outside London is crucial to future development.

The London Plan seeks to concentrate development within the greenbelt and maximise both the use of sites in the centre and established residential areas. As many people argued at the 'density debate' in the workshop series, the advantages of compact urban areas lie principally in limiting the cost and improving the viability of infrastructure while also reducing the need to travel. The difficulties relate to over-congestion of neighbourhoods, in a context where economic growth can be expected to increase people's demand for space. Peter Hall argues in his paper that to meet London's housing demands, building outside London's existing boundaries is unavoidable. He challenges the emerging taboo on greenfield development, and the sanctity of the greenbelt, given both the under-use of farmland and the environmental value of many urban sites which are counted as 'brownfield'. Within London, he argues that sufficient sites are not available to meet house-building targets on a realistic and decent basis. Medium density housing development in 'intown suburbs', with higher densities around transport nodes, could provide acceptable residential environments and an adequate base for local services. To meet housing needs and market expectations, this approach should also be applied to compact urban extensions along railway lines in the wider metropolitan region.

Issues of political acceptability and the infrastructure costs make this strategy hard to deliver unless some considerable sweeteners were offered. But without it, he argues, there will be a continuing failure to meet housing demands in the region.

London's Economy

After 25 years of decline, London's economy has been buoyant since the early 1990s. The London Plan expects continuation of this to produce large scale employment growth. Ian Gordon, in his paper, says that past experience and recent evidence suggest that this assumption may not be well founded. There are also questions to be raised about the inevitability and desirability of the GLA's plans to concentrate growth in central London, together with puzzles as to why worklessness is so high, despite the apparent strength of the city's economy.

London's recent growth reflects the fact that it has become almost entirely a service-based economy, concentrating on activities for which demand is expanding. It offers major advantages for their operations that require face-to-face contact with others for their success. But, with the high operating costs in the city, companies are constantly reorganising to move more routine activities to cheaper locations. Activities pass in turn from phases of strong growth in London, to standardisation, competition and some combination of mechanisation and decentralisation of employment. The continuing growth of London's economy depends on new products emerging that require its particular offer, and Ian Gordon argues that its success is more likely to be reflected in income than in employment growth.

London's recent economic growth has been concentrated in the central business district. The London Mayor's Plan and its 2006 draft alterations aim to continue and possibly accelerate this concentration of economic activity and employment Underlying this objective is the logic of agglomeration that attracts business and financial services to cluster in inner London. Transport policies and promoting growth on the larger sites available to the east of the centre aim to reinforce this trend.

The challenge in outer London is to reinforce the office-based part of its economic base, and to upgrade the profile of its major business centres. Outer London suffers from a relative lack of economic connectivity, as compared both with the central areas and with areas outside London, both of which have seen much stronger growth.

The combination of employment stagnation with substantial population growth in outer London could result in problematic increases in commuting and threaten the viability of non-local functions in outer London centres. The London Plan implicitly accepts this without considering alternative options, which could identify new economic roles for those centres. Discussion in the seminar highlighted the possibility that, in the longer term, Outer London could take on an important role, as more central redevelopment

opportunities get exhausted, provided key assets are in place and there are some reasonably strong concentrations on which to build.

Transport

A pre-condition for sustaining economic growth in central London is adequate transport connection to the areas of population and housing growth on the periphery. The round table on funding transport projects in London in the workshop series discussed whether the implications of this growth in terms of expanding transport provision have been fully assessed and funding mechanisms identified. In fact, Stephen Glaister suggests, in his paper, that housing plans are being developed without realistic consideration of how their transport implications can be addressed.

The capacity of road, rail and underground is virtually used up. The latest government funding settlement for transport provision in London has been quite generous, but it is mainly being used for maintenance and renewal rather than expanding capacity. The PPP scheme for the Underground will increase capacity by about a third, but the benefits will not be realised within the next ten years and will not be sufficient to meet demand. Several schemes would make a different, but funds or funding mechanisms have not yet been identified to take them forward. The long-awaited Crossrail scheme, which is going through Parliament, has yet to be fully funded, and a large number of other light rail schemes are proposed across London which are effective competitors for funding.

With the lack of public funds, there are a number of potential mechanisms to raise the funds. The Government has allowed Transport for London to issue debts and further could be issued, but they would have to be serviced over a long period from an identifiable income stream.

Fares have been increased already for this purpose, but there is not much further potential in this because, as they go up, people will turn to other forms of transport and increased use of car is likely. There are several other possible funding mechanisms which involve unlocking the economic value in London, through new forms of local taxation. Other cities round the world have introduced a range of such taxes. A levy by the local authority on the business rate that was ringfenced for infrastructure is one option that could be considered. Another is to introduce road charging across London, which would both reduce congestion and raise revenue to fund some of the necessary transport projects.

A package of funding streams is clearly needed, which will probably involve additional local taxes; new regional government arrangements will be required to administer them and somehow public support will also need to be gained. Whilst the Government is proposing to expand the GLA's powers, as yet this does not include devolving fiscal powers, which would be needed to raise funds for the larger schemes.

Social Cohesion

London has traditionally been the port of arrival for immigrants from all over the world. The workshop on race and community relations in contemporary London heard how in recent years the rate of immigration has increased with the population becoming increasingly more cosmopolitan and more complex. The breadth and scale of recent in-migration has introduced many new communities of foreign-born residents, from an increasingly diverse range of countries. According to the 2001 Census, there were 47 communities of over 10,000 living in London. The vast majority of immigrants are on low incomes carrying out the difficult, dirty and dangerous jobs. On the other hand, a significant proportion are highly-skilled, highly mobile 'gold-collar' workers working in financial services or as doctors in the NHS - 1 in 2 two doctors in the NHS are foreign-qualified.

This diverse range of communities, and the associated services, has made it easier for London to market itself to inward investors and to the skilled migrants. The City of London has long been internationalised and it now appears likely that other sectors of the London economy will follow suit.

The management of areas containing large numbers of new and earlier migrants, particularly insofar as they need access to public services (notably social housing), is a key issue for London local government. It raises fundamental concerns about how to address tensions between entitlement, especially for those who see themselves as Londoners with a stake in the city, and need, which is often greatest at the time that people first arrive in London.

In this context there is increasingly strong evidence linking the recent growth of migrant populations in east London to an increased propensity of some electors to consider voting for extremist parties - with a suggestion of the far-right entering the mainstream of London politics in contrast to the traditional view that it plays a role only on the fringe of British politics.

Trevor Phillips argues strongly in his paper for integration of different communities, which he distinguishes from multiculturalism, in that it requires that people with a

range of ethnic identities learn to live with each another, rather than just alongside. A pre-condition for integration is however, equality, participation and effective interaction.

One aspect of social cohesion, currently under strain, involves the linking of security threats to specific minority groups. Janet Stockdale, in her paper, stresses the difficult task that the police face in preventing major terrorist attacks on the lines of 7/7, both generally in working with London's large and diverse population, and particularly with its 600,000 Muslim residents. The rise of global terrorism has helped to create a climate in which this group seems to be facing increasing public suspicion, verging on Islamophobia in some cases, as well as closer attention from the police and security services. Young Muslims are also acutely aware of the disadvantages many of them face in the labour market, which serves to make them more vulnerable to extremist and radicalising messages.

Mutual distrust and suspicion can only be addressed, Janet Stockdale argues, with increased contact, understanding and integration among all the diverse groups of Muslims and non-Muslims in London. Before that can start, we need to recognise how their various fears and anxieties lead to separation, alienation and vulnerability. Furthermore, a debate is needed about what integration means and how it can be ensured that central and local government rhetoric is translated into action. Community engagement will only be successful if there is political engagement with people as individuals rather than as members of a particular community.

Preventing future terrorist attacks will require credible and reliable intelligence, which is likely to come from those in the Muslim community who have no sympathy for terrorism. It will only be forthcoming if there is a climate of mutual confidence and trust between Muslims and the police. Creating such a climate will not be easy, especially when engagement with Muslims in London demands recognition that they are not a homogeneous group, together with sensitivity and transparency on the part of the police. But it will also demand commitment and leadership from Muslims themselves.

Many of the key questions about London's growth which were core themes from the workshops are set out in the papers in this book.

Tony Travers in his piece on governance asks whether the government and regional arrangements will reliably deliver economic growth and increased well-being;

Ian Gordon questions whether the recent levels of growth will be sustained and, if they are, whether they will lead to higher levels of employment across the city;

Trevor Phillips questions how far the diverse range of communities in London are integrated in terms of equality, interaction and participation;

Janet Stockdale addresses the question whether London's systems can, by dealing equitably with the different communities, mediate the tensions between them to achieve fairness, tolerance and security;

Christine Whitehead asks whether sufficient homes will be built to support economic growth, maintain competitiveness and ensure adequate housing for all London's population;

Peter Hall questions whether 'bigger' for London has to mean smaller homes in an overcrowded environment for Londoners;

Stephen Glaister asks whether central government is willing to enable the funding of the necessary infrastructure to make London both bigger and better.

2. The Government of London: reforming the Greater London Authority

Tony Travers

1. Introduction

London's system of government has often been characterised as 'fragmented', 'complex' and ' polycentric' (eg, Hebbert, 1998). It is certainly true that throughout the city's evolution from its original 'square mile' to its modern, vast, scale the arrangements put in place to govern it have rarely been simple or consistent. But there were generally understandable reasons why rationality was so often overcome by the consequences of rapid growth, vested interests and the need to balance neighbourhood interests with metropolitan ones.

London's government was reformed in 1855, 1888, 1899, 1965, 1986 and 2000. The 2000 arrangements left the city with three levels of government, each of which is elected. Central departments and their agencies are responsible for services such as social security, health, university and college education, national and commuter rail, civil aviation, heritage, sport and culture. The Greater London Authority is responsible for (most) transport, (some) economic development, police (non-operational), fire & emergencies and citywide planning. The 32 boroughs and the City of London run schools, personal social services, social housing, refuse collection, local street management and lighting, local planning and libraries.

The Mayor of London is a relatively ‘strong’ office within a relatively weak upper tier. The Mayor sets the budgets for Transport for London, the London Development Agency, the Metropolitan Police Authority and the London Fire and Emergency Planning Authority. The Mayor appoints the chairs and chief officers of some, but not all, of these functional bodies. Finally, the Mayor appoints a small number of advisors. The Assembly currently appoints all other GLA staff.

There are different 'borders' between the tiers of London government. Whitehall departments and their appointed bodies must interact with the GLA and the boroughs. Equally, there are numerous exchanges between the boroughs and the GLA. In addition, there are funding streams for the Government to GLA functional bodies and to the boroughs. There are also small flows of resources from the GLA to the boroughs.

Commentators on the new system of London government created in 2000 have broadly welcomed it. Inevitably, there have also been criticisms and suggestions about what might be done differently. In a book published early in the life of the GLA, Ben Pimlott and Nirmala Rao concluded that the new Authority "for all its lack of financial resources and legal weakness, is capable of providing a voice for Londoners that did not previously exist". They went on to note "It is inconceivable that the age-old tensions between Westminster and London government, and London government and the boroughs, will simply disappear"" (Pimlott & Rao, 2002).

Writing two years later, it was stated: "The first three years of the Greater London Authority suggest that London's government remains balkanised and weak. London's history…and the first administration of the Mayor of London point determinedly in one direction: the largest city in Europe simply defies all efforts at giving it an effective and consistent system of government" (Travers, 2004). After almost six years of the GLA's operation, another academic analyst observed that there were still fundamental weaknesses in the system of London government: "restricted Mayoral/GLA competencies and control over delivery, complex governance arrangements that often lack coherence and accountability, as well as the lack of tax raising powers" (Syrett, 2006).

Much of the impetus for a review of the GLA's powers came from Ken Livingstone himself, although it is important not to overlook the work of the Commission on London Governance, which reported early in 2006 (Commission on London Governance, 2006). Following his re-admission into the Labour Party in advance of the 2004 mayoral election, links between the Mayor and the government became curiously cordial. Ministers believed their experiment with London government had been successful and wished to build upon it (DCLG, 2006). They also wanted to provide evidence to other cities in England that, if they adopted the mayoral model of government, they too would be rewarded with extra powers and freedoms.

The Office of the Deputy Prime Minister (changed to the Department for Communities and Local Government in 2006) accepted Livingstone's broad arguments (Mayor of London, 2006), if not every element in his case. By giving the Mayor additional powers, the government would (as it saw it) be recognising its own wisdom in creating the Greater London Authority and, in particular, the office of Mayor of London.

Thus, after five years of operation, the government decided to review the GLA's powers and responsibilities. Although this exercise could have been limited to a narrow consideration of the balance of service provision between Whitehall and the GLA, it was inevitable that, once started, a review of this kind would examine broader issues.

Thus, the relationship between the GLA and the boroughs as well as the internal operation of the Mayor's Office and Assembly were likely to be examined. The key proposals are outlined below.

2. The government's review of the GLA and its powers

Housing

It was proposed to transfer to the Mayor the responsibilities of the London Housing Board to produce the London Housing Strategy and to make proposals on the distribution of housing capital allocations. A second possibility (though this was simply put forward for consideration) was that the Mayor would in future allocate 'affordable' housing resources in the capital.

There were good arguments to support the transfer of the responsibilities of the London Housing Board to the Mayor of London. Previously such powers were vested in the Government Office for London and thus with Whitehall. The equivalent strategic planning powers in London lie with the Mayor, though in other regions it is the government's intention to join these two boards for (housing and planning) by September 2006.

Similar arguments could be said to apply to the allocation of affordable housing resources. However, the boroughs were likely to be cautious about the transfer of resource-distribution powers to the Mayor. Local authorities are often more comfortable with allocations made by Whitehall agencies than by regional or upper tier elected bodies. However, the precedent of GLA functional body allocations to boroughs had already been set by Transport for London.

Learning & Skills

Several possible options for reform were put forward for consideration. Each option would have given the Mayor a stronger role in relation to skills and training in London. The Mayor proposed that the five Learning & Skills Councils in London should be merged and become, in effect, a single mayoral functional body. The government accepted this option as a possibility, but also suggested a number of more limited ones. A less radical proposal was to give the GLA a seat on the new LSC Regional Board or, alternatively, some kind of partnership between the London Development Agency and the Regional Skills Partnership. Even less radical was the proposal that the Mayor should be 'consulted' on proposals for post-19 training and skills, or that new Regional Skills Partnership arrangements be retained with no further change.

At the time of the consultative document, LSCs were quangos, appointed by the Department for Education & Skills and accountable to the Secretary of State. Yet the public provision by further education colleges and other LSC-funded bodies was primarily concerned with improving the skills of Londoners and thus strengthening the London economy. This economy and its labour market are unique within Britain. The Mayor argued that it was hard to see how a Whitehall department and its agencies, with their nation-wide responsibilities, could possibly deliver services with the sensitivity required to meet the needs of the specialist London labour market.

Planning

Under the original GLA legislation, the Mayor sets a strategic planning framework within which the boroughs draw up their own plans in their Local Development Frameworks. While the Mayor had been given the power to veto larger individual planning applications, if they did not conform to his London Plan, he was not given the power to direct approval. It was possible for the boroughs to stop major developments that the Mayor might wish to approve, although there was always the possibility that the Secretary of State might 'call in' the proposal.

The Government's options for reforming the planning system in London were the most controversial of all those put forward in the consultation document. First, it was suggested the Mayor might be given more powers to influence the boroughs in their plan preparation. Second, as far as development control is concerned, three possibilities were outlined:

- to make the Mayor the development control authority for major classes of strategic planning in London. The Mayor would replace boroughs in this role;
- development control powers should remain with the boroughs as now, but the Mayor would be able to direct refusal or approval for major classes of planning application;
- minimal change.

The first of these three possible changes would represent a major shift of power from the boroughs to the Mayor. Potentially, this reform could lead to very different planning decisions - as compared with those that would otherwise be made - where the Mayor's policy proved to be significantly different from that of the local borough. As a proposal for potential reform, this idea pivots perfectly above the historic fault-line

between metropolitan and local interests. At a time of rapid population growth and intensification of the capital, it is of significant importance.

In a city enjoying relatively rapid economic growth, it is inevitable there will be conflicts between neighbourhood/local interests and those of the city as a whole. People and jobs must be located somewhere. Yet there is often a desire to ensure that someone else's area copes with the difficulties associated with construction work, economic interventions and social change. Moreover, British public policy is poor at underpinning major developments with either the 'hard' or 'soft' infrastructure needed to allow them to work well.

There would be a risk that a radical reform to development control powers, perhaps either by making the Mayor development control authority for larger schemes, or even giving him the power to direct approval, would provoke the boroughs into negative and oppositional tactics. On the other hand, there was no doubt that London needed to be able to deliver major strategic developments in such a way that localised, pockets of opposition could not halt them. National planning and economic competitiveness issues were tied up with what, otherwise, looked like a London political question.

Waste Management and Waste Planning

Waste management and planning have become increasingly politically salient issues, given the growth in political concerns about the environment. At the time of the government's consultation on the future of the GLA's powers, arrangements for dealing with waste were still heavily influenced by the fall-out from the abolition of the Greater London Council and the boroughs' relative autonomy in the period from 1986 to 2000.

For waste management, the Mayor proposed the setting up of a waste authority for London, accountable to him as a functional body, similar to Transport for London. As a possible alternative, the government suggested a city-wide waste authority made up of borough members plus a representative of the Mayor. As a third possibility, the government envisaged the extension of joint arrangements for parts of London. Finally, there was a 'do nothing' option.

There was a similar range of options for waste planning. The Mayor could become responsible for waste control and use of sites; or there could be a borough-led waste authority; or there could be sub-regional waste planning authorities; or the Mayor's existing planning powers could be strengthened. The possible combinations of solutions were relatively large in number.

Given the important role of the boroughs as refuse collection authorities (where there was no proposal for reform), it was hard to envisage a solution where these authorities did not have a continuing role in waste disposal and management. Equally, the impossibility of managing or planning waste in 33 different small areas of the capital suggests there was a need for a city-wide institution.

Police

The Greater London Authority Act, 1999 created a Metropolitan Police Authority (MPA), which for the first time provided an element of democratic oversight of the Metropolitan Police Service. The MPA is a functional body of the GLA. The Mayor appoints 12 members of the London Assembly to the Authority. The remaining 11 members are either 'independents' or are appointed by the Home Secretary. The Mayor determines the MPA's budget but has no role in policy. Indeed, the fact that the MPA's 'elected' representatives are drawn from the Assembly, though appointed by the Mayor, creates tangled political accountability. The Metropolitan Police Commissioner, who is appointed by the Home Secretary on behalf of the Queen, is, as are all other chief constables, responsible for operational policing decisions. In its November 2005 consultation paper, the government proposed that the Mayor should become chair of the Metropolitan Police Authority.

Fire and Emergency Planning

Under the post-2000 arrangements, the London Fire & Emergency Planning Authority (LFEPA) is a functional body of the GLA, with a board appointed by the Mayor. The Mayor appoints nine LFEPA members from the London Assembly and eight from a list of nominees provided by the boroughs and the City of London. The government proposed to re-configure the membership of the London Fire and Emergency Planning Authority to enable the Mayor to appoint three members to represent business, other groups and one to champion 'resilience'. There was also a government proposal to give the Mayor powers to give LFEPA directions and guidance.

Giving the Mayor the power to give guidance to LFEPA was a logical step in tidying-up the GLA. As the Mayor appoints the board and sets the budget, there is a strong case for ensuring policy-making is also located at City Hall. Indeed, this linkage of mayoral board appointments, budget-setting and policy direction is one that for the sake of transparency and comprehensibility should, logically, be extended to any GLA functional bodies, current or proposed.

To reinforce the Mayor-as-executive system, there is also sense in giving the Mayor as much freedom as possible to make board appointments. Such a position need not rule out a legislative requirement that the boroughs, business and other interests be given statutory rights to be appointed. However, there is a strong argument for ensuring that the public perception that the Mayor is 'in charge' of a particular service should be matched by the relevant powers to deliver.

Culture, media & sport

This section of the consultation document pointed to London's success in winning the contest to host the 2012 Olympic Games. It then went on to state that the cultural institutions located in the capital were so important that 'they cannot be looked at in isolation from the other regions and nations'. It was proposed to retain the existing arrangements whereby resources flow through the DCMS, the Lottery and non-departmental public bodies to institutions based in London. The GLA, however, should continue to work 'in partnership' with the array of organisations currently responsible for provision of culture and sport.

The government did not address the argument for giving the Mayor responsibility for those programmes and facilities that were wholly or largely of city-wide or regional (ie not national) importance. A proportion of Arts Council funding, in particular, fell in this category, as would much heritage expenditure. It is worth noting that many of English Heritage's London responsibilities had been transferred to it from the Greater London Council in 1986. On the other hand, national institutions that happened to be located in London including the National Theatre, the Royal Opera House, the British Museum and other 'national' bodies were, logically, more properly funded from the centre.

GLA Internal operations

After six years of operation, a number of potential reforms to the operations of the GLA have emerged as possibilities. Generally these proposals have been made in response to perceived weaknesses in the arrangements set up in 2000. Again, possible changes were listed as a menu in the government's consultative paper: it would not be necessary to undertake any or all of them for the service transfers discussed in the earlier sections to be enacted.

First, the government considered the possibility of giving the Assembly a more formal role in policy-making. The idea that the Assembly could have the right to veto a Mayoral strategy or policy with a two-thirds majority, as with the budget, was put forward for debate. Alternatively, the Mayor could be required by law to 'have regard' to

the Assembly's responses to consultation. The government also put forward the possibility that the Assembly could be given a more general power to scrutinise any pan-London public services, including those proved by institutions outside the GLA.

Finally, the government stated it had an 'open mind' about the Mayor's proposal that the Mayor and Assembly should each appoint their own staff. The 1999 legislation required the Assembly to appoint virtually all GLA staff apart from a few mayoral advisors. In creating the GLA the government hoped that by giving the Assembly powers to appoint almost all the Assembly's officers, it and the Mayor would be encouraged to operate in a consensual and constructive way. In reality, the process of appointing senior officers and advisors has been obscure and a challenge to accountability because of the need for unobserved horse-trading about appointments. Worse, the fact the Mayor did not appoint senior GLA executives had the effect of weakening the relationship between the Mayor's Office and its top officials. This problem was reinforced by the GLA senior staff's need to work for both the Mayor and the Assembly.

The government consulted on its various proposals and options from November 2005 till February 2006. Then, after five months of consideration, a final set of proposals was published in July 2006. These reforms are considered below.

3. Service transfers not discussed in the consultation paper

Transport was, albeit briefly, considered by the government's consultative paper. It was proposed to remove the prohibition on the Mayor making appointments of elected representatives to the Transport for London (TfL) board. Such a change would bring TfL into line with the other functional bodies. But no other substantive changes to transport were suggested.

Transport was the largest of the powers originally given to the Mayor of London. By 2006-07, TfL had a gross annual budget of £5 billion, making it the highest spending of the four existing functional bodies - the Metropolitan Police Authority's budget in 2006-07 was about £3 billion. The Mayor can choose to chair the TfL board. Ken Livingstone has done so since TfL's creation in 2000. The Mayor also appoints all its members and sets its budget.

Separately from the government's consultation on the future of GLA powers, proposals had been made by the government and contained in the Railways Act, 2005 to extend the Mayor's responsibilities to make service agreements with 'overground' commuter railway operators. In February 2006, the Department for Transport announced that the Mayor and TfL would assume regulatory responsibilities for

Silverlink rail services in North London from 2007. This change would bring the North London line and the Barking-Gospel Oak line within the oversight and planning control of TfL, though train operations would continue to be contracted out to private companies. The Railways Act, 2005 created the possibility that other commuter rail lines could be transferred to the Mayor and that TfL's board could, accordingly, be extended to include two members to represent the interests of those living and working beyond the GLA boundary. In early summer 2006, the government announced that the paperless 'Oystercard' ticketing system would be extended to cover all the national rail system in London.

TfL, which was created as an agency of the Mayor, has been viewed as a major success within Whitehall (ODPM, 2005, p12). Because of its powers and resources, it has become the envy of other major British cities. Although the November 2005 consultative paper did not propose any further or radical extensions to TfL's powers, the broader tone of the document was enthusiastic about the operation of the institution.

Beyond transport, it would have been possible to consider a number of other possible reforms or functional transfers between tiers of London government that would, potentially, have improved the effectiveness of the city's government. The GLA could assume additional functions by the extension of its existing 'core-and-functional body' structure. The boroughs could add or remove services in the same way as they have in the past.

Thus, for example, ex-Greater London Council heritage functions could have been proposed for transfer from English Heritage, a government-appointed board, to the Mayor. The administration of magistrates' courts could, similarly, have passed to the GLA. It would also have been a good opportunity to consider the rationalisation of British Transport Police and Metropolitan Police functions within the capital. More radically, it would have been possible to propose the transfer of strategic health authority functions to the GLA. After all, the NHS had continued to operate in Wales and Scotland after control of the NHS had shifted to Cardiff and Edinburgh at the time of devolution. Other parts of Whitehall could also have been devolved to the Mayor.

It would also have been possible to propose service-transfers between the boroughs and the Mayor - or vice versa. Inevitably, a new system of city government would need to be fine-tuned in the years after its creation. For example, there would have been an argument for shifting oversight of borough performance and/or control of central government's grant support to the GLA. Such moves would have brought London into line with Wales. However, they would have been very unpopular with the boroughs, which, without doubt, would prefer to be overseen and to receive funding from central government than from the Mayor or an agency of the GLA.

Rather less controversially, there might have been grounds for making a number of service transfers from the boroughs to the Mayor. Such transfers potentially included waste regulation; funding for voluntary organisations, currently a borough-run London-wide scheme; major roads that had not been transferred in 2000 and a number of open spaces such as Hampstead Heath. Control over parking rules and fines might also, with some logic, have been made a London-wide arrangement.

But even modest 'upwards' transfers of this kind, like the proposed changes to the planning system considered earlier, would have been fought by the boroughs. In a country as centralised as England, proposals to transfer power upwards, even from a London borough to the Mayor, will be seen as additional centralisation. Even if the Mayor became a more powerful figure in relation to the centre, the boroughs would be most unlikely to be comfortable with any power transfer to City Hall.

Alternatively, in the spirit of devolution, there could have been arguments for transfers from the Mayor to the boroughs. For example, some boroughs would like to have greater power over TfL roads. There would also be arguments for stronger borough control over policing, especially as there is a borough-based arrangement for running local policing within the Metropolitan Police. The November 2005 consultation paper referred briefly to the possibility of a stronger borough role in policing. Finally, Mayor Ken Livingstone had publicly proposed that a 'senate' of borough leaders might take over the Assembly's role within the GLA.

In the end, the government's consultative document stopped short of making proposals beyond the ones described earlier. However, it is almost inevitable that, in the future, proposals will be made to undertake a further review of the GLA, and possibly London government more generally. If and when this were to happen, some of the more radical options briefly outlined above would probably be proposed.

4. The final proposed reforms and their impact on the GLA

The Mayor

The government's proposals, published during the summer of 2006 (DCLG, 2006), represented a significant enhancement of the GLA's powers. The Mayor gained a number of important new responsibilities, while the Assembly's role was marginally strengthened. The key new proposed mayoral powers were as follows:

o responsibilities of the London Housing Board transferred to the Mayor, who will produce a Housing Strategy for London and determine the broad distribution of affordable housing resources for the capital;

o the Mayor to be able to direct changes to boroughs' programmes for the local development plans they produce, and to have a stronger say as to whether local development plans conform to the London Plan. Also, the Mayor will have the discretion to determine planning applications of strategic importance;

o a new London Skills and Employment Board to be created. The Mayor to prepare an Adult Skills Strategy for London. A single Learning & Skills Council for London will be required to spend its adult skills budget according to priorities set out in the new strategy;

o a new London-wide Waste and Recycling Forum to be created, with resources from a new London Waste and Recycling Fund. Mayor to have new powers regarding waste planning;

o in future, the Mayor would be able to appoint the chair of the Metropolitan Police Authority, and could appoint him/her self to the role, and would also be given powers to direct and issue guidance to the London Fire & Emergency Planning Authority (LFEPA).

o the Mayor to appoint chairs and some board members of arts, sports and museums bodies;

o other new powers given to the Mayor included a requirement to produce strategies to tackle health inequalities and to address climate change.

The government's proposals to change Assembly powers were relatively modest. In future, the Assembly would be able to set its own budget and would be required to publish an annual report setting out its work and achievements. It would be empowered to hold confirmation hearings with candidates for key appointments proposed by the Mayor proposes. The Mayor would, in future, 'be required to have specific regard' to the views of the Assembly in preparing or revising his strategies and to provide reasoned justifications where he does not accept the Assembly's advice. Finally, the Mayor and Assembly would jointly appoint the GLA's three senior statutory posts, such as the Chief Executive.Senior officers would make other staff appointments.

If the proposals are compared with the options summarised in the previous section, it is clear that Mayor was successful in gaining control over key strategic elements of

housing and planning. Reforms to the Assembly's powers are more limited. There were no proposals to make radical alterations to the way in which the Mayor, the Assembly, senior officers and the functional bodies work together. The 2006 proposals were limited in scope and likely effect.

The new duties to allocate 'affordable' housing resources and the power to intervene in borough planning processes (in particular, the capacity to determine all major planning decisions) represented a significant shift of power to City Hall. The Mayor would, in future, have a significantly enhanced capacity to locate additional subsidised housing and also to over-ride the boroughs in their local planning role.

Other elements of the transferred powers were less significant. The Mayor had lobbied for the London Learning & Skills Councils to become, in effect, a functional body of the GLA. The Department for Education & Skills was evidently not prepared to go this far, and evolved a compromise where the Mayor was able to determine policy and chair a board empowered to deliver adult skills. Similarly, the Mayor's bid for power over waste regulation was met by opposition within DEFRA. The resulting waste powers fell well short of what City Hall wanted.

Additional responsibilities to appoint the chair of the MPA and appoint two members and give directions to LFEPA will have the effect of strengthening the Mayor's influence over police and fire. But the new powers still leave the Mayor well short of the kinds of power enjoyed by American mayors.

Nevertheless, the government's 2006 proposals are likely to have two effects. Firstly, they entrench the GLA's powers and suggest that, with care, the Labour government might be willing, in future, to consider additional steps to enhance the powers of the Mayor. Secondly, they were likely to set the stage for a more combative relationship between the Mayor and the boroughs. A sharp shift of political control at the 2006 borough elections, when the Conservatives gained control of a number of boroughs, could provide the basis for such combat.

The Assembly

The government has decided to make three changes to the Assembly's responsibilities and position. First, the Assembly will be required to produce an annual report. Second, the Mayor must 'have regard' to Assembly views on strategy. Thirdly, the government has opened up the possibility of the Assembly holding confirmation hearings on key mayoral appointments. Such changes should have a modest impact on the Assembly's effectiveness, but other problems remain.

The 25-member Assembly exists to oversee and scrutinise the Mayor. Its single most powerful intervention is an annual opportunity to vote down the Mayor's budget. The Assembly also appoints a number of members who sit on the police and fire authorities, and a smaller number on the development agency. However, even after the government's proposed reforms, the Assembly currently has no binding vote on mayoral policies, strategies or appointments.

It has been suggested that the Assembly's role in providing a significant proportion of members for the police and fire authorities has created a conflict of interest (Travers, 2004). Put simply, it has proved difficult for the Assembly to scrutinise either the police or fire services. Many Assembly members believe that by being members of these authorities they can provide accountability. This potential confusion was not addressed by the 2006 review.

Another difficulty is that the Assembly has, because of its limited powers and small number of members, found it hard to develop an effective role for itself. Party groups are so small that there is little need for organisation or formality. Because the Assembly is not providing members for an 'administration' there is little need for conventional internal structures for business management. As a result, many members have felt the Assembly has performed less effectively than it might. The government's decision to require the Assembly to publish an annual account of its work and achievements is intended to sharpen its performance.

5. Governance issues beyond the scope of the GLA review

The future of the London boroughs

The 2005 review was, according to the government, about the powers and responsibilities of the GLA. However several proposals had been put forward in recent years about both the number and the powers of the boroughs. It is inevitable that a number of borough-related issues will arise during any examination of London government.

The 32 boroughs have operated since 1965 and are among the oldest of all British political institutions particularly compared to endlessly-reformed local NHS bodies.. The City of London, of course, has enjoyed separateness and autonomy since before William the Conqueror arrived in 1066.

Some reforms that would affect the boroughs have been considered in the earlier sections of this paper. The most important of these will affect planning, where it is intended to give the Mayor greater power to determine the largest planning proposals. The

transfer of responsibility for the allocation of 'affordable' housing resources will also have effects on many boroughs. The immediate response of the Association of London Government, which represents the boroughs, was to be very cautious.

The highly-charged question of whether or not 32 is the correct number of boroughs has also been considered in recent years (Young, 2006), although it did not feature officially within the review of the GLA. Some commentators have suggested 14, others, notably Ken Livingstone, as few as five. The boroughs themselves have not shown enthusiasm for a reduction in their number. In the event, the outcome of 2006 review did not suggest any reforms to the boroughs beyond those discussed above.

Urban Parishes

In its 2005 election manifesto, the Labour Party proposed that urban parishes should be introduced in London. Such bodies would operate within each borough and would, presumably, require their own resources and electoral legitimacy. No firm proposals have yet been put forward about London's new urban parish tier, though the government appears to remain committed to a level of governance below existing councils.

A City Charter

A further possible reform of London's government arrangements provokes the question of whether London's system of government could be subjected to some form of 'city charter' that could provide a longer-term basis for a constitutional settlement between central government and the GLA and also between the GLA and the boroughs. Arrangements of this kind exist in the United States and could, presumably, be created in Britain. However, the lack of a written constitution in this country might make the possibility of enforcing a charter of this kind rather more difficult than in countries that have them.

6. Conclusions

London government has rarely remained unreformed for many years at a time. In the half-century since the Herbert Commission was set up, there have been several reviews and a number of reforms. It is unlikely that any other major city in the world has been the subject of so much analysis, debate and change. The reforms of 2000 were radical. They introduced into the British political system the concept of an executive, directly elected mayor.

The service responsibilities given to the Mayor of London were greater than those that the Greater London Council had enjoyed in its most powerful period between 1970

and 1984. The reforms now proposed to extend the Mayor's powers, coupled with the growing responsibilities for railways, will make the GLA more powerful than any earlier London-wide authority with admittedly the large exception of the London County Council (LCC). However, the LCC operated only over the inner quarter of today's administrative 'London'.

Young has argued that Ken Livingstone's commentary on the government's 2005 proposals amounted "to a powerful case for transforming his office into that of a strong metropolitan decision-maker" (Young, 2006). The Mayor's proposals suggest a drift, according to Young, from "metropolitan management as a negotiation process, to one of the exercise of executive authority". Strong executive models of metropolitan management "tend to produce deep conflicts that, in time, erode their support and lead to their dissolution". Thus, according to Young, Livingstone is inevitably taking a "route back to past conflicts".

The long sweep of London history suggests Young's pessimism could be well placed. The Metropolitan Board of Works and the Greater London Council, in particular, faced bitter opposition and threats of abolition from lower-tier authorities. The relatively powerful LCC was more popular among its metropolitan boroughs, particularly when proposals were put forward for their joint abolition in the 1960s (Rhodes, 1970).

On the other hand, the world has changed from that of even the 1970s or 1980s. International pressures for economic and social change, commonly referred to as 'globalisation', have turned London into a very different city from that of the LCC or GLC. Much global trade moves through London. International immigration has turned the city into one of the most cosmopolitan in the world. Influences ranging from terrorism to tourism have meant that London's metropolitan government and its boroughs have become the place where the global meets the local.

Perhaps the capital has a greater need than in the past to make relatively rapid changes in its economy and housing - and therefore in its land-use and the training of its workforce. The changes put forward by the government during the summer of 2006 would certainly have the effect of tilting the balance of power in London from the boroughs to the metropolitan level.

There is no doubt that local and neighbourhood interests remain strong in the city. Conflicts over major planning decisions can spark fierce disagreements between the Mayor and particular boroughs. Even more trivial issues, such as bus lanes or traffic calming can produce aggressive disagreement between the two spheres of government. The complexity of the wider 'governance' system in the capital undermines public comprehension of who is responsible for what.

If a more powerful Mayor is to be accepted, the city's residents and businesses will have to understand the need for the new balance that is to be struck between 'borough' and 'metropolitan' interests. A city that is growing rapidly and which is open to global pressures is certainly different from the London of the period from 1939 to the mid-1980s. If the population does not accept its new system of government, it would indeed be possible for reform (or even abolitionist) pressures to develop. Ken Livingstone and his successors will need to take the electorate with them as they accumulate power and change the city.

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3. London's Economy and Employment

Ian Gordon

London has, quite reasonably, been seen as one of the success stories of the British economy over the last 20 years or so, with strong growth in employment, population and earnings. This is linked particularly to the strong performance of business service activities across an extended central area which now stretches from White City in the west to Canary Wharf in the east, north into Islington and across to the South Bank of the Thames. This pattern of growth was particularly striking after the previous 25 years or so, when the frontier of expansion seemed to have moved out to the edge of a much wider metropolitan region, covering much of South East England. During that time, population and employment levels inside Greater London were almost continuously declining, and most rapidly across the inner areas. The exception was a small island of modest growth within the central business district. This turnaround in performance of the capital's own economy has been seen both as a harbinger of a wider resurgence of core cities in a more competitive post-industrial economy and as a specific reflection of the dynamism of its 'global city' functions. The Mayor's London Plan tended to take the latter view, and more significantly it is remarkable for its thoroughgoing acceptance of growth, in almost all its forms, as a continuing reality The major plank of the spatial strategy aims to accommodate this growth within Greater London - through densification of development and redirection of growth to the east.

Four years down the line from preparation of that Plan, and with its first review just underway, there are three major questions about this strong growth scenario that particularly deserve attention in relation to the economy and employment:

- **o** Growth: how firmly founded do the growth assumptions now look, in relation to further evidence and experience?
- **o** Centralisation: is continued or increased concentration of economic employment growth within inner areas inevitable or desirable? And
- **o** Worklessness: why is this so high in London relative to other regions, given the apparent strength of its economy - and what should be done about it ?

1. Growth

The expectations, both of planners and other observers, about growth prospects for London hinge very largely on the evidence of current and past trends, particularly in terms of employment. These are obviously very important, though instabilities in these and uncertainties about data quality can make them rather hard to pin down. Judgements about how they should be interpreted, including how far back one should look, depend a lot on the kinds of process which are thought to shape growth prospects. For London, some of the major issues may be highlighted with three rather simple 'stories' or perspectives about key processes and changes, focusing respectively on: sectoral change; cost factors and specialisation; and on a revaluation of urban agglomeration as a source of competitiveness.

1.1 Three Perspectives on London's Resurgence

Sectoral transition and the post-industrial economy

Since the early 1960s a major restructuring of the British economy in sectoral terms has seen a great reduction in jobs within production sectors of the economy and in freight transportation. Its place as the dominant sector of employment, and driver of most regional economies is being taken over by principally office-based services. Underlying these changes at a national scale are issues both of comparative advantage that affect sectors' share in output and of faster productivity growth in the goods-related sectors - as well as of competitive failure in a number of key manufacturing activities. In London, the decline of manufacturing and freight transport proceeded much more rapidly than elsewhere for cost-based reasons linked to tighter space constraints/congestion. There was also a stronger base of activity in business services on which to build.

London's employment declined both absolutely and relatively to the country as a whole, up to the point at which business services became the larger sector in employment terms in the mid-1980s. After this, the impact of continuing positive growth rates in the sector came to overwhelm that of continuing rates of decline in the goods-related sectors - with a tendency for net growth to accelerate until manufacturing employment effectively vanished from the scene. A similar pattern took place in New York, where the cross-over point arrived five to ten years earlier (Gordon and Harloe, 1992). This account implies that London's (or indeed New York's) current growth advantage essentially depends on the post-industrial bias of its inherited employment mix. This is at least consistent with the fact that, within almost every sector, employment in

London has tended to grow less rapidly, or decline faster, than in the country as a whole (LSEL, 2004).

Cost factors and specialisation

Because of the space constraints and congestion mentioned above, London has been an expensive location from which to operate in terms of input costs - and will remain so as long as other advantages suffice to keep demand up, and rents high. Many of the compensating advantages may be thought of as agglomeration economies, with the scale and variety of activity, markets, information sources and labour pools serving to raise productivity levels for London businesses. But they do not do this in a consistent way, and for many routine activities producing fairly standard and readily transportable products/outputs there may be little or no productivity benefits available to off-set London's higher costs. Hence, London is unlikely to be a viable location for 'real' manufacturing, as distinct from publishing (which is nominally counted in this sector) or the strategic sales, design and co-ordination functions of manufacturing businesses. The natural/expected pattern of specialisation is one with a strong tilt towards sophisticated, fashion/market sensitive products and activities demanding face-to-face contact with people outside the organisation.

These selection pressures have implications for the growth or decline in employment because the boundaries between the routine, novel and one-off are not fixed. There are continuing incentives and pressures to reorganise activities and production processes in order to allow all or part of these to be shifted to lower-cost sites. This happens particularly in the wake of boom periods that heighten the cost disadvantage or when product market competition is growing. An example is the City financial services' recent interest in off-shoring business process work to India (Gordon et al., 2005). But opportunities to pursue these, and the balance of locational advantage can be expected to shift, as between the earlier, more innovative phases of a sector's development and its maturity. Hence the story of change in the post-war London economy is not simply one of a transition from goods-related activities to 'pure' services, or even the 'knowledge industries'. Rather it is one of a series of activities which have passed in turn from phases of strong growth in London, associated with new product development and quality-based competition, to standardisation, price-based competition and some combination of mechanisation and decentralisation of employment - as, for example, with the clearing banks, insurance and various public services. These processes of change naturally tend to be uneven, so contributing to the volatility of employment swings. Their net effect is rather unpredictable, since sustaining or expanding job numbers in London depends upon the emergence of new product and activity types that require the peculiar assets and agglomeration economies that London offers. Even assuming this continues over the long run, there is no guarantee, from this perspective, that the competitive success of London-based businesses will be translated into employment growth within the city, as distinct from high and rising earnings, rents and qualification levels among the workforce. And, while there are uncertainties, discussed below, about recent trends in total London job numbers, there can be little doubt about the qualitative upgrading of the job mix and earnings levels in London over the past 25 years or so.

A revaluation of urban assets

As well as these continuing life cycle processes in particular activities, and the longer-term shift from a factory - to an office-based economy, there is an argument that changes in the intensity and form of economic competition over the past quarter century have generally enhanced the competitive advantages of location in large, diverse metropolitan environments, for a wide range of activities. The rationale stems partly from: the more sophisticated strategic tasks and opportunities thrown up by greater internationalisation of economic relations; and partly from an increasing emphasis on various kinds of flexibility, as needed to respond effectively to the new, more intense and less predictable competitive pressures arising from this wider economic integration. Both developments imply a much greater reliance on sources of expertise, labour, and services outside the organisation/firm. This reverses a tendency to internalisation that took place through much of the last century - and a renewed emphasis on the value of face-to-face interaction in places with a rich stock of these assets. The significance of this perspective is that it suggests a more dynamic basis for continued extensive growth in the London economy on a new growth path, which may just have started. In practice this is not easy to substantiate, e.g. by showing that internationally-oriented businesses have tended to grow faster, which does not actually seem to be true in the London case (Buck et al., 2002). Since space constraints (and cost competition) will still operate, the longer-term effects may well be seen (again) more in terms of higher London incomes than a substantial sustained expansion in employment within the city.

These three perspectives do not exhaust the plausible kinds of explanation, which could be offered for recent and prospective employment trends in London. For example, it would seem obvious that the large new immigrant flows since the 1990s, both from poor countries and from the A8 group of EU entrant nations - involving strong push factors as well as an attraction to London - must have had some impact on employment growth here, particularly in those less well paid jobs where the local

labour supply is inelastic. This would be consistent with recent evidence showing that from the 1990s, though not before, London displayed faster employment growth in the worst paid job types, as well as in the best (Kaplanis, 2006). This seemed to be true in 1980s New York, with its much larger immigrant influx at the time (Gordon and Sassen, 1992). But, the three broader stories between them illustrate the real uncertainties involved in attempting to infer the scale and direction of future employment change from the experience of a period of growth. In any case, a key question is how strong and sustained is the actual evidence of job growth in London, to which we now briefly turn.

Trends and Trend Projections

Identifying the underlying trend rate of growth in London employment is far from simple. The most basic reason is that the available data series provide quite contradictory evidence, for those time intervals when they can be compared, while the sources which appear least subject to bias (the Census and Labour Force Survey) are available for fewer time periods and/or subject to a degree of sampling error that makes change estimates imprecise. The other is that there have been some very large cyclical swings in employment, with two booms and a bust between 1983 and 2000, in each of which London employment went up or down by more than 250,000 jobs within a 5 year period.

The existence of a very large discrepancy of around 15% between the employer-based Annual Business Inquiry's (ABI) estimates of London jobs and those from the worker-based Labour Force Survey (LFS) and Population Census has been known of for at least 5 years. It was clearly documented by Urwin (2003), though no practical steps seem to have been taken to resolve it. If the gap was more or less constant from year to year this would not be too worrisome, but unfortunately the two sources provide very different estimates of the scale of London employment growth during the 1998-2000 boom, when the ABI suggests a net increase of about 315,000 jobs[i], and the LFS of just 108,000. This difference is much too large to be explicable in terms of sampling or respondent errors in the LFS. With its basis in very large numbers of individual responses from individuals about the location of their workplace, it is very hard to see that there could be systematic sources of bias in this either at a pan-London scale (still less ones which shifted so much over a couple of years). On the other hand, the ABI's more complex procedure of sampling establishments from the IDBR register and securing responses from firms which correctly relate to single sites seems much more vulnerable to both systematic and shifting biases.

It is therefore much safer to rely on the LFS workplace employment figures for estimates of medium-long term change for the period since 1992 for which these are available. Between 1992 and 2000, when the UK economy was growing at 3.3% p.a., well above its trend rate of growth, as it climbed from recession to another boom, the LFS records an addition of 381,000 jobs in London's employment, an increase of about 48,000 jobs per year. Between 2000 and the start of 2006, however, when the UK economy grew pretty much on trend, at 2.5% a year, London's recorded growth was down to 45,000 jobs, or about 8,000 jobs per year[ii]. Looking back for previous years on the same growth path, since when national GDP growth has averaged close to 2.5% a year, - to 1981, 1986 and 1990 - we find average growth rates for London employment up to the start of this year which average 6,000, 7,000 and 2,000 jobs per year. These suggest that the modest rate of growth since 2000 is very much in line with trends over the last couple of decades, rather than being exceptional.

GLA projections have taken a much more positive view, however. Those prepared for the 2002 version of the London Plan involved a growth of 635,000 jobs between 2001 and 2016. This was revised down in the 2005 projections that were prepared in the run up to the current Plan review, to a growth of 541,000 between 2002 and 2016 (GLAE, 2005). Since employment was recorded[iii] as having fallen by 98,000 between 2001 and 2002, this actually implied a growth of just 493,000 over a 2001 base - 142,000 less than in the Plan. A further 411,000 jobs were projected to arise over the following decade, to 2026 (the end-year for the Plan review).

This scale of growth is not inconceivable, but it represents a very optimistic reading of past trends - which after due allowance for the ABI's exaggerated estimates of the scale of the last boom actually point to the likelihood of a much more modest expansion. It also seemingly ignores the recurring tendency for London employers to respond to high cost factors in the city by finding ways of dispersing work which does not absolutely require the distinctive assets and face-to-face communication possibilities that are London's essential competitive advantage.

Centralisation of Economic Activity versus Balanced Growth Across London

A second key issue is about where any major employment growth within London would or should be located. As with the issue of the overall scale of growth, the London Plan tends to treat this issue as more or less pre-determined by London's structure and role. A strong concentration of growth in business service activities implied an inexorable requirement for this to be closely associated with the established central business district. From a wider regional perspective, it is clear that the

'capital city', and to some extent also the 'global city' economy, now operates on a distributed polycentric basis, with central London as much the largest, but by no means the only, focus for activity, within a networked regional economy encompassing Cambridge, Oxford, and much of the South Coast (Hall, 2004). Each of these centres clearly offers distinctive kinds of competitive advantage as locations for particular sets of highly competitive and dynamic businesses, each with their own mix of locational requirements. Within the much narrower territory considered by London planners, there is an issue now as to whether there cannot also be viable secondary centres in outer London for outward-looking businesses - rather than simply for servicing a residential population that draws its basic living from jobs in either central London or one of the outer metropolitan centres beyond the GLA's boundaries.

This is not an issue which received any direct attention in the 2004 London plan, where the explicit focus was much more on tackling the east-west balance - seeking to reverse the market's past preference for the west - than on the division of activity between inner and outer centres. In practice, its priorities actually seemed more sharply articulated on this dimension, with employment growth forecasts, shading into targets, allocating the great bulk of growth to parts of inner London in or abutting the established central area and its Canary Wharf outpost, and with a largely radial bias to its major transport projects. These are presented as basically a reflection of inevitable market trends/preferences and were not the subject of substantial argument in relation to alternative patterns of development.

The perceived neglect of outer London potential and issues was the subject of some criticism at the time of the Plan's Examination in Public, and perhaps in reaction to this, the Statement of Intent for the current Plan review gave substantial weight to the role of the suburbs. There is rather little of substance to reflect this in the subsequent 'Draft Further Alterations to the London Plan', where these outer areas are treated as 'primarily residential'. And the Mayor's proposed restructuring of the Plan's sub-regional framework, which already included the financial centre within East London, would now obscure the inner/outer distinction further by dissolving the Central London sub-region completely. Moreover, the new set of GLA Economics borough employment forecasts prepared for the Plan review (Melville, 2006) again - rightly or wrongly - allocate the expected net employment growth overwhelmingly to Inner London. This is despite the fact that much of the population and labour supply growth is expected to occur in the outer boroughs.

In this context, the time is right for a more substantial debate about the inner-outer dimension of change within London, focused on four questions:

o Is it realistic to assume that future London employment growth, at whatever scale this may occur, will inexorably concentrate within Inner London, deepening and extending the established central area?

o How does it matter, if at all, if employment growth is concentrated in this way, while population growth is more widely dispersed across the city?

o What kinds of strategic intervention and local policies would be required to stimulate faster growth in a number of outer London employment centres? and

o What is the practical significance for outer areas of planning on the basis of expectations of slow growth at best in their areas?

It is a fact, which needs to be recognised, that in the period of London's economic resurgence since the early 1980s, employment growth has tended to be very heavily concentrated in Inner London. It has received 80% or more of net job increases, with growth rates around 3 times those enjoyed in Outer London. Table 1 illustrates this unevenness for the years between the last two Population Censuses. This was not always the pattern, however, and during the 1960s and 1970s it was Inner London which clearly appeared as the 'basket case' in economic terms, largely because it was

Table 1. Employment Change By Workplace and Residence 1991-2001

	Employment by Workplace			Employment by Residence			Net Commuting	
	1991	1991-2001 change	% change	1991	1991-2001 change	% change	1991	2001
Inner London	1809	359	19.8	957	292	30.5	852	919
Outer London	1540	97	6.3	1869	187	10.0	-329	-419
London Fringe	801	120	15.0	909	81	8.9	-108	-69
Rest of Outer Metro Area	1544	224	14.5	1728	172	10.0	-184	-132
London Metro Region (total)	5694	800	14.0	5463	732	13.4	231	299

Note: Numbers are in thousands
Source: Census of Population

the first of the 'rings' of the region to be affected by rapid deindustrialisation and by congestion problems impacting particularly on the good-related sectors of the economy (Buck et al., 1986). Those sectors of the inner economy effectively vanished and ceased to generate further job losses, while these processes came to have a greater impact in Outer London. Slower employment growth rates in outer London since the 1980s owe quite a bit to continuing manufacturing job losses, though the potential for these is now almost exhausted there too, and to a weaker representation than in the centre, both of the business services which have been responsible for most new job creation, and of the cultural sectors which have also contributed recently.

It is true in addition that, within particular sectors, employment growth rates have tended to be less favourable in the outer areas - relative not only to those in Inner London but also to the two neighbouring regions, including the immediately adjacent zones around the M25. A general kind of explanation is that most of Outer London 'falls between two stools' economically. It cannot match the distinct kinds of competitive advantage available in central areas, with their very strong local concentrations of specialist services, excellent access to rail services (both to access the UK market and the wider region's skilled labour pools), and infrastructure support for regenerated ex-transport sites. Nor can they match the advantages in the Outer Metropolitan Area - with the abundant space, locally resident skill concentrations, superior motorway/port (and even airport) access, and second-best rail access both nationally and to central London. This interpretation was strongly supported by the mid-1990s TeCSEM survey of location factors and judgements among businesses in London and in the Thames Valley (Cheshire and Gordon, 1994; Gordon, 1997). Such arguments have a general bearing on, for example, the kinds of employment density and rent levels, which can be expected in the outer ring. But they do not necessarily imply that growth will be much slower. Nor are relative disadvantages in terms of accessibility, constrained space supply or lack of local agglomeration economies necessarily fixed: the scale of growth in inner London since the mid-1980s at least partly reflects the impact of planned interventions on space supply and local transport accessibility.

Borough level employment forecasts, both in 2002 for the London Plan and recently for its review (Melville, 2006), involve a continuation of this pattern of uneven growth. In fact the later set envisage a growth of 503,000 jobs in Inner London and 54,000 in Outer London between 2003 and 2016, with further growth of 291,000 and 118,000 envisaged for the following decade. In both periods the projected rate of growth is substantially faster for Inner London, though less so after 2016. Whereas 56% of the base year employment is estimated to be in Inner London, 90% of the 2003-2016

growth is projected to occur there, and 71% of the 2016-26 growth. In the shorter term the imbalance is even more marked, with Outer London employment projected to regain only 5,000 of the 26,000 jobs lost between 2001 and 2003 by 2011. The pattern is thus one with growth very heavily skewed toward Inner London (mainly the City, Westminster and Tower Hamlets) up to 2011, and then starting to spread out rather more, until in the last 5 years covered by these projections the growth rates are nearly equal.

The earlier (2002) projections were a cause for concern, since they relied very heavily on judgements about where new commercial space was going to become available, which were arguably biased against outer areas, where potential sites tend to be smaller and less well known to government. On the other hand, these took no account of the disparity in actual growth trends between areas. The latest set is based on a more sophisticated methodology - reflecting a combination of past trends, expected space availability, and the effects of planned transport improvements on accessibility (Melville, 2005). However, with no details of this yet published, it is impossible to understand why the pattern of growth up to 2011 is so much more skewed against outer London than recent trends. What does seem clear is that there is some element of circularity between the local distribution of forecast growth and spatial/transport policy interventions, with expected growth justifying initiatives, which in turn underwrite growth expectations. It is also reasonable to question whether projections are realistic that assume the full implementation of elements in the Mayor's transport strategy - notably Cross-Rail - where there are very major doubts about resource availability. The forecast methodology would readily permit the implications of alternative scenarios to be developed, but there is currently no will to consider the implications of any alternative to such core elements of the Mayor's Plan.

There are some questions to be asked then during the Plan review both about the basis of local employment growth forecasts, and about the implications of taking further centralisation of economic activity within London as a given. But there are also issues about, whether and how it actually matters for the welfare of Londoners if uneven growth persists, since the economy and labour markets are so closely integrated across the city. Overall, it should be noted, the forecasts for sub-regions of Outer London involve just stability or slow growth rather than actual decline, even in the early years. Potential crises are limited to specific sectors as in the past. If growth in the wider region proceeds as expected, the outer areas should not experience net job losses. And commuting links between sub-labour markets in the metropolitan region are such that relative employment trends in parts of the region, even in relation

to groups of less skilled/less mobile workers, have rather little significance for local employment rates. These are, in any case, still significantly better in Outer London than in most inner areas, largely as a result of who lives where, and the personal strengths/limitations they are seen as possessing.

On the supply-side, putting these new workplace growth forecasts alongside residence-based estimates from the (Cambridge Econometrics et al, 2005) London/South East Commuting Study, undertaken for the Regional Assemblies and RDAs, points to some much increased imbalances with apparently strong implications for commuting (see Table 2). Employment among residents of Outer London is projected to grow by very much more than workplace employment in the area, indeed by as much absolutely as in Inner London, though at a slower percentage rate. As in the 1990s (see Table 1), this implies increased out-commuting from Outer London both to Inner

Table 2 Projected Employment Change By Workplace and Residence 2001-2016

	Employment by Workplace			Employment by Residence			Net Commuting	
	1991	2001-2016 change	% change	1991	2001-2016 change	% change	2001	2016
Inner London	2168	565	0.22	1249	189	15.1	919	1295
Outer London	1637	28	0.014	2056	186	9	-419	-577
London Fringe	921	119	12.9	990	57	5.8	-69	-7
Rest of Outer Metro Area	1768	243	13.7	1900	123	6.5	-132	-12
London Metro Region (total)	6494	955	14.7	6195	555	6.2	299	699

Sources: GLA Economics May 2006 for London employment by workplace; other figures from Cambridge Econometrics, 2005.
Notes: Numbers are in thousands
The GLA Economics workplace forecasts are actually 2003-based; changes are presented here against a 2001 base, for comparability both with the 2002 London Plan projections and the Cambridge Econometrics projections for employment by residence (in all zones) and by workplace (in the OMA), which take Census workplace and residence data as their base.

London, mostly by public transport, and to the Outer Metropolitan Area, much of this by car. Though a continuation of past trends, this raises significant questions both about capacity constraints and about sustainability, in terms of the growth of non-local car traffic.

A second potential reason for concern about the continuation of the slow growth trends relates to the potential for further weakening of the competitive position of Outer London centres as, and where, they fail to develop their own concentrations of economic strength and appropriate infrastructure to sustain these. Except at the ends of the extended east-west Central Business District and around Heathrow, the options for a more polycentric form of development within London (matching that in the wider region) would seem liable to be foreclosed over the Plan period, unless positively taken up within the revised Spatial Development Strategy.

The economic performance of Outer London sub-regions has been a neglected issue, since both problems and potential are more obvious in the central areas. Basic questions, which need to be addressed include:

- **o** how the relative disadvantages can be mitigated;
- **o** what distinct niche positions the particular combinations of assets/ accessibilities in various Outer London centres can build competitive strength in;
- **o** what critical inherited constraints on performance need to be overcome; and
- **o** how far is the long-run reinforcement of the outer economies, to secure the growth envisaged after 2016, compatible with a period of stagnation before then, when attention as well as growth is focused on the central areas.

In the specific context of the London Plan review, the broader issue is about the need to more actively confront and debate alternative scenarios and strategic alternatives for the development of the city. As with the assumption about overall growth, that was discussed in the last section, the matter of its spatial distribution tends to be dealt with in too deterministic a fashion within the current Plan. This is both in relation to how market trends can be expected to evolve and to the implementation of its own strategies - notably for strategic transport schemes. In relation to assumptions about levels of growth that need to be accommodated in the central areas, there are important questions to be considered, firstly about the real likelihood of these being achieved given the issues discussed in the last section; and secondly about the feasibility and desirability of coping with the commuting patterns which they would imply. More

broadly, there needs to be a much fuller debate about the potential for less monocentric patterns of economic development within London, including ways of securing the viability of secondary centres and of linking these more effectively into a pan-London public transport network.

3. Worklessness in London

A striking fact, recently picked up on by the Treasury (HMT, 2006), as well as within London government (Meadows, 2005), is that Greater London as a whole has lower employment rates among its working age population than any other of the official regions in Britain. In part at least, this reflects the fact that Greater London is much less of a functional economic unit than any of the other government office regions. The functional London region includes at least the outer metropolitan ring stretching from Reading to Southend and Stevenage to Crawley, and the half of this region's population living inside Greater London - or more especially the quarter living in inner London - are far from typical. It would be fairer to compare their characteristics with those of other core cities such as Manchester or Birmingham: and employment rates there are clearly lower, except among 16-19 year olds where there seems to be a particular issue in London. Another reasonable comparison to make is between a version of the Greater South East (including the London, East of England and South East governmental regions) and regions elsewhere in the country. For this unit employment rates are generally at or above the national average, but consistently and significantly below those for the South West (the other southern region), especially for the 16-19 year olds. Even on this basis then, the London region's performance looks much less positive than would be expected for what otherwise appears as the UK's strongest economy - with very high earnings levels for its workers, alongside larger numbers than elsewhere earning nothing.

This observation raises two sets of issues: about how we should understand the high rate of non-employment among working-age Londoners; and about whether it is a problem requiring some sort of attention - and if so what. In relation to the first of these, there are two obvious starting points for investigation: the possibility that it reflects some underlying weakness in the London economy, in terms of its ability to generate adequate employment of appropriate kinds; and/or that the region as a whole simply houses more of the kinds of people who either don't want paid work or are generally constrained in their ability to access it.

In relation to the regional economy, a key question is whether the rate at which it is generating jobs has been keeping pace with the growth of its working age population.

Between the 2001 Census and the September 2005 Labour Force Survey, this does seem to have been less true in the London metropolitan region (including the OMA as well as Greater London) than in the country as a whole. In fact employment by workplace in the region went up by about 1%, as did the working age population, though employment among residents went up by about 2.5%, partly reflecting the fact that a younger immigrant population wants more jobs. But while the rate of growth of the working age population matched that for England and Wales, the employment growth across England and Wales was much faster, at over 5%. This is consistent with other evidence (from the ABI) that employment trends across the metropolitan region as a whole have recently been falling behind those in the rest of the country, particularly the regions of the north and west. There are some reasons then to think that part of the story behind lower employment rates in London might be a relative slackening in the pressure of demand for labour across the wider region. From patterns of change in regional employment rates, it is clear that an important aspect of this has been a degree of 'catching up' since 1999 on the part of the North East, Wales and Scotland.

But low employment rates in London are not an entirely new phenomenon. At times, in the early 1990s, London had close to the lowest rate among the governmental regions, while it was even closer then than now to having the highest claimant count unemployment rate, behind only the North East among mainland regions. And, while the GLA area has long had lower employment rates than the surrounding Outer Metropolitan Area - and Inner London even more so - the size of this gap has fluctuated substantially in ways that cannot be linked to stronger or weaker performance by different parts of the metropolitan region.

The longstanding explanation for the existence of the gap has been in terms of the residential concentration within inner areas of many of the groups who are most prone for various reasons to unemployment or inactivity. These have traditionally included those: lacking formal qualifications, living in social rented housing, being young, a single male, still being in education, being a recent immigrant, a Muslim (particularly female) and/or of non-white ethnic origin. Such characteristics do account for the great bulk of the difference in employment rates between the inner and outer parts of the metropolitan region, but employment rates remain significantly lower in inner (and to a less extent Outer) London even when these personal characteristics are controlled for (HMT, 2006). This unexplained gap is concentrated among those in the youngest working age groups (under about 27) who lack degree level qualifications, and applies to those who are seeking work, and to those who are not. It includes a

group, as numerous as the job seekers, who reportedly do not want work, including among them, many of the long term disabled and family carers (as well as students).

The balance between these different workless groups within London has been shifting. In particular, both the total number of unemployed and the gap between unemployment rates in Inner London and outside the GLA area have been falling markedly over the past decade of strong labour market demand in the region (see Table 3). This reflects a reversal of the process underway during much of the 1980s and early 1990s, when a slack labour market in the region brought increasing marginalisation of part of the labour force, with a consequent concentration of unemployment in those areas housing more of the most disadvantaged groups, notably in inner east London. The numbers not actively seeking work, but stating they would like it, including those who may have been discouraged from search by low chances of success have also been significantly reduced in Inner London, since 1995. This is apparently also as a response to sustained strong demand in the region (Table 3). On the other hand, in Inner London, there seems to have been a substantial growth over the last decade in those of working age who say they are not seeking work because they don't want it.

Table 3: Change in Economic Activity of 18-59 population by area of residence within the Greater South East 1995-2005

Status	Inner London	Outer London	Rest of Greater South East
In work	+ 3.9%	+ 1.2%	+2.8%
ILO unemployed	-7.8%	-2.9%	-2.8%
Not currently available for work	+0.1%	+0.3%	-0.1%
Not seeking, but would like work	-2.6%	-0.5%	+0.1%
Not seeking, would not like	+6.5%	+1.8%	+0.0%
Of which Student	+3.5%	+1.3%	+0.5%
Family care	+0.2%	-0.3%	-0.8%
LT Sick or disabled	+1.1%	+0.5%	+0.0%
No coded reason	+1.8%	+1.0%	+0.6%

Note: the Rest of the Greater South East in this table comprises the East of England and South Eastern government office regions.

Source: unpublished tabulations from the ONS' Quarterly Labour Force Survey.

Prominent among these are a much-increased number of students, but also others with long-term health problems, and a group who offered no recordable reason. One significant contributory factor to the growth of this group of people in inner London, who are neither seeking nor wanting work, seems to have been new immigrant flows during this period, since about a quarter of those coming into inner London from abroad over this decade, particularly women, fell into this category in the 2005 LFS.

How far specific policy interventions are required to raise employment rates in Inner London and some of the outer boroughs is not entirely clear. Though demand pressure seems to have eased a bit across the metropolitan labour market, any problem is clearly not one of a shortage of jobs either at the regional scale or in particular subregions. Targeting job creation to areas with low employment rates is not the answer. High rates of worklessness in Inner London are very largely due to its quite particular population mix, including more both of various groups who lose out in competition for work (including some ethnic minorities) and of those who don't currently want to work (including very many students and women from some Islamic communities). In the first case, a strong regional labour market has substantially reduced the scale of the problem, but both work-readiness and equal opportunity policies have an evident role to play. In the latter case, low employment rates are mostly a matter of legitimate preferences within atypical population groups, and should not simply be seen as reflecting a dependency culture and inadequate work incentives.

Employment rates among young people in Inner London are actually rather lower than can be accounted for simply in terms of obvious characteristics (such as age, marital status, ethnicity, education, health etc.). This is true both for the formally unemployed and for those who don't want work, though the first group is shrinking and the second one is growing. There is no real evidence, however, of the degree to which this reflects other, less obvious, characteristics of the particular young people attracted to living in this area, or represents some 'Inner London' effect on them - and thus no simple policy prescription can be offered to raise local employment rates.

Notes

[i] This figure actually comes from the Experian edited version of the series, used by Volterra for the 2005 GLA Economics projections.

[ii] From 1999 the LFS' growth estimate is even lower, with just 17,000 jobs over about 6 years.

[iii] In the Experian version of the ABI-based series, used for the GLA/Volterra projections.

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4. Immigration and Community Relations in 2006 London

Trevor Phillips

Globalisation, technological advances, and demographic changes are three of the most pressing challenges currently facing progressive policy development in the UK. London is at the centre of these challenges. Above all, London is the top destination for international immigration to this country, and the most ethnically diverse city in Europe. This 'super-diversity' reminds us that, as Bill Clinton said, globalisation is a fact not a policy. Faced with that fact, we progressives have to find new responses.

The CRE's response has been to develop a coherent and sustainable concept of integration. This concept must not be equated to assimilation or conformity; but it also rejects those aspects of multiculturalism that pull different communities away from one another. In this crowded and competitive city, it is essential that people with a range of ethnic identities learn to live with, not just alongside, each another.

London's experience of integration will be the litmus test for the rest of the nation (and beyond). The 2001 census showed that there were 1.94 million migrants (i.e. foreign-born people) living in London. The largest numbers are from Asia (635,000) with India topping the table with 172,000 migrants. This migrant population, compared to other regions, is younger than average, with nearly 60% between the ages of 25 and 44. In London there are 300 languages spoken, migrants from 160 countries, and 42 communities of over 10,000 people born in countries outside Britain.

These statistics, however, do not reveal the dynamics of relationships between communities, relationships of communities with the state and the individual experience of community relations in modern London.

What, then, does 'integration' mean to the CRE?

Our vision of integration is achieving equality, encouraging participation and increasing interaction.

We need equality because no-one will integrate into a society where they are expected to be a second class citizen - a society in which most ethnic minority Britons are poorer, less well educated, less healthy and less politically engaged is not integrated. At the core of our equality work lies our enforcement of the Race Relations Act.

Participation is important, because real integration will not happen until minorities are given more of a voice. We want to see an increase in the diversity of those appointed to public bodies, health boards, school governing bodies and cultural institutions. This will require active community engagement and a focus on common British citizenship.

Interaction will possibly be the biggest challenge. We want to see more real contact between people from different backgrounds – whether through sport or music, drama or gardening. We want to ensure that schools, for example, do all they can to ensure that, where possible, their intake brings boys and girls of all backgrounds together.

Our task is to assess how far we are from achieving these components of integration, and how we can make progress.

Equality

Equality is an absolute precondition for integration. A society in which you can predict the outcomes for any individual by their race or faith or any similar personal characteristic is one that is not equal and unable to be fully integrated. Equality is not a fluffy rhetorical concept. It has to be real and measurable. A society claiming to be socially just should be one in which each person knows - and we can show statistically - that our life chances are not adversely affected by accidents of birth.

In some areas, such as the education of Gypsies and Travellers, the health of some Muslim groups, ethnic minority representation on public bodies and local councils, we are moving backwards not forwards. Ethnic minorities around the country find themselves disproportionately amongst those whose life chances are the least promising, who are more prone to be victims of crime, and who have higher rates of infant mortality and lower life expectancy. We know that, whatever class you belong to, your race is an obstacle all by itself. For example, Bangladeshi men in London are over three times more likely to be unemployed than white Londoners. There is an 18 percentage point pay gap between ethnic minority and white Londoners working in the private sector and 11 percentage points for those working in the public sector. More than half of Bangladeshi and Black African Londoners live in overcrowded housing. People from ethnic minorities in London are three times more likely to be victims of a mugging than white people[1].

That is why the CRE is supportive of the Government's Strategy for Race Equality and Community Cohesion[2]. We welcomed the initiative which for the first time looked across Government at what needed to be done to promote greater equality.

It is vital that the work contained within this strategy is put at the heart of any initiative around integration. It is also vital that all Government Departments are committed to implementing this strategy. The Treasury's decision to include specific race equality targets in the last round of Public Service Agreements was also a welcome development in ensuring that achieving equality is central to policy development. The CRE is now working with Departments to look at their delivery plans and, while progress is good in some places, several Departments are not making as rapid progress as we would like.

The CRE is working with the public sector Inspectorates to ensure that equality targets are seen as a vital tool in assessing the performance of any public authority. We believe that any authority, which is not delivering on equality, should not be able to achieve a high rating. While things are getting better, the fact that the CRE concluded nearly 300 enforcement actions against public authorities in the past 18 months shows there is still a long way to go. One area of great concern to the CRE is the lack of thorough Race Equality Impact Assessments being undertaken by all public authorities. This is a key part of the legislation that seeks to produce better policy by ensuring that the impact of that policy or decision upon race equality is properly considered and factored into its development. This is currently happening only sporadically and we believe that remedying this should be central to any work around integration.

It is also important to realise that the causes of inequality have changed over the past 20 years. The number of reported racial incidents is falling slightly. An ICM survey for the CRE last year indicated that, although blatant discrimination or harassment is not found as frequently as in the past, other forms of racism are prevalent. By this, we mean something that could be described as "stealth racism" which in practice means a series of small, apparently insignificant decisions, incidents, or encounters, none of which by themselves could be the subject of court proceedings, but all of which are to the disadvantage of ethnic minority employees or clients.

For example, it defies belief that British teachers are not only so racist, but so subtle in the exercise of their prejudice, that they can ensure that on average Chinese and Indian students perform 50% and 25% better than the average at GCSE, whilst African-Caribbean, Pakistani and Gypsy children do 30%, 40% and 50% less well[3]. A pattern of racial bias may have very little to do with individuals and their intent, but is ingrained in the system with which we work.

If we are to achieve greater equality and address the systemic discrimination that contributes to disadvantage, then the public sector needs to raise its game. The CRE

found that 40% of public sector middle managers surveyed in London knew only 'a little' about the statutory duty to promote racial equality[4].

Participation

Real commitment to equality in government, in our neighbourhoods, and in the workplace will not happen until all communities have a voice. Unless all Britons are able to participate in decision-making, services and businesses will never provide for us all equally as citizens and customers. Under-representation of ethnic minorities in politics undermines the legitimacy of our democratic system, and weakens our ability to pass and implement socially just laws and policies.

While we welcomed the election of 15 ethnic minority MPs, 5 in London, if the House of Commons were to be truly reflective of Britain today, it would have over 60. It is troubling that in terms of representation, the House of Lords is currently more representative than the Commons. If we measure the numbers from 1987 when the first minority MPs were elected since the war, we are adding just three new minority members every five years. At this rate, there will not be a representative House of Commons until the year 2080. Representative democracy falls short in London politics as well. Only 2 of the 25 London Assembly Members are from 'visible' ethnic minorities. The picture is little better among London councillors, the first crucial rung of the ladder of political representation.

The CRE is particularly concerned that the current regional and local infrastructure does not enable full participation of all its citizens. In particular, there is evidence that confidence and competence within Government Offices, Local Authorities and Local Strategic Partnerships are patchy when trying to engage local communities. There is a serious issue of lack of capacity and resources that needs to be investigated further to ensure the national debate is implemented successfully at the local level.

At the CRE we are trying to address the issue of blockages within the Government machinery that deters rather than encourages active citizenship. In particular, the CRE will be working through its 'regional hubs' to identify where gaps exist in delivering race equality through local and regional partnerships. We will be looking at the role that Race Equality Councils and the voluntary and community sector can play in facilitating better dialogue between communities and government. On the reverse side, the CRE is also working to identify how the voluntary and community sector can play a more robust role in building leadership within communities. This can help equip peo-

ple to participate in the local decision making process, as members on Local Strategic Partnerships, School Governor Boards and local Health Trust Boards.

Finally, the Electoral Commission and ONS estimated in 2000 that nearly 10% of the population in England and Wales eligible to be on the electoral register had failed to register. The level of non-registration is as high as 18 per cent in inner London and disproportionately high for some ethnic minority communities and young people5. Ahead of the May 2006 local elections, some 230,000 ethnic minority Londoners were not registered to vote[6]. The messages for them are clear: if you want to influence local decisions that affect you, then you should vote; and voting is the most important kind of participation - participation in power.

Interaction

Increasingly, communities in Britain live with their 'own' kind. Residential isolation is increasing for many minority groups, especially South Asians. Some minorities are moving into middle class, less ethnically concentrated areas, but what is left behind is hardening in its separateness. The number of people of Pakistani heritage in ethnic enclaves trebled during 1991-2001; 13% in Leicester live in such communities compared to10.8% in 1991; 13.3% in Bradford compared to 4.3% in 1991. This is as much on religious as racial lines.[7]

We are greatly concerned by the research produced by Professor Simon Burgess and his colleagues at Bristol University, which shows that children are slightly more segregated in the playground than they are in their neighbourhoods[8]. Even in London there is evidence of communities leading separate lives. The Young Foundation's publication, 'The New East End', shows that the choices made by parents in Tower Hamlets are entrenching segregation. In Tower Hamlets primary schools in 2002, 17 schools had more than 90% Bangladeshi pupils; 9 schools had fewer than 10%[9].

Alongside this type of hard, spatial segregation, communities increasingly inhabit separate social, religious and cultural worlds. In 2004, the CRE commissioned research[10], which showed that most Britons could not name a single good friend from a different race while fewer than one in ten could name two. When we repeated the exercise a year on, the overall situation had not changed. In 2004, 94% of white Britons said that all or most of their friends are white, while this was 95% in 2005 and once again a majority, 55%, could not name a single non-white friend. This was true of white Britons of all ages, classes and regions.

However, the research in 2005 showed that this separation was increasing amongst ethnic minority communities. In 2004, 31% of ethnic minority Britons said that most or all of their friends were from ethnic minority backgrounds; this grew to 37% in 2005. The 47% of ethnic minority Britons who said that most or all of their friends were white in 2004 fell to 37%. It also remained true that younger Britons are more exclusive than older Britons. It must surely be the most worrying fact of all that younger Britons appear to be integrating less well than their parents.

Many white and ethnic minority communities, particularly those in a minority such as racial or faith groups, find it increasingly difficult to break out of their isolated clusters, leaving them culturally and sometimes even physically ring-fenced within cities. In these segregated neighbourhoods, ethnic minority communities can feel intimidated and under siege, and neighbouring majority communities can also feel excluded, so the two simply never interact. These communities will steadily drift away from the rest of us, evolving their own lifestyles, playing by their own rules and increasingly regarding the codes of behaviour, loyalty and respect that the rest of us take for granted as outdated and no longer applicable to them. This in turn leads to crime, no-go areas and chronic cultural conflict.

Conclusions

The CRE's agenda for integration involves these three key elements - equality, participation and interaction. This is a three-legged stool. None of these aims can be delivered without the other two, rather they are utterly interdependent. Crucially, integration does not have to come at the price of bland and ultimately repressive uniformity. Our vision of integration is not the same thing as assimilation in which everyone is expected to discard their own heritage in favour of a single norm. Neither does it call for a cringing abandonment of the core values and behaviours that distinguish democratic, liberal, modern, Britain from other less diverse and open societies.

Integration is a two-way street. The majority accommodates and adopts some of what the minority brings to the party; the minority can be proud of its heritage, even while adapting its ways to be compatible with the majority with whom they now live.

There is a long way to go to accomplish such a constructive and balanced approach to personal, community and national identity. After 40 years of anti-discrimination legislation the evidence is still stacked against equality, participation and interaction. On the other hand, never before has integration been so high on the political agenda, and never again can the issue be ignored.

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[4] Driving Racial Equality, ICM Poll for the CRE, May-June 2005

[5] Understanding electoral registration The extent and nature of non-registration in Britain, The Electoral Commission, 2005

[6] Press release, Department for Constitutional Affairs, 2006

[7] The New Geography of Ethnicity in Britain, Dr Mike Poulsen (Macquarie University, Australia), paper presented at the Royal Geographical Society Annual Conference on 31 August 2005

[8] School and Residential Ethnic Segregation: An Analysis of Variations across England's Local Education Authorities, Ron Johnston, Simon Burgess, Deborah Wilson and Richard Harris, April 2006

[9] The New East End: Kinship, Race and Conflict, Geoff Dench, Kate Gavron, Michael Young, 2006

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5. Social Order in a Global City

Janet Stockdale with Tony Travers

The Metropolitan Police Service (MPS) faces an increasingly difficult task. On the one hand, there is the day-to-day experience of dealing with crime and anti-social behaviour at a local level, activities that are often interwoven with a complex range of other social problems. On the other, there is the challenge of tackling organised crime including drugs and people trafficking and, more than anywhere else in the country, the ever-present threat of global terrorism. These two ends of the policing spectrum, and all the other myriad of functions that the public and governments expect of the 'service of first and last resort', are carried out against a backdrop of dealing with structural, organisational and legislative changes and striving to meet the multi-faceted needs of the diverse communities in London.

London's police operate within a complex administrative and accountability system, involving (among others) the MPS itself, the Metropolitan Police Authority (MPA), the Home Secretary and the Mayor of London. The relationship that has evolved since 2000 between the MPS, MPA, Home Secretary and Mayor provides a good example of the way Britain's ad hoc and unwritten constitution develops. The reforms of London government in 2000 were underpinned by a desire to build a democratic element into the city's policing. The key principle of police accountability was, however, left unchanged. The commissioner, like other chief constables, was to be responsible for 'operational' policing. Moreover, the Metropolitan Police Commissioner was to continue to be appointed by the Home Secretary, not by the MPA or, even more radically, the Mayor.

The aim was to make the MPA similar to other police authorities, although all its elected members were derived from a single authority - the London Assembly. These members are appointed by the Mayor. The scale of the Mayor of London's mandate and his significant executive powers pose awkward questions about accountability for policing in London. The fact that the Mayor determines the MPA's £3 billion budget, and thus the MPS's funding, only adds to the tangled nature of the London police accountability system. This complexity could become still greater when, as proposed by the government (DCLG, 2006), the Mayor is also able to chair the MPA. It is impossible to know the public's view of the existing arrangements for the control and accountability of the police in London.

This complex scenario generates several sources of concerns, not least of which is how the police engage with minority populations in London, especially those who espouse the Muslim faith. This issue has risen up the policing agenda since the events of 9/11 in 2001 and 7/7 in 2005 and, during the early summer of 2006, with the high profile arrests of Muslims and searches of their properties, for example in Forest Gate in east London. As an example of the contemporary pressures being brought to bear on the police in London, this article considers the issues faced by the Metropolitan Police Service in dealing with a significant and growing Muslim population. It relies upon recent research into Muslims and policing in the capital.

London's Muslim population, which is estimated at over 600,000, comprises an almost even split between Muslims from the Indian Sub-continent (Pakistan, Bangladesh and India) and those from elsewhere. This is different from the national picture where seven out of ten Muslims are from the Indian Sub-continent according to the 2001 Census. They constitute a disadvantaged minority (Modood, 2002) with many living in the most deprived boroughs with high crime levels in London (FitzGerald, 2003). Although Muslims in London faced prejudice and discrimination prior to 9/11, the 'War on Terror' appears to have generated more hostility since then. New legislation has been accompanied by heightened police activity in the capital, one feature of which has been an increase in the number of searches of Asians and in the 'disproportionality' experienced by Asians - that is, the over-representation of Asians in police searches, relative to their presence in the population.

One critical issue is how both Muslims and non-Muslims in London feel about global terrorism. How do people construe the threat? What do they see as the causes - what are the lay theories people hold about the origins of global terrorism? Is there a perceived link between global terrorism and Islam? What, if any, are the commonalities and differences in the representations held by Muslims and non-Muslims? And, what are the implications for relations between the police and the public both now and in the future?

Although there has been considerable media reporting of the 'enemy' status of Muslim fundamentalism, we felt it was important to try to gain some insights into how Muslims and non-Muslims viewed the issue[i]. Our exploratory study involved individual semi-structured interviews (35-70 minutes) with samples of Muslims and non-Muslims living in London. The interviews were conducted between April and early July 2005 but were curtailed by the 7/7 terrorist attacks in London. The consequent difficulty in obtaining more interviews with Muslim respondents meant that we got a large enough sample of non-Muslims but this is debatable in the case of the Muslim sample. The

interviews were analysed to identify how these two groups represent the nature and causes of terrorism and assessed their implications.

The meaning and threat of global terrorism

The majority of both groups regard global terrorism as a relative term. Terrorism is seen as neither legitimate nor justifiable but sometimes as understandable. This perspective reflects the cynic's view that one state's 'terrorist' is another's 'freedom fighter' and reflects the fact that there is no generally agreed definition of terrorism. There are over one hundred definitions of terrorism in the academic literature (Coady, 2002) and there is no internationally accepted definition (UNODC, 2005). The terrorist threat to the West was seen as real but exaggerated. The scale and likelihood of the threat was judged to be magnified by both Western governments and the media, neither of whom were trusted to provide accurate information about potential terrorist activity in London and the rest of the UK.

For non-Muslim respondents, global terrorism was linked to Islamic fundamentalism or extremism and was objectified in the image of suicide bombers, either in general or specifically in relation to Palestine and Iraq. Muslim respondents emphasised that in the public domain, and most especially in the media, Islam - the entire faith not just fanatical believers - and terrorism were inextricably linked.

> *'Small units of people with extremist beliefs, religiously driven, mainly very irrational, people not from Westernised countries ……Islamic extremism.' (non-Muslim)*
>
> *'Obviously 9/11, al-Qaeda and Osama bin Laden' (non-Muslim)*
>
> *'First thing that comes to my mind is that terrorism is related to Muslims, which is not right, because other groups do terrorism but they are not associated with terrorism.' (Muslim)*

A 'new' form of threat

Global terrorism is seen as different from 'traditional' forms of terrorism. It is seen as having an indiscriminate impact with Muslims as well as non-Muslims feeling threatened. The non-Muslims contrasted the new form of terrorism with that practised by the IRA. Whereas IRA terrorist activity was seen as structured and rule-bound, global terrorism was seen as coming from an ill-defined or inadequately understood enemy and as generating feelings of insecurity, anxiety and mistrust. Such a change poses challenges both for London residents and for the Metropolitan Police. Much

police and intelligence activity had for many years become experienced at dealing with IRA terrorism. The British authorities were un-prepared for the changes that have occurred internationally. Muslims were barely understood either by the rest of the population or by many organs of the British state (and probably vice versa).

'It is obviously threatening to see these people don't have respect for Muslim life. You would think because we are Muslims they would see us as "one of them" but they don't. So, I feel threatened by them as well.' (Muslim)

'They are nowhere and everywhere. You can't target them. So, in a way I'm powerless…….....before, the enemy [IRA] used to be obvious. The IRA had an office, a pattern, you knew where they were, where they were going to strike, they even left a warning message. But now they are supposedly everywhere.' (non-Muslim)

The linking of global terrorism with Islam and the increasingly pervasive feeling that Islam is a potential source of danger and apprehension has led to Islam replacing communism as the new 'enemy' of the West. In consequence, many - and some would argue all - Muslims are perceived as terrorists. Some Muslim respondents appreciated how this might have come about but regretted it happening, and both sets of respondents recognised that violence, and hence terrorism, is not in the nature of Islam.

'If I didn't know anything about a religion and I saw people doing terrible things in the name of that religion, I would think it is because of the religion, that it promotes them to kill innocent lives. So, I don't blame those who feel threatened by Islam, although it makes me sad.' (Muslim)

Attributions of Islamic terrorism

The non-Muslim group saw Islamic terrorism as a reaction to intervention by the West, for example in Iraq, Afghanistan, or to US support for Israel in the Israeli-Palestinian conflict. Some non-Muslim respondents went further arguing that it is not just the West's foreign policy that creates grievances among Muslims but also Western cultural imperialism.

'America has a very interventionist role in the Middle East, because of oil interests; they support countries selectively and have done wars like Iraq…and they continually back Israel. When you invade these countries like Iraq, you often create these jihadist or terrorist activities which would not exist if you hadn't been there in the first place.' (non-Muslim)

'They may also see some kind of cultural interference, a widening of Western entertainment and materialistic good that could be seen as tainting… that could be a reason to upset people.' (non-Muslim)

While religion is not considered to be a direct cause of terrorism, it does play a role in non-Muslims' conceptions of Islamic terrorism. Such action is seen as a response from fundamentalists to perceived oppression, some are judged to have been 'brain-washed' by radical Imams. Religion therefore serves as an ideology to support anti-Western sentiments and as the vehicle uniting people to fight against perceived injustices and inequalities that were created by the West.

Muslims have a different perspective on the origins of global terrorism. Although they see the West as an oppressor, they do not see Islamic terrorism as a direct response to Western political intervention. Rather, they see it as a consequence of Muslims feeling they are being treated inequitably, for example, by being denied access to land, other resources or education - or as an act of desperation.

'The thing about Islam now is that the poorest people of the world are Muslim in Afghanistan or Iraq or wherever.' (Muslim)

'Palestine is oppressed by the Israelis - this has been going on since 1948. The Palestinians don't have any other options - they have to resort to violence.' (Muslim)

In common with the non-Muslims, a small minority of Muslim respondents suggested that Islamic terrorists are fanatics who go beyond the tenets of their faith and misuse their religion, or surmised that they must be criminals.

'They are Muslim extremists but I don't think they believe in Islam because Islam says that you should never kill no matter what; if you kill you are not a Muslim.' (Muslim)

'Obviously a lot are criminals. If they weren't, they wouldn't be killing people and acting in such an immoral way.' ' (Muslim)

But, some Muslim respondents argued that the attacks of 9/11 were understandable or the assumption that al-Qaeda was responsible might be incorrect.

'Their thinking I think was US bombs killed sons, daughters and children in Iraq, in Algeria and in Bosnia and in any other place they supported; they bomb us everyday, so we are getting back at them.' (Muslim)

'There was no substantial evidence to pinpoint Muslims. They were probably forced to admit they were terrorists.' (Muslim)

War on Terror

All of the Muslim sample and more than half the non-Muslim sample considered that the Iraq and Afghanistan invasions, and the subsequent conflicts, were not justified. These respondents saw economic interests, especially oil, and control of the Middle East as the primary motivations for war, especially in Iraq.

'There is too much oil there. I mean the West has such a vested interest in the output of that country. We want to have some sort of control over it. I don't think it has anything to do with terrorism. It is portrayed as the war on terror.' (non-Muslim)

The majority of both groups disagree with the anti-terrorism measures introduced post-9/11 and other terrorist attacks in Europe and elsewhere. The non-Muslims were most concerned about the reduction in civil liberties, especially arising from detention without trial, while the Muslim group was equally concerned about being targeted by the police and other security services or authorities.

'I think it is your fundamental right to have a trial, to know what you've been accused of ….to be kept in solitary confinement in places like Belmarsh, with no idea whether they are to be released, what they're charged with, no defending themselves, no access to anybody. Also Guantanamo Bay, that is awful.' (non-Muslim)

'The fact they see me as a terrorist does not mean I am a terrorist. But, of course it's very annoying to have trouble getting a visa. Having to take your shoes off and go through all these security checks, because your passport says you're a Muslim. It makes you feel like a second-class citizen.' (Muslim).

Muslim respondents also emphasised the need to devote efforts to fight the causes of terrorism and to further mutual understanding between Islam and the West.

Muslims in Britain

All our respondents - both Muslims and non-Muslims - recognized the existence of racism toward Muslims in London and elsewhere in the UK and considered that the media reinforce prejudice and discrimination by portraying Islam and Muslims negatively. Many Muslim respondents reported that they had personally experienced racism or police targeting.

'I think it's because they are a different race, different colour; then when 9/11 happened it just gives an extra excuse. It almost makes it politically correct or acceptable to be borderline racist." (non-Muslim)

'I've been called a "Paki" - it's all part of the same issue: targeting Islam, targeting Asian people, targeting colour, targeting someone who's different.' (Muslim)

Although the majority of non-Muslim respondents did consider British Muslims to be fellow citizens, they did not regard them as integrated into the community.

'From my own experience - I've come across every race, religion and colour but not Muslim.' (non-Muslim)

Non-Muslim respondents saw Western and Islamic values as incompatible. But, while Muslim respondents were divided on this issue, they did agree that their religious faith is a central aspect of their identity.

'Someone brought up a strict Muslim might find our culture totally disgusting in terms of sex before marriage, we take drugs, we drink alcohol, maybe we don't have social responsibility and people don't stay married and we don't look after our children. With Islam that wouldn't happen.' (non-Muslim)

'Islam is for me a way of life. It is for me the best way of life … a lot of the values that we have, for example, equality, racial equality, all these things I have learned from Islam.' (Muslim)

Islam as the 'other'

The perceived incompatibility of Western and Islamic cultures and the lack of integration between the two communities in London provide some support for the idea that, for non-Muslims, Islam embodies otherness. The construction of a difference between 'us and them' is not a new idea. It has been argued that, for centuries the West has used the East to define itself (e.g. Said, 1995). This contrast continues today but with a newly configured East, in which Islamic fundamentalism or militant Islam has replaced communism as the West's enemy in the post-Cold War world (cf. Quershi and Sells, 2003). The dominant discourse is one of tradition versus modernity, in which Islamic countries are represented as backward, religious and lacking democracy and freedom - that is, as the polar opposite of the West. This idea has

been reinforced post 9/11. Whilst acknowledging the prejudices embodied in this representation, this is a powerful notion for non-Muslims.

The Metropolitan Police have found themselves, amongst many other things, as unofficial arbiters of complex inter-community relations. The views quoted above suggest many misunderstandings and potential opportunities for strife. The police find themselves as street-level interpreters of the new, partly religious, politics of London. Terrorism and perceptions of the involvement of people from different backgrounds then makes this job even more difficult.

Coping with global terrorism

Muslims and non-Muslims are both threatened by global terrorism and many Muslims as well as non-Muslims have been killed or injured in terrorist attacks. However, the fact that global terrorism is so clearly linked in people's minds with Islam means that the two groups cope with the phenomenon in different ways. In our study, Muslim respondents, most of whom see global terrorism as a response to a cumulative set of grievances or as an act of desperation, attempt to remove religion from the terrorism discourse. They dissociate Islam and terrorism by identifying terrorists as 'fake' Muslims and by contesting dominant media images of Muslims so resisting a negative identity. Non-Muslims, whilst, in some cases recognizing the responsibility of the West in triggering a terrorist response, attribute a key role to religion, which they see as mediating the response and providing a unifying ideology. By suggesting that religious fanaticism is at least partly to blame for global terrorism, non-Muslims are removing terror from the political sphere and making it personal. This process - which is an example of 'psychologisation' - serves to de-legitimise the activity thereby protecting democratic values. The construction of Islam as the 'other' serves to sustain the negative out-group image and maintain the superiority of the majority in-group.

Overview and implications

Key discourses and debates

Global terrorism is a newly articulated concept, which has developed meaning through media coverage and personal discussion and now has gained wide currency. The exploratory study outlined above highlights the fact that, although there are some shared core features, there are also inconsistencies, contradictions and differences - many of which reflect group membership. Global terrorism is seen as different from

and more threatening than 'traditional' terrorism. It is anchored to Islamic extremism or fundamentalism, potential perpetrators are everywhere and it has an indiscriminant impact, and, at the time of our study, the primary exemplar was 9/11. Although there is recognition that violence is not part of Islamic doctrine, these linkages enable people to make sense of this new form of terrorism and transform the unfamiliar into the familiar. However, there are differences in the lay theories held by Muslim and non-Muslim respondents and they find meaning and cope in different ways. While Muslims attribute global terrorism to inequitable treatment or desperation and emphasise the impact of negative media portrayals of Muslims, non-Muslims see such terrorist action as a direct response to Western intervention. Muslims contest contemporary negative representations of Islam and defend religion, culture and social identity, while non-Muslims use 'otherness' to protect identity and maintain power. The 'otherness' of Islam is exemplified by the perceived lack of integration between Muslims and other communities in Britain and contributes to the idea that Islam is the 'new enemy' - an idea which is reinforced by media portrayals of Muslims.

Post 7/7

The coordinated and indiscriminate attacks in London on 7 July 2005 have made Londoners even more familiar with the reality of terrorism than they were at the time of our study. Did those attacks change how people feel? While there are no London-specific data, a recent survey[ii] conducted nearly a year after 7/7 suggests that the majority of British Muslims want tougher action against extremists. However, a significant minority believe, that, while the 7/7 attacks were wrong, the cause was just. This survey indicated that the majority of both Muslims and non-Muslims questioned believe the Muslim community in Britain needs to do more to integrate into mainstream British culture. It also suggested that Muslims are seen by some non-Muslims not just as 'separate' but as not contributing to Britain or even as a threat to tradition and the status quo. While nine out of ten Muslims considered that their community makes a valuable contribution to Britain, among the general public only six out of ten agreed with this view, and one in four of the general public questioned considered that Islam threatened the British way of life.

However, it is important to recognise that while there are divergences both within the Muslim community - as in any community - and between Muslims and non-Muslims, there are commonalities. For example, similar proportions in the two groups report that they are offended by public drunkenness and by women wearing revealing clothes. Moreover, one in three of the non-Muslims questioned reported that they had close friends who are Muslims, which is a disproportionately high number given that

Muslims constitute less than 4 per cent of the population, and nearly nine out of ten Muslims reported having close friends who are not Muslims. In addition, the general public questioned showed some understanding of the position in which Muslims find themselves since 7/7, with more than half understanding why Muslims might feel offended by people becoming anxious about Muslims carrying large bags on the Tube or buses.

The survey did provide evidence of denial on the part of some British Muslims. Eight out of ten (81%) of the Muslim sample considered it was unacceptable for the police to view Muslims with greater suspicion because the 7/7 bombers were Muslims. Moreover, nearly half the Muslims sampled believed further suicide bombings were highly unlikely or unlikely, compared with just 16 per cent of the general population.

Equally, however, it is important to appreciate that telling Muslims that 'You are wrong in your view about the West, you are wrong in your sense of grievance, the whole ideology is profoundly wrong.'[iii] may be equally naïve. Such comments fail to recognize the deep-seated sense of communal mistreatment and cumulative injustices, which Muslims perceive to be perpetrated by the West. These perceptions were highlighted by our London respondents and can only be heightened by the fact that many British Muslims live in areas of disadvantage and multiple deprivation.

There is also evidence of a rise in racist hate crime in London, which reached a record high in July 2005 and there is general agreement that much of the observed increase is attributable to incidents directed toward British Muslims.[iv] This heightened Islamophobia contributes to the alienation and frustration felt by many, especially young, Muslims, which has been exacerbated by a rise in the number of stop and searches they experience and by raids, such as that in Forest Gate.

Future challenges

It must be emphasized that our research was exploratory and there is a clear need both to differentiate the views of different groups of Muslims and non-Muslims and to examine further the extent to which views have polarized or otherwise changed since 7/7. However, our findings do highlight some current concerns, some of which have been underlined by recent survey research, and also point to some future challenges.

London, by all accounts, remains a high priority target for terrorist activity. Preventing future attacks will require credible and reliable intelligence, which is likely to come from those in the Muslim community who have no sympathy for terrorism, even when committed in the name of Islam. However, it will only be forthcoming if there is a climate of mutual confidence and trust between Muslims and the police. Creating such a climate will not be easy, especially when Muslims face increasing public suspicion and heightened Islamophobia in some cases, as well as closer attention from the police and security services. At the same time, young Muslims are acutely aware of the disadvantages many of them face, which merely serves to make them more vulnerable to extremist and radicalizing messages.

Engagement with Muslims in London will demand recognition that they are not a homogeneous group, plus sensitivity and transparency on the part of the police. But, it will also demand commitment and leadership from Muslims themselves. This two pronged strategy needs to develop against a backdrop of increased contact, understanding and integration among all the diverse groups of Muslims and non-Muslims in London. Before that can get underway, we need to recognise how their various fears and anxieties lead to separation, alienation and vulnerability. Furthermore, there needs to be a debate about what integration means and how it can be supported by central and local government to ensure rhetoric is translated into action. Community engagement will be successful, only if there is political engagement with people as individuals rather than as uniform members of a single community.

These are sensitive and high profile issues and exchanges will not be easy. But, unless they are addressed, there is a real danger of increased Islamophobia and greater alienation among London's Muslim community in the future leading to reduced public support for the police. In normal circumstances, politics would be expected to handle many of these challenges. However, the complex system of police accountability makes it difficult to be certain exactly how the political arrangements in London will work to negotiate and mediate between the needs of non-Muslims and Muslims, and between the police and other public providers.

The Prime Minister, the Home Office and the Mayor of London have all been involved in initiatives seeking to normalise the role of Muslims in London and other towns and cities. On individual occasions, the Chair of the MPA, the authority itself, and individual Assembly members have made statements on the issue. Equally importantly, the London boroughs have a front-line role in handling the day-to-day politics of race, religion and identity. The Metropolitan Police find themselves, as always, responsible for the capital's policing, but with much relevant political activity somewhat removed from them. In a complex global city, the police need cultural knowledge, legitimacy and common sense. The challenge ahead must surely include the awkward task of strengthening the links between political management and London's policing.

Notes

[i] This study was conducted jointly with Eleni Andreouli.

[ii] Populus survey conducted for the Times and ITV news, reported 4 July 2006,

[iii] The Prime Minister, speaking to an all-party committee of MPs, 4 July 2006

[iv] The Islamic Human Rights Commission reports that the current level of hate crimes they receive is more than double that before 7/7

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6. Can London's housing needs be met?

Christine Whitehead

The availability of adequate and affordable housing for London's population is a fundamental issue for the health of the local and indeed the national economy. It is also central to issues of cohesion and sustainability. London's population is growing more rapidly than the rest of the country, as are the number of households. The population is becoming increasingly multi-cultural and the divide between rich and poor is continuing to grow. The rapid rise in house prices over the last few years makes it particularly difficult for households to achieve owner-occupation within the capital. When they do, they obtain far less housing for their money, with the average dwelling purchased now having two or fewer bedrooms (Whitehead, 2006).

The social rented sector plays a larger role in London than elsewhere in the country except the North East, housing a higher proportion of working households. But access is limited for anyone who is not in priority need, and this will continue to be so as the size of the sector falls and the capacity to move into market housing decline.

The private rented sector therefore plays a far more central role in housing Londoners than in the rest of the country, with over one third of all private tenants living in London. Even so, it is not large, flexible or affordable enough to accommodate all those in need of accommodation in London. So homelessness and the numbers in temporary accommodation continue to grow, with around 25% of those accepted as homeless located in London. Concealed households, those living as part of another household, are also heavily concentrated in London. Those able to find accommodation are far more likely to be overcrowded, with around 40% of all overcrowded households living in London (DCLG, 2006b; Shelter, 2004).

So employed households, who can afford to live in London, have to pay more for their housing. This affects directly the capacity to maintain a skilled workforce in the capital and the competitive position of London's employers, who have to pay more to attract and retain employees compared to the rest of the country and to most other major cities in the world. Equally, those brought up in London, who want to find separate accommodation, often have to go elsewhere. At the other end of the scale, local authorities and other social housing providers face higher costs of providing and managing housing for London's poorer households. And London's land, almost all of which is brownfield, has many alternative competing uses - as well as major problems

of contamination and lack of appropriate infrastructure (GLA, 2006 b and c; LSE London, 2004).

Three major housing issues framed the agenda during the year:

- **o** The new population and household projections suggest that London will grow faster than was previously projected;
- **o** The implications of Kate Barker's report for the Treasury on housing supply and affordability and the government's response with respect to affordability and the expansion of housing supply; and
- **o** The most appropriate ways to deliver more affordable housing and increasing densities in a growing economy.

1. How many households will live in London over the next twenty years?

Projected growth

The new population and household projections suggest that population growth is becoming slightly more concentrated in London, even though increases are now projected for all regions in England (DCLG, 2006a). Over the twenty years from 2001 to 2021 England's population is projected to grow by just over 9% to almost 54 million. London is expected to grow by over 12%, implying that it will take over 20% of national growth, with a further 15% in the South East.

The growth in households is expected to be considerably more rapid, as can be seen in table 1. The new projections published this year at last take account of the evidence on household formation in the 2001 census as well as 2003 based population forecasts, which reflect the continued expansion in inmigration. The growth in households is projected to be more than twice as fast as the population increase across the country, including in London. As a result, the number of households in London is projected to increase by over 25% up to 2026, which is an average rate of 36,200 per annum. The more detailed projections suggest that this growth will be slightly more rapid in inner than outer London - with the number of households in inner London increasing by almost 30%.

The four main reasons for these increases are:

- **o** changing age and consequent household representative rates which, as the population gets older, accounts for almost 30% of the increase - although a far lower proportion is in London;

- **o** international migration, which make up about a quarter of the increase - but 45% is concentrated in London;
- **o** increased longevity accounts for about 22% - but again less in London; and
- **o** a greater tendency to form separate households, which accounts for a further 20% plus at the national level, but this is likely to be relatively constrained in London partly because of high house prices. (Detailed figures will be available in an update of Holmans and Whitehead, 2005, to be published later this year.)

In many ways, household growth in London is far less certain than in the country as a whole, particularly because of the high proportion of London's household growth, which is associated with international migration. These are in many ways the least certain figures in the projection, because we have better evidence on inmigration than we do on outmigration. The pressures on London could therefore be overstated.

Impact of migration

Inmigration has two main elements. There are refugees and asylum seekers who tend to require assistance with their housing as soon as they arrive, but whose numbers the government is expecting to reduce. There are economic migrants who might be expected to enter the UK only if there are jobs to come to (DCLG, 2006a). However both of these stories are rather too simplistic (Holmans & Whitehead, 2005). Firstly, many refugees and asylum seekers arrive into central London but are accommodated in other parts of the country, although there is a tendency for them to come back to London as they become more settled. Both of these trends are likely to continue, as the government moves more towards a quota system to control numbers.

London's employment market over the last few years has been relatively flat, so it has come as something of a surprise that migration has continued to increase. It suggests that there might have been a structural change in inmigration resulting partly from the expansion of the European Union, but also from a broader trend toward greater movement. If this is the case even a significant downturn in the economy might not stem the inflow as much as past trends would suggest.

Inmigrants tend initially to have smaller households and are prepared to live in smaller accommodation. The private rented sector therefore takes most of the initial strain. However, if migrants remain in London, their household size and housing behaviour become far more like those who have lived in England all their lives . Their housing

Table 1: Official Household Projections

	Households				Average annual change	
London	2001	2003	2021	2026	2001-2021	2003-2026
Number of Households (millions)	3.04	3.09	3.76	3.93	36,000	36,200
Average household size	2.38	2.36	2.17	2.13		
South East						
Number of Households (millions)	3.29	3.35	4.01	4.18	36,000	36,300
Average household size	2.38	2.36	2.17	2.13		
England						
Number of Households (millions)	20.52	20.90	24.78	25.71	213,000	209,000
Average household size	2.37	2.34	2.14	2.10		

Source: DCLG New Projections of Households for England and the Regions, March 2006

demands depend as much on income as on household size, and they often move into the outer areas of London or further afield as they become more settled.

In the main, inmigration adds to the buoyancy of London's economy and increases its competitiveness. If the existing rate of net inmigration were to decline, the results would not be straightforward to predict, as a decline in inward pressure would also reduce the outflow to the rest of England, which has acted as a strong counterbalance. Over much of the last decade, movement out, mainly into the South East, East and South West of England, has consistently offset much of the impact of additional net international migration. This is fuelled by relative house prices and the housing available. It is easier to obtain a house and a garden rather than a flat, local service levels, notably schools, and a different lifestyle. Many will commute back into central London but, over time, a significant proportion, especially second earners, will find employment nearer home.

If international inmigration into London were to decline, the types of households located in London would change, resulting in a slightly older age profile and perhaps a slightly larger average household size. Secondly, it is not at all clear that London is able to provide additional housing at the rate implied by the projected household growth of some 36,200 households per annum. Thirdly, if, partly as a result of this incapacity to respond, house prices continue to rise, it is likely that non-demographic increases in household formation would be choked off, as they have been relative to the rest of the country over the last decade. The projections, anyway, suggest that average household size in London is higher than in England overall and will fall rather more slowly to 2.17 by 2021 and 2.13 in 2026 (DCLG, 2006a). Relative price increases would further slow this downward trend.

Implications of projected growth

Many commentators have taken these projections as suggesting that England, and particularly London and the South East, are overheating, and that the government should be working towards lower population and household growth. Yet it is not clear that constraint would be desirable from the point of view of the economy, especially as the main pressures are now projected to be rather less concentrated in the South than over the last decade. The main factors, which help to expand headship rates, and thus the number of households, are income and the rate of economic growth. These both enable more households to form and increase the incentive for immigration, and improvements in the affordability of the housing market, for instance if the Barker housebuilding agenda proves successful.

The main factors, which might reduce headship rates and the number of additional households, are the obverse of the above. Slower economic growth and greater constraints on housing supply would increase the problems for young people in paying for their housing, for instance as a result of higher education indebtedness. None of this can be regarded as desirable.

It should also be stressed that Britain's rate of household growth is, if anything, below average by European standards. In particular, comparable evidence on average household size and on the proportion of single person households suggests that there is still significant potential for expansion in headship rates and therefore in the number of households that require additional housing.

Even at a national level, these new projections imply the need for a much larger expansion in house-building than is envisaged by the government. In particular in the

Pre Budget Report, the government promised to raise net output levels to some 200,000 homes a year by 2016 (HM Treasury, 2005a). This figure was based in part on earlier, and considerably lower, household projections as well as on the capacity of the housing system to adjust. On the basis of current household projections, this level of output would fall short of requirements by a significant margin. This shortfall could be as high as 10%, taking account of additional needs over and above those coming from the expansion in the number of households.

In London, the draft alterations to housing provision targets in the London Plan, that were subject to the public enquiry in June, suggest that there is capacity in London to build some 31,000 dwellings per annum, although this includes replacement as well as net additions (GLA, 2006a). This falls short of projected requirements by far more than the projected outputs for the country as a whole, even though they imply an expansion as compared to the earlier plan of nearly one third.

This raises two important issues; whether this level of output can be achieved, and what the likely effect would be of further pressure on the housing market on London's households and the economy. The government's response to the Barker report is key to addressing these issues.

2. London and the Barker Agenda

The government's detailed response to the Review was published as part of the Pre-Budget Report in December 2005 (Barker, 2004, HM Treasury, 2005a). It accepted that the problem should be seen as one of affordability and access. It argued that, if current trends continued, within twenty years, fewer than a third of all couples over thirty with two incomes would be able to afford to purchase their first home without assistance. In the light of this crisis, the government made a commitment to increase house-building from the current levels of around 150,000 net additions to the stock to 200,000 per annum by 2016. This would be achieved through among other policies:

- **o** providing shallow subsidies to expand owner-occupation to 75%;
- **o** reforming the land use planning system to make it more responsive to evidence of local housing market demand;
- **o** merging the regional planning and housing functions into single entities by September 2006;
- **o** the provision of sufficient local and regional infrastructure necessary to support the additional housing required;

- **o** concentrating Section 106 contributions from developers far more tightly on supporting the provision of affordable housing in mixed communities;
- **o** increasing the supply of social housing by new approaches to recycling public assets and increasing grant allocations in the next Comprehensive Spending Review; and
- **o** consulting on the introduction of a Planning Gain Supplement, which would provide at least as much to local authorities as they currently achieve through the more broadly defined S106 arrangements.

London faces particularly difficulties in addressing the Barker agenda and the government's now clearly stated objectives. Both affordability and housing conditions are worse than in the country as a whole, while, as discussed above, the numbers of households expected to form over the next twenty years is proportionately much higher. Moreover, the Mayor has stated that London should expect to house this increase within London's administrative borders, which has not proved possible in the last two decades. On the supply side, almost all land in the capital is brownfield, and much of that land has other potentially high valued uses. Infrastructure is often overused, and there are major environmental issues in many of the areas where land is available. The construction industry is under pressure, and there are many other calls on their resources. It is costly to provide sustainable, mixed communities especially in the Thames Gateway.

The numbers

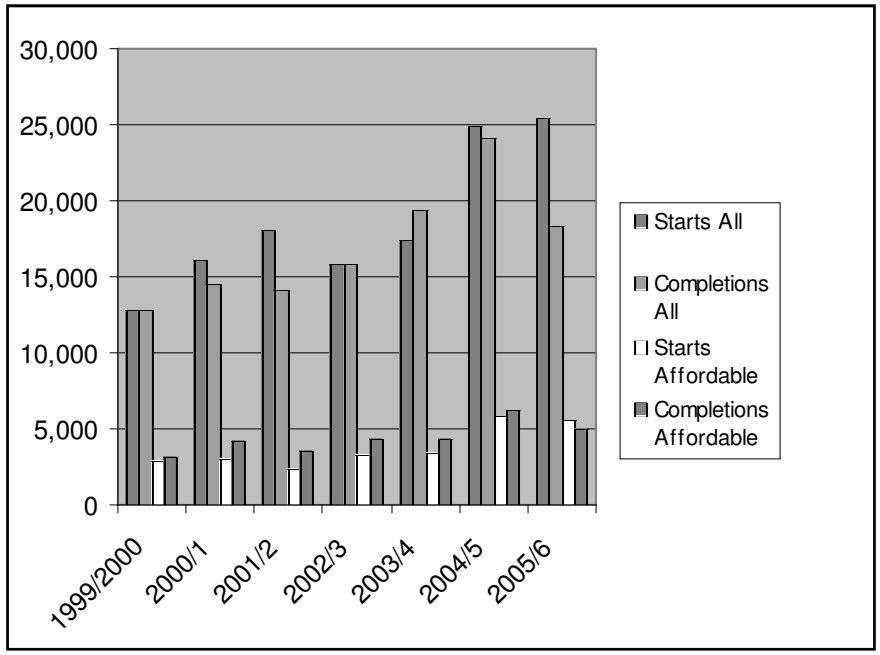
London has expanded its housing supply better than the rest of the country. Moreover, in part due to the nature of the stock, net additions to the housing stock tend to be higher than new build levels because of the large numbers of conversions, and the extent to which regeneration is able to increase densities. Government figures suggest that, nationally, housing completions have increased quite slowly since 2001/02, from around 130,000 to 163,000 in 2005/06, which is an expansion of some 26%. Starts have been relatively healthier, increasing since 2000/01 by 30% over the six-year period, so that they are now running some 21,500 above completions.

London's pattern of additional housing provision is rather different, see figures 1a and 1b. The rise in both starts and completions began a little earlier, and the rate of increase has been much steeper. In particular, starts have almost doubled, with the majority of the increase in the last two years. The pattern of completions is far less consistent. Between 1999/2000 and 2004/05, the increase is around 67%, which is

much more than the rest of the country. But in 2005/06 the numbers fell significantly to only 18,300 as against 24,100 in 2004/05, which implies an increase still well above that for the country as a whole, but in part because it started at such a low level.

The figures for 2005/06 may simply be an aberration, but it does suggest that the expansion may not be as strongly grounded, as the rhetoric suggests, taken together with the slowdown in starts as compared to England as a whole, and the fact that starts are hardly greater than completions unlike the rest of the country. At the very least, the step change in provision required to meet the new targets of 31,000 is likely to prove extremely challenging. At worst, it might be taken as evidence that a downturn in output levels from rates, which were anyway well below what the government is aiming to achieve, could be as likely an outcome as continued expansion. This concern is exacerbated by the evidence of worldwide uncertainties about asset pricing, which is related to the possibility of downward adjustment in those prices arising from increasing inflation, lower expectations of economic growth and greater emphasis on

Figure 1a: Trends in starts and completions: London

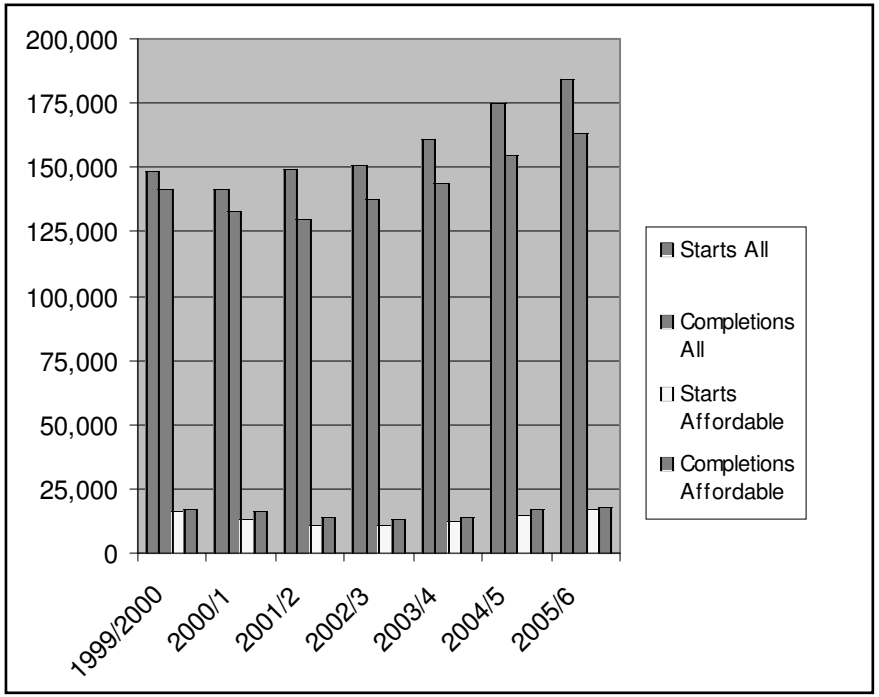


Source: ODPM

income generated from these assets. All of these factors are likely to result in increased uncertainty in the housing market associated with lower output levels.

An important aspect of these figures is the proportion of housebuilding located in London, in relation to the proportion of the projected household growth expected there. At its worst, at the turn of the century, London was producing less than 10% of national completions. In 2004/5, London's proportion of total completions rose to 15.5%, which is roughly in line with London's proportion of population but it is far below its proportion of household growth projections. If 2005/06 is taken as the comparator, the proportion of national output drops to less than 12%, while in terms of starts it is around 13.5%. So London is still not pulling its relative weight, but it may be impossible for London to do so, given the competition for land and the complexities of many of the potential sites. The success in accommodating London's growing

Figure 1b: Trends in starts and completions: England



Source: ODPM

population within its borders, as promised by the Mayor, may depend more on recession than on positive action to expand housing investment.

Affordable housing

A second important issue is the extent to which it has proved possible to increase the supply of affordable housing (HM Treasury, 2005a; House of Commons ODPM Select Committee, 2006; Meen et al, 2005). Despite the target levels for affordable housing set by the Mayor in the original London Plan at 50% of total output, the actual proportion has hardly increased and run at around 25%. This proportion is far higher than the national average, which has actually fallen from 12% to 11% over the same period, but clearly goes very little distance towards meeting London's increasing requirements. Moreover, the proportion of starts that are affordable is actually falling, even though the mechanisms for assessing s106 requirements have been carefully put in place, and there appears to be consensus on the need for expansion (GLA, 2004; Monk et al, 2006).

A further issue relates to the kind of housing being built. Over 80% of completions in London are one or two bedroom homes, and a very large and growing proportion are flats (GLA, 2006c). Arguably, this is quite reasonable, bearing in mind the increasing issues of affordability, the large number of younger more mobile households in the market and given the preponderance of houses and larger units in the overall dwelling stock, especially in outer London. However it raises more fundamental issues. Firstly, measured in square metres, London may not be expanding provision significantly faster than at the turn of the century, because of the decreasing average size of new homes, especially in the market sector. Secondly, in an environment where incomes are growing at more than 2% per annum, economic analysis would suggest that overall demand should be increasing at a similar rate, unless house prices rise to control demand. It would therefore be reasonable to expect house prices to continue to rise, unless the fundamentals supporting economic growth worsen. Thirdly, London has a very high proportion of single person households, but it also accommodates a higher proportion of large households, which are often in need of affordable housing. Their needs are not being directly met by new house-building.

Within the affordable housing sector, there has also been an important shift towards the provision of shared ownership and other forms of intermediate market housing rather than social rented housing, much of which tends to be larger and aims to address the problems of overcrowding that are concentrated in London's social sector. Table 2 shows that the proportion of intermediate housing has grown from 20% of

affordable housing in 2001/02 to almost 30% in 2004/05. This proportion is set to rise further as part of the attempt to increase the take under S106 as well as the government's emphasis on increasing homeownership.

Table 2: Affordable Housing Completions by Tenure

London	2000/01	2001/2	2002/3	2003/4	2004/5
Completions	9,130	7,055	7,377	8,769	8,552
S106 Completions (%)	21	27	43	44	44
Shared Ownership (%)	--	20	--	28	29
England					
Completions	44,971	29,866	28,791	32,605	33,154
S106 Completions (%)	21	35	44	50	55

Source: ODPM, HIP/HISSA

A major issue for London lies in the provision of infrastructure and the strategic role of Thames Gateway in achieving housing targets. Many of the mechanisms for funding infrastructure have yet to be put in place such as the Planning Gain Supplement (HM Treasury, 2005b). Equally, the emphasis of targeting public funds on the 2012 Olympic Games in East London means that infrastructure investment is likely to be increasingly concentrated on ensuring delivery in those areas. This could have adverse effects on other London sub-regions, especially in the North and South that are already struggling to meet their targets. Delivery in the broader Thames Gateway was always expected to be slow and dependent on government finance. This itself depends on the successful implementation of the Government's infrastructure fund for Thames Gateway and the Planning Gain Supplement, both of which will take time and may be adversely affected by economic downturn. Environmental sustainability issues are also of increasing importance, such as concerns about water usage on the one hand and flooding on the other. All of these factors present threats to the continued expansion of supply.

Changing Mayoral Powers

One potentially positive development has been the announcement that the Mayor will take over housing powers and get increased planning controls, in particular giving him

the capacity to intervene to say yes as well as no to big projects (DCLG, 2006c). The current London governance structure with respect to housing involves

- **o** London-wide strategic planning by the Greater London Authority through the London Plan;
- **o** local development plans, soon to be frameworks, drawn up by local authorities including the responsibility to identify land and housing requirements in general and affordable housing needs in particular;
- **o** local authority housing responsibilities with respect to standards and ensuring accommodation is made available for the homeless;
- **o** a wide range of Housing Associations and other agencies meeting front line needs; and
- **o** grants for affordable housing allocated by the Housing Corporation on the basis of sub-regional needs.

The transfer of powers to the Mayor should enable a better regional framework which links housing to planning as well as ensure a closer relationship between planning and the allocation of government subsidy. However, this is only one element in the complex governance structure. The step change in output required will depend far more on the overall economic environment and the development of financial instruments, that allow investment to tap into future land value gains more effectively, than on the transfer of one level of powers.

The Implications

If the economy continues to grow in line with past trends, then the most likely scenario is that access and affordability will continue to worsen across the London housing system. The mechanism by which price increases might be contained are far more likely to be those associated with worsening economic condition than with expanding supply. This is hardly the most desirable way to maintain London's world city status.

Perhaps the most positive change in London's housing position over the last decade has been the expansion of the private rented sector, which was fuelled in part by Buy to Let initiatives, that are heavily concentrated in London (Scanlon & Whitehead, 2005). This depends on investor confidence in continued house price rises. Any significant structural change in interest rates and inflation would impact on that confidence, although physical assets might well become more attractive under some scenarios.

The benefits to London of a buoyant private rented sector are very clear. It enables a wide range of more mobile and usually younger households to be accommodated more effectively, which is just what is needed to help London's competitiveness. However, if there is no 'move-on' accommodation available, London becomes less attractive to more stable households. This then adversely affects the capacity to meet the sustainability agenda and to ensure better services for those living in the capital. What is currently being built tends to meet the needs of younger households who want small modern accommodation. The needs of larger family households have to be met increasingly from the existing stock, which is itself often inadequate. It is clear that London needs to find better ways of matching growing demands as a result of growing affluence, if it is to remain a fully mixed community into the longer term.

3. Location and Density

An important government and Mayoral objective is to increase the density of housing provision, at the same time as the density of employment (GLA, 2004, 2006a). The aim is to use infrastructure and public services more intensively and reduce the need for commuting and the use of the car. This is seen as core to achieving urban sustainability in the longer term. Achieving this objective involves reducing incentives to leave city centres, increasing the attractiveness of urban living and intensifying land use in both central and suburban areas. It also involves a major change in household attitudes, which have tended to regard city and apartment living as second best.

At the same time as increasing densities the government has an agenda to reduce the concentrations of poverty especially in single tenure estates and to develop new mixed communities, which meet the aspirations of all types of household (ODPM, 2005). The mechanisms to achieve these objectives are mainly in the land use planning system which is prioritising new development on brownfield sites, mainly in urban areas, controlling the size, type and affordability of housing and the mix of uses and implementing s106 agreements to secure mixed communities in new and regenerated developments.

The implications of a higher density approach to planning

Attempting to pursue such a wide-ranging agenda with fundamentally a single instrument is extremely difficult, made more problematic by the fact that planning controls

are generally far better at stopping rather than encouraging development. There are three main issues:

- **o** whether planned densities will translate into actual densities;
- **o** what are the implications for the effective use of the existing stock, prices and affordability; and
- **o** what other approaches are there to improve outcomes.

Firstly, the estimates of income elasticities of demand suggest that, in a buoyant economy, people will want more space, roughly in proportion to the rate of real income growth. The demand is both for inside space, although not necessarily more rooms, and for outside space in the form of gardens and balconies. There is also a growing demand for pleasant environments and open space (Cheshire & Sheppard, 2002).

In market housing, this means that actual use densities are likely to be lower than planned and that there may be incentives for those living in small units to find additional accommodation elsewhere in the form of second homes. In the affordable sector, allocations will ensure high-density usage at the start, but for many households that density will fall over time and people will not move out, so actual densities decline. Other households will expand to the point of overcrowding adding to London's particular problems of a lack of larger affordable homes.

So overall densities are much more likely to follow the market and demographic dynamics than those sought by planned outcomes. Moreover, relative prices across the capital are likely to change further favouring areas where densities are relatively low, accessibility is good and open space and other amenities are in place. This is likely to worsen further the relative position of the East of the capital, especially if transport infrastructure cannot improve rapidly to meet the needs of the new housing being concentrated in this sub region.

There are a number of important implications for the utilisation of the housing stock. Firstly, although output is rising in dwelling terms, the average size of new and converted units continues to fall. This is against international trends, which have seen increasing average sizes over the last thirty years, while they have consistently fallen in England. This puts pressure on house prices overall and particularly on prices of existing houses, because they include larger more flexible units can be found.

Secondly, flats tend to have higher vacancy rates than houses, not only because they may be kept off the market by investors interested in capital gains and flexibility, but

also because of the higher turnover associated with mobile households and the increasing demand for 'second homes'.

Thirdly, the relative prices between houses and flats and between attractive and less attractive areas are changing rapidly, which is leading to increasing segregation in the existing stock, even where new developments are intended to help create mixed communities.

Finally, flats, especially the high-rise flats that the Mayor favours, have far higher service charges and running costs than low rise and single-family homes, and require better maintenance and management. Again this is likely to mean that, apart from 'iconic' developments, prices will rise less fast than for other dwellings. This will make them in some sense more affordable but far more risky both for the household and the community.

What could be done instead? If the reasons for encouraging higher densities are the social costs associated with low density, the problem is not so much related to new housing, where, arguably, it is more about making public funds and land go further than positive objectives of sustainability, but with respect to the existing stock. This implies increasing the cost of space to reflect the costs to society. It also implies far more sophisticated pricing systems to take account of relative values, such as of open space at the margin of the urban area as compared to that in the central areas. This could imply modifying property taxes and capital gains taxes in particular.

The problem with this approach is political unacceptability, especially as it hits both marginal voters and older households, who are asset rich and income poor. Equally, relocating development on to poorer land on the margins of the urban area and at transport nodes is seen as politically inconceivable at the present time. Greenfield sites and the green belt appear to be sacrosanct, while brownfield space, however valuable to the local community, can be built on with impunity.

An alternative agenda?

There are debates both, on the research front, about the likely consequences of higher densities and more compact urban forms, and on the policy front, about the feasibility and acceptability of raising residential densities to accommodate projected population growth within London, versus alternative strategies for the region.

The research debate involves questions both with respect to the evidence base for claims that higher densities will promote economic dynamism, reduce social segrega-

tion/exclusion, and significantly reduce environmental costs notably carbon emissions from car usage, and the relative values attached by residents to urban development versus urban open space. In the first case, recent LSE studies (Rice & Venables, 2004; Lupton, 2006; Gordon & Monastiriotis, 2006) indicate that:

- **o** agglomeration has a strong positive effect on productivity levels, though the relevant geographic scale seems to be that of the metropolitan region rather than Greater London;
- **o** residential segregation has some effects on social inequality, notably in schooling, but operates more strongly within London than in smaller towns outside;
- **o** higher planning densities, notably in employment centres, tend to reduce transport emissions by encouraging residents to make shorter trips and more of them by public transport, but the likely effects are very small relative to the scale of reductions required, not least because only occupiers of new developments would be affected; and
- **o** while the recycling of brownfield sites in London would reduce the impact on greenfield sites outside the city, which are a potential recreational asset for Londoners, it would inevitably restrict their access to more local areas of undeveloped land, which studies of influences on dwelling prices indicate to be much more highly valued.

The policy debate must necessarily go beyond these considerations to consider the strategic alternatives, and the practicalities of implementing different approaches. The basic choices are between:

- **o** the London Plan strategy aims to accommodate the projected population, household and employment growth entirely within Greater London's existing urban area, through the more intensive use of space in central areas, currently vacant sites and established residential areas. This is clearly an ambitious target in terms of managing development proposals, securing the necessary large scale infrastructure to support them, exerting effective control over local planning policies/decisions, and influencing the residential preferences of residents who might choose to move out - as well as addressing the resultant affordability problems for key workers and other low income households that must live in London;
- **o** a reverse strategy would be to relax planning constraints on green land within the South East and East, allowing many more people to achieve the traditional ambition of living in homes with gardens. This would involve substantial social, environmental and financial costs as well as benefits and a different set of political obstacles in terms of local resistance to extension of urban areas.
- **o** A more positive/planned alternative is to promote more selective forms of relatively compact development on greenfield sites outside Greater London, which would complement a more modest intensification strategy within London (Hall, 2006; Hall & Pain, 2005). This might be seen as an extension of the Sustainable Communities programme, at least in the sense that it would involve relatively concentrated patterns of development, rather than the dispersion which simply relaxing the planning controls would probably produce, and reasonable densities would be achieved in locations with efficient public transport access. This strategy too would clearly involve major infrastructure costs, if presumably less than within London, and would probably provoke more concentrated opposition in the chosen areas, unless appropriate sweeteners were offered to mitigate negative impacts and costs.

Any of these policies could, in principle, be supported by increasing reliance on taxation and pricing policies, which reinforce the incentives to reduce demand for larger units and more space per household, as well as the incentive to form new households.

4. Reality?

At the present time, the objective is very much to concentrate employment in the centre and housing in the Thames Gateway. In terms of current outcomes, new build is above target in both East and West London but significantly below in North and South. Overall output is around the current target level but way below that required to meet identified demand and need. Jobs are continuing to grow more in the centre and the west. These trends are likely to put further pressure on the affordability of housing and employment costs and could further unbalance house prices, the mixed community agenda and sustainable growth.

Secondly, the Mayor's density objectives, reiterated in the draft changes, involve significantly increased densities in suburban areas as well as in the centre, which are to be achieved in ways, which will change the nature of local place. To achieve these densities, the emphasis will be even more on flats and larger developments, both of which take longer to provide and are more subject to economic volatility and are already proving unacceptable to local communities. All of these factors are likely to make achieving a step change in provision more difficult.

Thirdly, any of the alternative policies, set out above, require large scale additional funding, as well as a larger, more efficient construction industry. Instead, there is likely to be growing pressure on existing local infrastructure, both physical and social, while the construction industry concentrates on higher cost larger scale developments.

There is therefore more than a distinct possibility of a continuing, messy, compromise in planning terms, presumably not as an explicitly chosen strategy, but because, either the London Plan strategy proves unrealistic in practice, or the government is unable to formulate and implement a workable alternative.

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7. The Land Fetish: Densities and London Planning

Peter Hall

In a recent pamphlet (Hall, 2006), I argued that for 75 years or so the English had pursued a quite irrational obsession with the land, seeing it as some kind of psychological defence against threatening aspects of the modern world. Admittedly, in the 1930s there was a real threat to large areas of southern England from uncontrolled commercial speculative development. But that was effectively stopped with the passing of the 1947 Town and Country Planning Act, which has allowed local authorities to contain the growth of urban England, not merely by green belts, but also more generally by not specifying urban development save in a few select places. At the start of the 21st century there is no comparable threat but rural land is still fetishised, with increasingly damaging consequences - for the properly sustainable development of London and the reasonable housing aspirations of very many in the region.

From a major review of outcomes from the first quarter century under the post-war planning system (Hall et al., 1973), we found that it had been very successful in the containment of the larger towns and cities, but at the cost of two perverse effects. Displacement of development to small towns and villages, especially in the least attractive parts of each county, increased travel distances both to work and to higher level services. And the restriction of land supply brought inflated house prices, with both less choice and reduced quality at the lower end of the market. In this respect, British planning policies had proved far less successful than American ones in accommodating the demands of a more affluent, more space-using lifestyle. Generally rural dwellers and the more affluent new suburbanites had gained from the process; but the less affluent ones suffered cramped space and relatively high costs, and the least affluent, left in the cities, were the biggest losers. Thus the overall effect, in income terms, had been perversely regressive: those with the most had gained the most, and vice/versa.

In the 30 years since then, nothing fundamental has changed, but the effects have intensified, as the blanket of containment has been extended further and further. The area of Green Belt has more than doubled, to far exceed that of urban areas, and overall limits have been imposed on the use of greenfield sites, as density targets

have been ratcheted up to try to 'contain' the population growth of cities such as London, as well as their physical development, within their 1930s urban envelope. In percentage terms at least, the brownfield target has been overshot, but at great social cost in terms of restricting overall house-building, with predictable implications for house prices, as greenfield sites have come to be seen as inviolate (Hall, 2005). The question now, as in the 1970s, is whether there are really large enough gains from this taboo to justify the sacrifices that it requires of part of the population, and whether there are other solutions which could deliver the benefits of a higher quality of life for all, if we could approach land use in a more rational way.

The challenge for London and the South East: housing 2 million extra households

In the Greater South East, in particular, the basic question to be addressed is where and how we are going to house a continuing sizeable growth in numbers of households. The latest 2004 ODPM projection envisages a million more in Greater London and another million in the adjacent South East and East of England regions. There is a misguided view that, if we do not build the homes, these extra households will not form. The fact is that the new households are the result of demographic and social trends; more young people leaving home early, more divorces and separations, more old people surviving their partners for more years. These changes cannot simply be stopped. If you fail to provide, the result will be (as Alan Holmans and I argued before the original Urban Task Force report) escalating house prices and misery for those whose needs are not met. Everyone will suffer, but, as usual, the poor will suffer most.

So the critical question becomes one of where the new housing should be built. The official orthodoxy, laid down originally by John Gummer in late 1996, frames this primarily in terms of the percentage of new housing which should be directed to 'brownfield' sites. It is important to understand that this term refers not just to recycled land, but to all means of intensifying housing development within the urban fence - reflecting the fetishisation of 'greenfield' land outside. First Gummer and then the Urban Task Force (Urban Task Force 1999) set this target at 60 per cent, while the incoming Labour government in 1997 adopted a perhaps more realistic norm of 50 per cent. A well-funded lobby has, however, increasingly opposed almost any form of greenfield development. These include not only the fundamentalist Campaign to Protect Rural England, but also a motley group of interests including architects, such as Richard Rogers, interested in new high-density urban forms, and all their journalistic camp-followers; together with many of the chattering classes, often themselves migrants to

the countryside. They have even suggested a five-year moratorium on all greenfield development in order to force development back into the cities.

The terms of this 'debate', and its crude dichotomy between greenfield development (all bad) and brownfield development (all good), obscures the real questions about the existing and alternative use values of the actual sites involved, and about the effects of different physical patterns of development, economically, environmentally and for the quality of life.

Greenfields and Brownfields

On one side of the picture, a simple fact, which is conveniently ignored, is that the economic case for preserving countryside in this region as farmland is very weak. This has been true for a very long time, but EU set-aside policy, that rewards the owners of 9% of farmland in the South East for growing nothing, highlights how much of the land is unproductive, while tight planning controls have progressively widened the disparity between agricultural and development use values for any site (a hundredfold higher in urban use). The area of land now sterilised, from any productive use whatsoever, is far in excess of the most generous estimates of greenfield land needed for housing, let alone the modest estimates suggested by the government's 60% target. Greenfields may, of course, provide value in other terms, but this cannot be taken for granted, nor can it be assumed that so-called brownfield sites all lack such value.

On the brownfield side, Llewelyn Davies (1997) provided an exhaustive guide to the different types of site and their potential for meeting London's housing targets. There are basically three elements: urban greenfield, i.e. land that has not so far been built on; land formerly used for productive purposes; and existing residential areas where development can be intensified.

The first of these divides into two: land that is pure wasteland, that never got developed because it was too difficult and/or unattractive; and land that has been reserved as parks and playing fields and golf courses or just as landscape areas. Of the wastelands, the largest are the huge tracts of desolate marshland in Thames Gateway (notably at Barking Reach and Havering Riverside) in the London part of which, Llewelyn Davies concluded that the housing yield might be 30,600 units - out of a total of about 100,000 for the whole corridor down to the Isle of Sheppey. This would represent just 7% of the London Plan's target of 458,000 additional homes in Greater London between 1997 and 2016 (Mayor of London 2004, 56). Other undeveloped sites are not on this scale, though there is a collectively important set of 'railway

wildernesses', areas so cut up by London's historically anarchic pattern of railway development that they have proved impossible to develop up to now. These include various odd examples where railways pass over or under each other without any connection. These are notably at Chiswick Park, Old Oak Common and Wormwood Scrubs, in West London. Properly developed, these could be major transport interchanges, strategically supporting new town centres with associated high-density residential development. Taken together all the 'wildernesses' could yield another 50,000 units, at a guess.

The other part of the urban greenfield comprises parks and playing fields. A decade ago, Michael Breheny pointed out that a fifth of the 'brownfield' development was actually on urban greenfield land, much of it regrettably of this type. Clearly this is quite wrong and ought to stop. If there is an issue about greenfield building, then the one place there ought to be total doubt is urban greenfield, which is not only used for all kinds of healthy recreation. It is also vital simply for preserving the biodiversity of our cities, including photosynthesis which becomes ever more vital as the emissions of carbon dioxide mount. The need is even greater if we build on the marshlands that also fulfil this function. The one arguable exception might be some of the very large green areas in London used almost exclusively for weekend recreation, such as Wormwood Scrubs or the Lee Valley, where some controlled sacrifice of green space might be defensible to enable really high-density developments next to them, preferably in association with new transport interchanges.

The second source of housing in London is the reuse of sites originally developed for industry or warehousing - of which Docklands is of course the model. Many such sites arrive as windfalls and can't easily be predicted them before they become available. The problem is, however, that every housing gain of this kind is a potential job loss. The rule should surely be that: if there is no realistic likelihood that this land is going to be viable for its original use, then it's legitimate to recycle it for housing. And this should take priority over other alternative uses, like multiscreen movie villages. The same goes for older offices that can be remodelled into apartment blocks. LPAC estimated that 60,000 units might be obtained in this way: a modest contribution, once again, but worth happening.

Finally, and crucially, there is the potential densification of existing urban areas, notably through what Llewelyn Davies (1997) called backland development: crudely, building on people's back gardens. In particular they argued rightly that we should be looking to concentrate additional housing within a 10-minute walking radius around train stations, in the form of what they called "pedsheds", so that - as far as possible

- people will not be car-dependent. Within such zones there are clearly places, especially in the run-down 'shatter zones' at the edge of the commercial centres, where one can get useful housing gains in this way. But, on the other hand, as Llewelyn Davies points out, "the potential for backland development is significantly constrained by practical issues of land ownership and assembly". Crudely, how are you going to persuade all those villa owners to surrender their big gardens in areas where anything between 10 and 150 separate ownerships may be involved? Compulsory purchase is not a defensible option except where the quality of the dwelling stock has seriously declined, and the idea, which Llewelyn Davies entertains, of redevelopment schemes being initiated by a simple majority of owners conjures up terrible visions of a new suburban Rachmanism.

The likelihood must also be that local residents will pressure their local councils not to modify the stringent policies evident in current outer London UDPs, since NIMBYS are alive and well in the suburbs as well as in the shire counties. (Ken Livingstone could of course use the extra powers the government intend to give him to overrule the borough, but in that case his chances of re-election could be severely slimmed). In these circumstances, I would be even more sceptical than Llewelyn Davies that any more than a small proportion of such sites will actually be re-developed in a comprehensive way on one of the denser models that they identify. Even on that basis, however, the result of Llewelyn Davies' careful appraisal was that across London the total yield from sites within ten minutes of town centres in London, would be 52,000 dwellings on the basis of existing standards, rising to 77,000 with a site-based design approach and one off-street parking space per dwelling, or 106,000 with no off-street parking. There are other possibilities other than the pedsheds, but the Llewelyn Davies report doesn't think they amount to much. So, the bottom line is that densification of existing residential areas might yield a further 11-23 per cent of the city's projected housing need.

Where does this long exercise in bean-counting get us? To the conclusion: that there is no realistic possibility that we will ever shoehorn more than about 300,000 extra dwellings into London. That is 158,000 (34%) less than the target set by the Mayor's London Plan for achievement by 2016. Even with 300,000, we would be shoehorning with a vengeance: building houses on all sorts of inappropriate sites, which are bad for the people who live in them, bad above all for their children if they have them - for example in terms of the levels of noise and pollution implied by densified designs with housing directly abutting busy roads.

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Density: Myths and Realities

The countryside-architectural lobby will of course counter that nearly 80 per cent of the projected new households will consist of only one person, all of whom will prefer a compact high-density urban pattern of life. In fact, in 2016 only about one third of the projected one-person households will be 'single never married', and only part of those will be the kind of young people who might

fancy living at high density next to the bars and nightclubs; the others are divorced parents whose children will be coming to see them, or old folk who have paid off the mortgage on their semi, and neither of these groups is going to look with relish at the idea of being uprooted to high-density urbanism. It is true that 50 years ago it was realistic to build for families with two or three children, but the new homes of the next 20 years are likely to be for one or two adults only, with no resident children. But, changes in lifestyle, involving provision for family visitors, entertainment, many more possessions, and frequently the need for workspace too, mean that much the same amount of space is going to be needed, if used quite differently.

More fundamentally, space norms can no longer be imposed by politicians or planners on a subservient public. The issue now is essentially one of market research, seeking to establish what people are going to demand in terms of dwelling types and location, and how many will actually choose to live within each dwelling. We hardly know anything about this, but it is clear that higher population densities cannot simply be imposed, either locally or across London as a whole.

There are some technical difficulties in grappling with the questions about appropriate density standards in different contexts, partly reflecting confusions between gross and net requirements for land, and partly the long gap in work on these questions. Two basic points need to be made: the first is that (as a matter of arithmetic) savings in land are mostly to be made by moving from low to medium densities, with the density bonus dropping rapidly thereafter; the second is that the local provision of community and social facilities, which remains desirable to limit unnecessary travel, imposes a more or less fixed overhead, meaning that gross land requirements fall by proportionately less (DETR 1998). Notwithstanding variations between contexts, the main potential land savings can be seen to come from minimising the amount of development below about 20 dwellings per hectare, rather than increasing densities above 40 dwellings per hectare. The message is that 30-40 dwellings per hectare remains an appropriate urban norm. Going higher than this, with a high proportion of flats, in

places that are very accessible to shops and services and transport would allow lower values in areas that are a little more peripheral.

These conclusions about local densities are consistent with Owens' (1984) work on sustainable urban forms in relation to thresholds for provision of pedestrian accessible local services and viability of district heating systems. And, crucially, they are also consistent with key studies of contemporary British housing and area preferences In relation to housing, CABE (2002) showed that the two most desired housing types nationally were still the bungalow (30%) and the village house (29%), followed by the Victorian terrace (16%) and the modern semi (14%). Even among those one-person households which were expected to make up 80 per cent of the growth in household numbers, Hooper et al. (1998) found that most wanted two or three bedrooms, preferably in a house with car-parking, a small garden or patio, and better space standards than the average 'starter home". In relation to areas, Champion et al. (1998) found that environmental preferences continue to drive a pattern of movement in which more affluent people move from high-quality suburbs to the country, and are followed by people moving from the low-quality parts of cities into the high-quality suburbs. This is scarcely surprising, but nevertheless profoundly true. Similarly Hedges and Clemens (1994) reported findings from residential satisfaction studies indicating that, while those who have the choice aspire to a rural lifestyle, they will mostly be satisfied in the suburbs. Many, however, remain quite averse to city living - just as Hall et al (1973) had concluded.

To put it simply, the evidence is that British people still predominantly choose suburban house types and a suburban lifestyle. Across London, as elsewhere, virtually all of us live there. Whatever their precise form - terraces, semi-detached, detached villas, rows or crescents - they share an essential feature as somewhat arcadian retreats from the cares of work and the nuisances of city life. As in the 1950s, however, these preferences are still vociferously opposed by a combination of fashionable architects, Nimbys and big city barons.

England: The Unique Country?

Of course there is no single answer to the question of what kind of urban/rural living do people want, since different people, different kinds of households, want different qualities and face different constraints on what they can afford. But, while the recurring debate over containment and densities has involved protagonists with conflicting interests, it has also been one about preferences and ideals, where the English (sub)urban tradition has been confronted with continental architectural models. This

was a central theme of Rasmussen's (1937) great book London the Unique City, which argued against mixing the two approaches and contemporary advocacy of smaller dwellings - on the basis of recognition that 'plenty of room in the home is an absolute necessity for health and human dignity (p.403). Rightly, he saw not only that every place in London, beyond the 'square mile', had grown up as a suburb and embodied suburban features, but also that the genius of the English, the genius of London, was (and is) in its suburbs. That is the conclusion we need to draw in forging our 21st century urban renaissance. It is paradoxical: the easiest way to repopulate our depopulated cities would be to develop extensive new suburbs intown, places like Ealing (or Edgbaston or Jesmond), complete with their own community life - rather than seeking to impose an unfamiliar form of urban-ness on them.

But this still leaves open questions both about density and about quality. The suburban model can work satisfactorily at various densities - up to even 100 or so dwellings per acre in some of Rasmussen's preferred examples, like Bloomsbury - depending both on the accessibility and other assets which the area offers, and the varying preferences of different groups who might choose to live there. Where there is a buoyant market demand for urban space, as in most of inner London, we can take the densities up to Bloomsbury, Islington or Chelsea levels. But elsewhere, even in London, and still more so in weaker midland and northern cities, then we should attract and retain people by giving them the kinds of densities they understand and like.

Typically this means designing urban areas somewhere in the 30-40 dwellings per hectare range, going rather higher, with a high proportion of flats, where there is strong local accessibility to shops and transport, and lower in more peripheral areas. This is consistent with the government's latest guidelines, advising densities of 35 dwellings per hectare. But it is much less consistent with over-ambitious pressures to accommodate all London's projected household growth within the GLA area.

Quality

In relation to the issue of quality, the simple points are that basic suburban style can be achieved well or badly, and that, in the UK, standards fell sharply from those achieved in the golden age between 1880 and 1914, and largely maintained into the 1930s, to the kind of debased pseudo-suburbia we've been building for the last twenty years or more. Typically this involves low-density housing on the edge of a small town somewhere in southern England, clustered in culs-de-sac, giving on to a distributor road that all too easily gets gridlocked, and incapable of supporting a decent bus service.

This shift is linked with the great spread of car ownership, since in the older suburb form had been set by the train station, and by the maximum radius that people were prepared to walk on a regular daily basis. The newer suburbs, from the 1950s on, may have been planned on the basis of a nominal public transport system, but high car use has eroded that system to a point of ineffectiveness. In the suburbs built over the last twenty years, it isn't even clear that there was a very positive attempt to guarantee public transport, if it had been possible. And that's particularly the case, because these newest suburbs have very often been attached to quite small towns or even villages, where, even in their heyday, the bus may have called only once or twice a week. This is the key point: it's this very large-scale deconcentration and diffusion, out of the cities into the small towns, out of the small towns into the villages, that has created our present crisis of complete car-dependence. And this extreme form of dispersal is not simply a reflection of residential preferences, but also of the negative planning associated with a crude containment policy, driven by the land fetish.

The answer is not, however, to seek to reverse the 200-year-old trend to deconcentration in this region - especially given our earlier conclusion that London cannot decently and realistically house the population growth projected for it. The issue is one of actively promoting different forms of decentralisation. Two basic principles would be to extend existing settlements where this enables the viability of public transport and basic local services to be ensured, and to cluster such town expansions along strong lines of public transport, especially rail routes. Some of these ideas do figure in the government's new Sustainable Communities policy, but they need to be pursued more wholeheartedly.

The challenge now is to realise, in these great growth corridors, the qualities of the classic suburbs - sustainable transport provision and effective insulation of households from pollution and noisy traffic or neighbours - within a programme of housing development matching that of the great new town building era from 1946 to 1980. This time, however, delivery will depend not on monolithic public corporations, but on private builders working to design briefs that will help sell their houses faster to satisfied customers. Realism about what households want, and will choose, plus rational examination of how this can be combined with greater sustainability, will be crucial to avoiding the kind of unintended consequences which marred earlier containment programmes. This won't happen - and houses won't get built - if a taboo on (rural) greenfield development (or an obsession with London growth) leads to an unrealistic focus on densification. Densities can be powerful servants for planners but are dangerous masters.

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8. Funding for new London transport infrastructure is vital to meet the demands from growth

Stephen Glaister

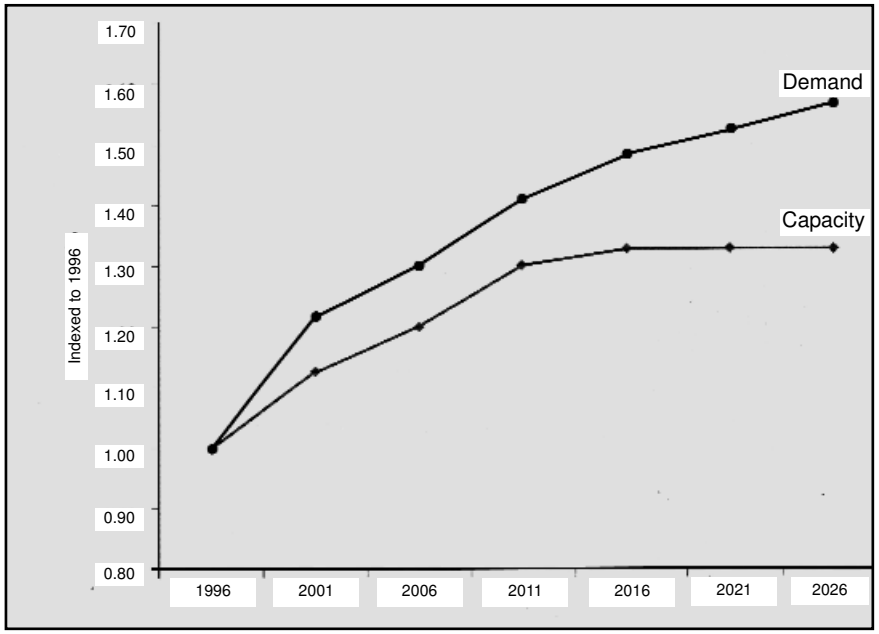
London and its hinterland face a major but as yet unquantified transport problem over the next two or three decades. In June 2006, Transport for London published a discussion document, Transport 2025: transport challenges for a growing city. This demonstrates how the shortages of capacity will develop over the next 20 years. But it does not discuss the implied cost of funding the necessary infrastructure and how that funding might be found.

Policies on housing densities and locations, land use planning and regeneration are all being developed without a coherent overall account of the transport requirements implied or of how they might be paid for. Population and employment are both expected to grow, but not in the same places. That will inevitably lead to increased demand for personal transport. But at peak times there is already a general shortage of capacity with its consequent crowding and unreliability. This is apparent on bus, Underground and the commuter railway alike, but it is also likely to become a relentlessly worsening problem on the roads in the outer suburbs and beyond, where public transport has a minority share of the trips.

Transport for London (2006) projected population growth from 7.5 million in 2006 to 8.3 million in 2025. It also projects employment growth from 4.6 million in 2006 to 5.5 million in 2025. Further, it shows (on page 22) how the population growth is expected in the outer London and beyond, whereas employment growth is expected largely in central London. The obvious implication is that there will be further increases in commuter demand on bus, Underground and the commuter railway. This is illustrated in Figure 1.

Current TfL and Network Rail budgets contain little money for enhancement of capacities. Increased expenditures are mainly for maintenance and renewals. An exception is the Public Private Partnership for the Underground, which will eventually provide between 20 and 35 percent more capacity depending on the line but not much of this will be available within ten years.

Figure 1. The gap between public transport demand and capacity

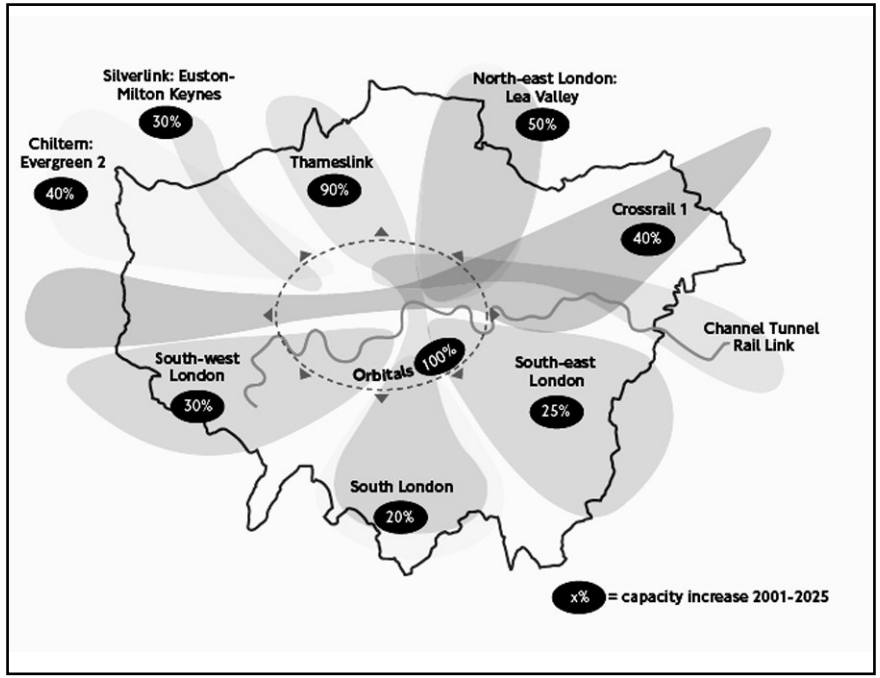


Source:TfL (2006, p36)

There are proposals that would help. The east to west underground Crossrail scheme, currently seeking its powers in Parliament, would make a real difference at a cost of something like £10 billion. Unfortunately, the government remains indecisive about whether to provide the funding necessary for Crossrail, even though the government of the day first gave it a 'go ahead' in 1987. In June 2006 it announced a further delay pending consideration of the forthcoming report by Sir Michael Lyons on local government finance, and in July the Secretary of State for Transport, in an open letter to the Prime Minister, made the vague and non-committal statement that by the time of the 2007 Spending Review "The Department hopes to have made progress towards identifying an equitable funding solution". If Crossrail were in place, TfL reckons that expenditure of a further £7 billion or so on a series of schemes could increase capacity of the commuter rail by 40 percent. This is illustrated in Figure 2.

Bus services could be further expanded, but only at substantial extra cost. Nobody seems to be proposing major increases in road capacity, though there will surely have to be some, at least to serve the proposed development areas like Thames Gateway.

Figure 2. Potential for overground rail network to meet demand 2001-2025



Source: TfL (2006), p72

But the need for additional road capacity-through new building or better enforcement or more sophisticated traffic control systems-are considerable and increasing. So, the 'shopping list' is long and, by adding a second new Underground line and clutch of proposals for trams, which are all currently unfunded, an alarming capital sum can build up.

How many of these schemes would be good value for public money is an open question but TfL is beginning to do those calculations in a systematic way. It seems obvious that there will be pressure to find substantial new money to meet the demands imposed by the growing population and growing, high value employment. How might the money be found for at least some of them?

For the five years 2005/6 to 2009/10 central government has.made a remarkable commitment for five years and it has approved the use of the settlement as a foundation for TfL's Prudential Borrowing programme totalling £3.3 billion of a thirty year debt. It is a generous settlement and is, perhaps, an indication of the government's

confidence in the operation of the new London government. The Prudential Borrowing is certainly a more sensible way of raising capital than through the method of implicit borrowing under the London Underground PPP. Local authority borrowing is the alternative that many of us advocated unsuccessfully as an alternative to the PPP. Now it has been allowed, TfL has been able to issue debt on the commercial markets at an interest cost of well under five percent per annum. Both the PPP and the Prudential Borrowing are on the public balance sheet but the latter exploits the inherent low risk to lenders to secure a much lower cost of capital.

The current five-year borrowing plan is, indeed, 'prudent'. TfL's plans to repay the debt over 30 years meet the necessary tests and, equally to the point, are believed by the markets and the rating agencies. But it is not clear how any extra tranches of borrowing could be funded after the first five years.

This problem emerges from an analysis of the summaries of TfL's five year Business Plan (TfL, 2005) shown at Figures 3 and 4. Firstly, there is an increase in fares income, which will have been achieved by an increase in real fare levels, particularly to offset the granting of free travel to substantial numbers of teenagers. Secondly, although there is an increase in transport grant from government over the period, it is pre-empted by the non-discretionary increase in the contractual underground PPP payments. Thirdly, the spending programme is partly paid for by about £600 million each year from the borrowing. Finally, debt service charges have built up to £239 million in the final year-and will continue at a similar rate for the remainder of the thirty year term of the borrowings.

Note that £239 million per year will be serving £3.3 billion of debt over 30 years, and at that rate £1 billion per year would have serviced £13.75 billion. As a rough guide, if the cost of borrowing is 10 per cent per annum then a cash flow of £1 billion per annum will service nearly £10 billion over 30 years, and at 5 per cent per annum £1 billion per annum will service about £15 billion. Plainly, this pattern of spending can only be repeated for the five years following 2009/10 if fare revenues can be raised even more, or there is some new cash flow to service further debt, or if there is a further increase in annual grant from central government.

Additionally, extra debt would have to be serviced to pay for any of the major capacity enhancements mentioned above. There is also a liability to find funding to cover as-yet undiscovered costs of providing transport infrastructure for the 2012 Olympic Games. If any of this were to be achievable by TfL borrowing on the markets, then its long term capacity to sustain such debt would have to be substantially enhanced.

Figure 3: TfL Summary Business Plan 2005/6 to 2009/10: Income and Expenditure

£m	2005-2006 P6 forecast	2006-2007	2007-2008	2008-2009	2009-2010	Total
Operating income	2,751	2871	3,186	3,354	3,497	15,660
Interest income	55	53	47	44	38	237
Income	2,807	2,923	3,234	3,398	3,535	15,897
Precept	20	21	22	23	25	112
Transport Grant	2,161	2,383	2,544	2,528	2,651	12,267
Total Income	4,988	5,327	5,800	5,949	6,211	28,276
Operating Expenses	3,487	3,628	3,788	3,864	4,021	18,788
LU PPP/PFI costs	1,420	1,558	1,590	1.668	1,840	8,078
Debt Service	24	85	132	187	239	667
Total Operating Expenditure	4,932	5,271	5,510	5,719	6,101	27,533
Surplus/Deficit	56	56	290	230	111	743

Source:TfL (2005)

What new sources of income are there to deal with the funding problems?

First, the prospects for increasing fares.

Although the Mayor does not control commuter rail fares or fare revenues, bus and Underground fares represent a strong base at £2,300 million pa. As fares go up in real terms, demand will go down. So the net effect on revenues is a balance between higher revenues per user and fewer users. The outcome is determined by the percentage reduction in demand in response to a one percent increase in fare. Broadly speaking,

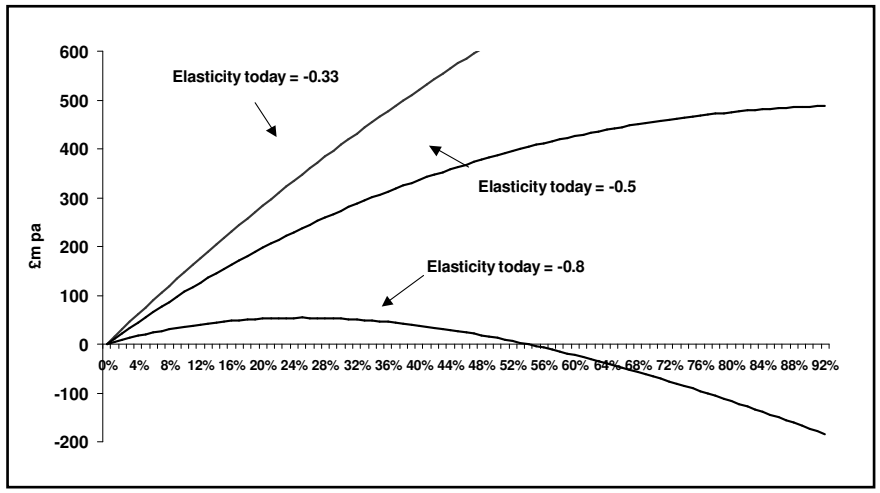
Figure 4: TfL Summary Business Plan 2005/6 to 2009/10: Capital Funding

£m	2005-2006 P6 forecast	2006-2007	2007-2008	2008-2009	2009-2010	Total
Capital Expenditure	849	895	1,150	1,326	1027	5,248
Contingency	0	26	27	28	28	109
Less 3rd Party funding	(195)	(234)	(194)	(132)	(123)	(878)
Total Capital	654	687	983	1,222	932	4,480
Funded by						
Operating surplus	56	56	290	230	111	743
Borrowings	550	604	600	750	600	3,104
Reserves	130	66	144	114	189	643
Non-recurring grant	0	0	5	137	58	199
Working Capital Movement	(82)	(38)	(55)	(9)	(25)	(209)
Total Funding	654	688	984	1,222	932	4,479

Source: TfL (2005)

in London conditions and in the long term, this is somewhere between -0.5 and -0.8 per cent. As fares continue to rise, travel by bus and Underground becomes more expensive relative to alternatives and one must expect people to respond more actively to yet further fares rises. The effect of all this is sketched in Figure 5. This suggests that it would be imprudent to assume that one could raise more than £400 million per annum, even with fares increases of a magnitude that would be politically 'difficult'. Fares increases of such a magnitude would run directly counter to several policy objectives, such as encouraging transfer from private to public transport to mitigate road congestion. It would also run counter to much public opinion. On the other hand, increasing the underlying volume of demand due to rising real incomes and rising population will themselves generate more fares income at any given fare level. In summary, fares increases above inflation might yield enough to service between £1 billion and a maximum of, say, £6 billion over thirty years, depending on demand elas-

Figure 5: Real fares increases and extra revenues from bus and tube



Note: the base is £961m + £1,339m = £2,300m)

ticities, the cost of capital and public opinion. So fares increases could, in principle, make a useful contribution. But that would not be sufficient.

It is a mystery as to why a city as prosperous as London has such difficulty funding its own infrastructure. The reason is not that it cannot afford it but there are institutional barriers that prevent it.

TfL (2006) reports that London's Gross Domestic Product is valued at £160 billion a year. If some means could be found to access just one percent of this amount, the yield would be sufficient to service between £16 billion and £24 billion of capital over 30 years. This would be equivalent to raising Value Added Tax in London from 17.5 percent to about 20 percent.

Commercial property taxes are dissipated in a national fund and, as shown in Figure 3, the yield from domestic property taxes is minimal and small by international standards. Unlike other world cities, London government has no other access to the local tax base as all tax funding is channelled through and determined by central government. If some new way were created to allow the city to access a small part of the economic value created in London, then the infrastructure funding problems would be greatly reduced.

In most other major cities of the world, the crucial element of their success is local taxation (see Glaister, Travers, 2004). For instance, New York has over 20 local charges and taxes. The borrowing on behalf of the Metropolitan Transit Authority has been against a mixture of sources, including: tolls from the Triborough Bridge and Tunnel Authority, city and suburban sales taxes, certain petroleum-based taxes, taxes on telecoms and mortgage recording taxes. Vancouver, like many US cities, has local road fuel taxes. French cities have a local employment tax, which is hypothecated to transport. In London the only local source of this kind is the Congestion Charge and, because the area charged is small, the net revenues are modest.

As TfL and several other authors have noted, a substantial proportion of the value of transport improvements will be capitalised into increased land values. Under the current system, this will bring a windfall gain to the landowners. There are many ways to capture some or all of this windfall gain as a source of funding for the public infrastructure. In Hong Kong, gains are internalised by giving the transport operator the rights to commercial rentals from property developments at stations. Joint ventures between a transport promoter and a landowner can have a similar effect. The problem with this in London is that in most cases land ownership is too fragmented, although something similar has been attempted for some of the larger developments such as those in Docklands. Business Improvement Districts, where local businesses club together and are able to enforce contributions from all those in the area, can be effective on a small-scale.

Some mechanisms, such as Section 106 contributions and the proposed development value tax (the Planning Gain Supplement), only relate to new developments and would have inadequate yield, not to mention unfortunate effects on incentives.

Revenue from the national uniform business rate is paid into a single national pool and redistributed to local authorities in proportion to population. The values attributed to properties are adjusted every five years, but the national uniform poundage applied to those values is adjusted to keep the total national take constant in real terms. London's economy has been relatively more active than the national average and land values have risen faster, so the Capital's contribution to the national uniform business rate has increased relatively and absolutely. Meanwhile, by the same token, London's transport infrastructure needs have increased. Local business has no influence on either the tax take or on how the money is spent. All this is unsatisfactory. Reform would be possible without dismantling the whole system. For instance, the total national take could be allowed to increase according to some rule, and the increment could be ring fenced for a national infrastructure investment fund.

TfL and others have proposed a scheme called Tax Increment Financing. Increased yields in a defined neighbourhood of new transport investment would be notionally ring fenced and used to service capital debt. This would be invisible to business taxpayers. Transport for London estimates that this could fund between £2 billion and £3 billion in capital in the neighbourhood of Crossrail.

As proposed by Travers and Glaister (1994), a simple way to achieve a similar result would be to allow local authorities, at their own discretion, to impose an additional levy on the standard uniform business rate. This could be ring fenced to service a capital fund for new infrastructure. On the 2002-03 valuations, the London business rate yield was £3.7 billion. So an additional ten percent levy could service between £4 billion and £6 billion of capital. This could be placed in a generic infrastructure fund to serve various needs across London, so avoiding the problem that any one infrastructure investment would benefit a relatively small number of businesses whilst all businesses would be contributing. It would be cheap to administer, hard to evade, and any distortionary effects might be acceptable. It would probably be necessary, to create a business vote and Travers and Glaister illustrated how that would be possible.

These ideas are receiving attention as part of Sir Michael Lyons' review. They may prove useful. However, a politically acceptable levy on the national non domestic rate may well not produce sufficient yield for London's problems.

Road pricing at the scale of the Greater London Area could provide a practical solution. Central London accounts for a minority of daily trips. 46 percent are contained entirely within Outer London, and public transport accounts for a small proportion of these. The private car is by far the most important mode in London. Congestion is a serious problem in Outer London and it is likely to get worse unless there is a major change in policy. Public transport can only make a limited contribution. A direct and productive new way to address the problem would be to introduce road pricing. Arguably, it is the only policy available with sufficient power to deal with this problem. Unlike many taxes on commodities, road pricing has the double virtue of dealing with congestion and raising new revenues. Glaister and Graham (2006) estimate that a London scheme, without any discounts or concessions, might yield up to £5 billion per annum in 2010. After accounting for capital and operating costs, discounts etc, a practical scheme could yield £2 billion per annum that could be capitalised into £20 billion to £30 billion.

This magnitude of capital funds would clearly enable the Greater London Authority to take forward much that it is currently prevented from achieving through a shortage of

funds. Properly presented as a complete package and compared with the available alternatives, such a policy might make a package that is attractive to the London electorate.

Road pricing at a national level is now national government policy. There is much to work out in sufficient detail to introduce it on a national scale. The greatest benefits and the greatest revenues would be in the London area. There is a danger for London in the concept of a national scheme. If concessions are granted in national rates of fuel duty or other national taxes as part of a package of measures to render national road pricing acceptable, London could lose a significant proportion of its revenues to other parts of the country. This consideration reinforces the argument for establishing a pan-London scheme at the earliest opportunity. The Mayor of London has the statutory powers, and suitable technologies are available now.

Central government has treated London reasonably generously in recent years. However the needs are so great and the constraints faced by central government are so severe, that London's infrastructure problems will not be resolved as long as so much of the funding is in the gift of central government. London certainly has the economic capacity to solve many of these problems. Such a solution would involve a mixture of new local taxes, reform to the national taxes on commercial property and the extension of road pricing far beyond the present Congestion Charging boundary. Road pricing on this scale would be new, but all the other measures are commonplace outside the UK. The reforms to London government in 2000 can generally be regarded as working well, but it is doubtful whether they can cope with the problems without further reform. Proper devolution of fiscal powers is a necessary next step and a much bigger one than any addressed in the government's proposals for reform announced in July 2006.

The first step towards solving London's funding problem is for the public to understand it. That means a realistic and authoritative assessment of the likely physical needs over the next several decades and then a proper costing of how they might best be met. TfL's (2006) Transport Challenges is a useful initial statement of some of the issues, but it does not attempt any financial costings. Nor do such important strategic documents as the Mayor's Transport Strategy or Spatial Development Strategy. At the moment we simply have no way of knowing the full magnitude of the liability faced by public funds. Simultaneously, central government needs to be made to face up to what, if anything, it intends to do about the problem. Five years delay and over £400 million spent on planning the PPP for the London Underground, eighteen years delay so far and at least another £400 million on planning Crossrail, the failure to deliver

Thameslink 2000, together with a plethora of policy reviews (several of them - Lyons, Eddington, Barker - outside the traditional civil service process) all point to the difficulties the government is finding in coming to decisions on these issues. Perfectly good solutions are available but a firm decision on action today cannot make any difference on the ground for a number of years; so if the population and employment growth forecasts are thought likely to materialise, the matter is urgent.

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9. Conclusions - Will Bigger Mean Better?

Ian Gordon, Ben Kochan, Tony Travers and Christine Whitehead

Large scale growth in London's population, households, housing provision and economic activity is being projected by official figures from national government and the GLA, as the basis for long term policy-making in the capital. As the papers in this volume make clear, these projections beg major questions about the preconditions, implications, and in some cases the credibility of growth forecasts. Too much is taken for granted in relation to developments within London, and too little attention is paid to how these could or should relate to those in other parts of the Greater South East.

There is little coherence between the different predictions, and there are particular uncertainties about the scale of the employment growth being assumed. The bases of the population and household figures should be reasonably robust, as the fundamental trends of longevity and ageing are well established, and the upsurge in overseas immigration seems to be structural in character, rather than purely cyclical. The crucial issues, however, are where the net growth in population and households ends up being located, and where the growing workforce will work, whether inside London or not. These issues will be determined both by where the new homes are built and by the residential preferences of Londoners, present and future. Employment trends similarly will be determined not only by the structural and competitive strength of London-based businesses, but also by particular constraints on expansion in certain locations, and by where employers choose to locate particular operations currently undertaken within London - whether in Stratford, Reading, Glasgow or Mumbai.

A key factor is the provision of infrastructure, which has a major influence on the spatial distribution of the house-building. Much of London's infrastructure, both physical and social, is under strain and will be further strained by continued growth. New transport infrastructure is a prerequisite, if projected inner London growth is to be realised, while both transport and local service improvements will be crucial to make some of the major development opportunities within central London financially viable.

There are some apparently simple but in fact very difficult relationships with respect to the location of housing and employment. Most of the new housing is planned in the East, while most of the new jobs are expected to be much nearer the centre. Without improved transport links, a mismatch is likely between house-building and economic activity, which would put overwhelming pressure on transport infrastructure, if the cur-

rent high job growth assumptions are proved right. This argument underlines the extent to which the current strategy relies on the combination of Cross Rail with the Thames Gateway development. Whilst there is a far broader shortage of transport capacity across the capital, the problem is rather worse in the east, which makes the currently envisaged scale and pattern of employment growth seem particularly unsustainable. From this perspective, as well as from that of the high space costs in London, an obvious possibility is that more of the current or prospective jobs will be shifted to locations right outside London.

Either more and better managed infrastructure has to be provided, or people and jobs will have to move elsewhere, particularly in the case of the expected central area employment. An alternative strategy could be envisaged, that promoted more suburban employment. Bus services and other public transport in outer London are underused. The densification of housing and the provision of new jobs around transport modes in London's suburbs might be easier to achieve, at least in the longer term, if existing centres are not allowed to run down, as may well happen if immediate growth is as heavily concentrated in the centre as currently envisaged by the GLA. In the suburbs, planning for local social infrastructure relies too heavily on small scale upgrading, which is inadequate to address expanding needs. This in turn leads to local pressure against growth and increasing concerns about social cohesion.

The London Plan relies heavily on extrapolations of past trends over the last 15 years, or so, that suggest the economy in central London will continue to grow and that outer London's employment centres will continue to stagnate or decline. A more holistic view of how different projections and policies fit together is required, particularly since interactions between these elements are inevitably complex. Trends rarely turn out as expected, and a major issue for a London Plan is its robustness to such uncertainties. The London Plan's objectives cannot be grounded simply on a political commitment to a vision, but require a clearer understanding of how both markets and policy would adjust to unplanned outcomes in terms of population, employment or housing growth, or delays to strategic items of infrastructure. Total reliance on a single 'Plan A' to guide planning, land use, infrastructure and financial allocations for London is dangerously simplistic.It is necessary at least to envisage an alternative strategy, 'Plan B' and to monitor and manage change in response to the evidence.

Until recently, infrastructure has normally been 100% funded by the taxpayer. This is unlikely to be the case in future. Current projects, such as the east London line extension, have been exclusively funded by fare revenue from passengers. Expanding revenue in this way to fund further capital investment is not an option. Other sources of

funding need to be developed which should enable London, and London's future growth, to pay for itself. A dependency culture, by which a successful and dynamic London looks to central government for continuing support, makes little sense in the 21st century - and fundamentally restricts the city's ability to plan ahead. The Comprehensive Spending Review 2007 is likely to be extremely tight, and central government is itself seeking new streams of revenue.

As far as local or regional authorities are concerned, the proposed Planning Gain Supplement looks to be over-complicated and unlikely to produce significant funding, at least within the next few years. A 'roof tax' could well produce less than an effectively operated S106 system. Capturing current and future land value gains to support more rapid growth through well organised infrastructure expansion is the aim but progress is immensely slow. In the meantime the only obvious approaches are specific supplementary taxes such as that being used for the Olympics. These can be levied on business and/or residential properties. But all require increasing powers for the Mayor and a central government prepared to cede more control to the region.

The bond approach to financing infrastructure investment has been pioneered by Transport for London and has the great merit of encouraging a more self-conscious choice of priorities within an available budget. This planned approach to infrastructure provision should also be applied, for example, to appraising the relative returns to Cross-Rail vis-a-vis a combination of other strategically significant rail investment schemes within TfL's current wish-list - in terms both of overall cost-benefit and of their impacts on the balance of development across London.The London Plan's strategy to promote compact urban development on brownfield sites and denser house-building in the suburbs will not meet the growing housing requirements over the next 20 years. New planning strategies will be required which do not presume that all of the forecast additional residents would actually choose to live in London under these conditions.

The need for affordable housing in London is overwhelming. Yet a step-change in house-building, especially of affordable dwellings, cannot happen without further policy and financing initiatives. There is scope for innovative funding methods to expand the provision of affordable housing based on large and relatively unencumbered social housing assets. But the mechanisms are not in place, and the potential is being reduced by more marginal programmes such as Social Homebuy. This is not specifically a London issue - but both the need and the potential are greatest there.

The growth in London's economy and population has helped to make it one of the most expensive areas of the country to live and to provide services. With London's

ageing population and the growth in single person households, with little family support, the demand for services is set to increase. In addition, increasing immigration, not least from the new EU member countries, will have major implications for the demand for services. This will also inevitably change people's perceptions of their areas and raises questions about how London's new residents, wherever they originated, are integrated.

Future economic growth within London may not be associated with much increased demand for labour. The major change is likely to be in the skills required, as London increasingly focuses on those jobs which really need to be there. The challenge in the future is to ensure that the benefits of growth are distributed more equitably so that the extremes of poverty and wealth living side-by-side are not so stark. National and regional growth have helped to reduce the concentrations of worklessness in inner London, but great disparities remain between groups, and inequalities in earnings have been widening further in recent years. The speed at which recent immigrants can be integrated into the labour market appears critical to both the projected expansion of the city's workforce entailed by the London Plan and for equal opportunities.

The new powers which the government plans to give the Mayor of London would enable him to be proactive, streamline strategic developments and ensure the timely allocation of some funding. On the other hand, there is no more money available, unless developers can be forced to increase their contributions. There is a strong argument that without much greater local responsibility for raising and allocating resources to fund infrastructure, the likely outcome is a set of patches to enable specific projects to be supported (as with the Olympics) rather than a coherent set of policies appropriate to a large and dynamic metropolitan economy. However, giving additional powers to implement planning policy and infrastructure provision to a strategic body will also cause tensions with other agencies.

New tensions between different parts and levels of government are inevitable with the expansion of the Mayor's powers over traditional Borough responsibilities. These tensions will initially play themselves out in the grey areas where there are overlapping responsibilities, for example between the Mayor, the Housing Corporation, local authorities and the Secretary of State who inevitably retains the right of veto. The wider thrust towards a system of metropolitan governance led by strong (albeit democratically elected) leaders, such as mayors, cutting across the responsibilities of local authorities, adds to the likely tensions. This is particularly likely to be the case with contentious policies such as those to increase housing density in the suburbs. This will be especially so if the driving force appears either to be the delivery of

national /regional economic goals, or the protection of rural greenfields, rather than the quality of life of local residents.

This is a very exciting time for London development and for debate about policy for the city, with decisions being taken which will shape its future for a very long time. The Mayor's economic, spatial and transport strategies provide a strong framework to address these issues, centred on a vision of making the city 'better' by making it 'bigger' in numerical terms. There is a set of linked problems, however, with this strategy, which emerges from the papers in this volume. First, the Mayor (and thus London) does not have the fiscal means to deliver key elements in the strategy, but remains reliant on the Chancellor. Second, despite, or because of, this uncertainty, and other concerns about economic and housing trends, these strategies lack any serious consideration of alternative developments, still less a Plan B.

This series of HEIF seminars has raised fundamental issues about

- whether it is possible to achieve a bigger London;
- whether a bigger London is necessarily equivalent to a growing economy; and
- who actually benefits from this growth, if, as projected, London does grow in demographic, employment and economic terms.

The debates stressed both the structural pressures for growth and the constraints to achieving expansion; they also highlighted the internal inconsistencies between current plans especially between employment, housing and infrastructure. Even given these problems, assuming reasonable international economic and political stability, it is likely that continuing economic growth will make London bigger in numerical terms as well as more productive.

Whether London also becomes better is a very different issue. The main beneficiaries of healthy growth in London, as was expressed at several sessions, are the nation as a whole and central government's economic objectives in particular. Many Londoners will become more prosperous but all of them are likely to experience major costs from this expansion - higher prices, lower quality of public services, more difficult housing conditions, increasing congestion and growing complexity of social relationships - without effective democratic control over these matters. Developing a coherent approach to ensuring that bigger truly means better for London is just as important as ensuring that the growth itself occurs.

9. The Contributors

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Ian Gordon is Professor of Human Geography in the Department of Geography and Environment at LSE. His main research interests are in urban development and policies, spatial labour markets, migration and spatial interaction, particularly in the context of major metropolitan regions. His publications include Divided Cities: New York and London in the Contemporary World (edited with Fainstein and Harloe) (1992), Working Capital: life and labour in contemporary London (with Buck, Hall, Harloe and Kleinman) (2002) and Changing Cities: Rethinking urban competitiveness, cohesion and governance (edited with Buck, Harding and Turok, 2005).

Trevor Phillips is Chair of the Commission for Racial Equality. He was previously a member and Chair of the London Assembly, and before that was Head of Current Affairs at London Weekend Television. He was presenter of LWT's London Programme for several years. He is a director of Pepper Productions and was the executive producer of Windrush, Britain's Slave Trade, Second Chance and When Black Became Beautiful. He was chair of the Runnymede Trust from 1993 to 1998. His publications include Windrush: The Irresistible Rise of Multiracial Britain (with Mike Phillips) (1998), and Britain's Slave Trade (with S.I. Martin) (1999).

Janet Stockdale is Senior Lecturer in Social Psychology at LSE. Based in the Institute of Social Psychology, she is also a member of the Mannheim Centre for the Study of Criminology and Criminal Justice and LSE London Centre for Urban and Metropolitan Research. She has been a visiting professor at the University of California, Berkeley, and at the University of North Carolina, Chapel Hill. For twenty years, she has been actively involved in research relating to policing, crime reduction and community safety. As well as evaluating a range of police training programmes, she has carried out a number of research projects for the Home Office and other government departments.

Christine Whitehead is Professor of Housing in the Department of Economics, London School of Economics and Director of the Cambridge Centre for Housing and Planning Research, University of Cambridge. She is Deputy Chair of the European Network for Housing Research, an honorary member of RICS and was elected fellow of the Society of Property Researchers in 2001. She has been advisor to House of Commons Select Committees with respect to planning and affordable housing. She was awarded an OBE in 1991 for services to housing. Her latest publications include Lessons from the Past Challenges for the Future in English Housing Policy (with M Stephens and M Munro) and Delivering Affordable Housing through S106 (with S Monk et al).

Peter Hall is Professor of Planning at the Bartlett School of Architecture and Planning, University College London.and Visiting Professor at LSE London. From 1991-94 he was Special Adviser on Strategic Planning to the Secretary of State for the Environment, with special reference to issues of London and South East regional planning including the East Thames Corridor and the Channel Tunnel Rail Link. He was member of the Deputy Prime Minister's Urban Task Force (1998-1999). His publications include The Polycentric Metropolis - Learning from Mega-City Regions in Europe (with Kathy Pain) (2006), Cities of Tomorrow (3rd ed 2002) and Working Capital: life and labour in contemporary London (with Buck, Gordon, Harloe and Kleinman, 2002).

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Appendix: LSE London Development Workshop Events

The following events took place during the year which promoted debate between academics, policymakers and practitioners as part of the HEIF-funded LSE London Workshop programme.

The London Conference

26 October 2005

Roundtable on Funding Transport Projects in London

20 December 2005

The Barker Review and London

14 February 2006

Race and Community Relations in Contemporary London

21 April 2006

LSE London Density Debate

19 June 2006

How far must, or should, economic growth in London be centralised?

30 June 2006

London and the Media

29 June 2006

The GLA Review and London Government - the government's proposals for reform

27 July 2006

The papers and presentations associated with these events are on LSE London's website: http://www.lse.ac.uk/collections/londonDevelopmentWorkshops/