

OUTER LONDON COMMISSION LONDON FIRST SUBMISSION

1. INTRODUCTION

1. London First welcomes the establishment of the Outer London Commission to improve the economic success of London and welcomes the opportunity to make a submission in response to its initial questions.
2. London First is a business membership group whose aim is to make London the best city in the world in which to do business. We do this by mobilising the experience, expertise and enthusiasm of the private sector to develop practical solutions to the challenges London faces and to lobby government for the investment that London needs in its infrastructure. London First delivers its activities with the support of around 250 of the capital's major businesses in key sectors such as finance, professional services, property, creative industries, hospitality and retail. Our members represent around a quarter of London's GDP.
3. We support measures to foster economic growth in Outer London and do not see any inherent tension in the relationship between Central and Outer London. Outer London already plays an important role in the London economy: it is home to 60% of London's population and 40% of employment. 60% of Outer London residents work there with just a third commuting to Inner or Central London. 60% of forecast employment growth is in Outer London.
4. The Outer London economy is complementary to that of Central London. Outer London benefits from growth in Central London, as residents working in the centre spend locally, supporting Outer London business, and through Outer London firms supplying those in Central London. Measures to enhance Outer London should be taken in tandem with support for Central London.
5. We see the central objective of the Commission as increasing the London economy as a whole: not redistributing components of it. The policy measures which will achieve this outcome will be those which build on Outer London's current strengths and work with the grain of the market to attract private sector investment. Such measures need to recognise that currently the development sector is going through the most difficult economic conditions for decades. There is an important role for public investment in supporting public policy, particularly in transport: but given the pressures over public finances the Commission's recommendations need to be realistic, draw on private support and be integrated with planning policy (for example over density).

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ECONOMY

Sectors

6. Key growth sectors are likely to include: green industries, creative industries, healthcare and medicine, logistics, high tech manufacturing, retail and leisure, and higher and further education. Outer London is not homogenous and these sectors are already present across the area to varying degrees. To provide effective support, research is required to understand the extent of existing clusters; the locational requirements of businesses (area and floorspace) and their labour needs; and how these can be met. This will inform how policy can support their growth.
7. We support the suggestion that Central Government departments, if being moved from Central London, should consider locations in Outer London.

Retail

8. The recently published 'Consumer Expenditure and Comparison Goods Retail Floorspace Need in London' (Experian for the GLA) highlights the importance of retail employment in Outer London. The report estimates that London's long term household expenditure is projected to rise from £89 billion in 2006 to over £160 billion by 2031. Taking into account growth in commuter and tourist spending, retailers making more efficient use of existing space and new forms of retailing, this means that London has a gross total need for an additional 1.8-2.9 million m² comparison goods retail floorspace by 2031. This includes some schemes already identified in the planning pipeline. When these are included in the baseline analysis, London will still need a net additional 1.3-2.2 million m² comparison goods retail floorspace by 2031. Almost half of this will be in Outer London.

Employment Land

9. Traditional industry is likely further to decline in Outer London. Growth sectors are likely to be office based, high tech manufacturing or logistics. Their locational requirements and impacts are very different from those of traditional industry and they are able to co-locate with housing. It is therefore critical that planning policies respond to this and only seek to retain 'employment' land where there is a clear and demonstrable market need and otherwise promote mixed-use development, focussing on levels of employment rather than quantum of floorspace.

Service Industry

10. The importance of service industry growth as a function of population growth needs to be understood. It is estimated ('More residents, more jobs', GLA Economics, January 2005) that growth in population of 1,000 people supports 230 additional jobs. London's population continues to grow and it is imperative that housing supply supports this. The impact in terms of land supply and employment generation needs to be recognised and supported in planning policy.

Super hubs

11. We support the concept of nurturing employment and key growth sectors in Outer London through identifying super hubs. This should be done by working with the grain of the market and strengthening what is already present, particularly in light of limited options for fiscal intervention and limited funds for significant transport investment.
12. 60% of Outer London's residents already choose to work in Outer London, just a third commute to central London. The interrelationship between the factors which drive individual decisions is highly complex. Policy should focus on improving the environment and attractiveness of Outer London, not determining the outcome of where people choose to work. The mix of employment opportunities between Outer London, Central and Inner London should be left to the market.
13. The key characteristics of super hubs should include:
 - good transport accessibility (existing or planned if realistically deliverable) to central London and to areas of population;
 - existing critical mass of employment;
 - a mix of uses including leisure, retail and residential; and
 - brownfield land for development.
14. Designation of an area as a super hub should have clear policy implications including:
 - in principle support for development;
 - proportionate investment in transport provision;
 - support for dense development to justify and contribute funding to this transport investment;
 - investigation of potential to strengthen linkages to higher and further education; and
 - clear prioritisation of planning obligations for transport and public realm. Planning requirements and obligations make development costly and complex; their cumulative impact threatens development viability. Any planning obligations and requirements must be equitable and reasonable and be sensitive to the economic circumstances which are likely to prevail for the short to medium term. This will be critical to ensure development is undertaken and not frustrated.

15. Super hubs should not seek to replicate or compete with Central London. Their success will depend on them being distinctive in some way: building on an existing cluster of activities that is suited to Outer London. This might be because of the availability of high quality but cheaper office space or because of an 'anchor' use which attracts complementary or related businesses.
16. Attracting investment across centres in Outer London is important. In many cases this may require greater flexibility in planning policy. Where there is no demand, outdated office and industrial stock should be redeveloped for housing or mixed-used development.
17. To be successful super hubs must be attractive areas in which to work and live. This can only be achieved through a balanced mix of uses and investment in public realm and transport provision (where accessibility is inadequate).
18. Super hubs are not the only key employment nodes in Outer London. Their relationship and linkages with town centres and employment centres will be critical.

QUALITY OF LIFE

Skills

19. Quality of life is a complex concept, made up of a number of components of different weight to different individuals. One key issue is access to employment, both physically (local employment or that which can be reached easily) and through having the right skills. A key way to improve quality of life in Outer London will therefore be to improve the skills of the local people so they can access employment in the location of their choice.
20. Ensuring the right skills starts with school education and includes the provision of further and higher education. The quality of local schools is also a key factor in attracting people to an area.
21. Improved provision of education at all levels would benefit businesses and residents alike.

Public Realm

22. The quality of the environment - including public realm - is an important aspect of quality of life. In parts of Outer London this suffers from decades of under investment. To redress this, policy should proactively encourage development as this in itself delivers environmental improvements and can contribute through planning obligations. Public realm improvements should be a priority for s106, alongside transport. A key criterion for such public realm investment is that it is sustainable – it can be maintained and will work over time rather than being a grand project which will quickly fall into disrepair. Improvements to the public realm should also be a key consideration in any public infrastructure investment in transport and public buildings

TRANSPORT

23. The *Eddington Transport Study* (DfT, December 2006) showed definitively that poor transport is a major barrier to increasing economic prosperity.
24. Central London is at the heart of the UK's economy. Agglomeration benefits and national and international connectivity are key to central London's competitiveness and productivity. It is essential that its prosperity is supported through continued improvements to existing public transport networks - particularly capacity upgrades to address overcrowding and cater for growth - and to the road system. Additionally, maximum use must be made of existing transport capacity, including promoting development in accessible areas which maximises density.
25. Equally, where improvements to transport provisions associated with any sufficiently dense super hub can provide comparable economic benefits they should be promoted with equal priority. Transport links in parts of Outer London are already strong and Crossrail will further strengthen these.
26. Given that funds available for transport investment in London are already overstretched in the short-medium term, it is absolutely essential to target new investment in transport to allow London to reach its maximum economic potential. In practice high cost capital works will be only viable in Central London and a small number of super hubs (where density supports private sector contributions via s106 agreements as discussed below).
27. London First therefore believes that the Commission should look at three principal approaches to improving transport policy in Outer London. First, delivering a better managed road network; second, making the

existing network infrastructure work more efficiently; and third, improving public transport modes which are flexible and have lower capital costs – such as buses, walking and cycling.

Roads

28. While Eddington demonstrated that GDP growth and traffic growth across the UK are closely linked, Central London provides an exception to this rule as a result of its extensive public transport network and high levels of road congestion. Currently, transport in Outer London is dominated by the private car. As its economy grows, so do traffic levels – at a faster rate than in the rest of the capital, and with particularly strong growth in light goods vehicles.
29. This brings substantial problems. Congestion tends to worsen at a greater rate than traffic increases on loaded road systems. Vehicle emissions at low speeds, particularly carbon dioxide, increase with decreasing speeds, and exponentially so at around 9-12 mph. This 'double whammy' means that road performance and air quality could quickly worsen in congested areas, particularly on major routes and around major developments.
30. 68% of 100 London First members surveyed in 2006 support local rush hour road charging schemes, carefully tailored to local conditions where particular congestion and environmental problems exist or are likely to arise. Close co-ordination of such schemes will be required across London to ensure traffic deterred from one area doesn't add congestion to another and that such schemes are standardised where possible.
31. Traffic management on a local and sub-regional basis must be improved to maintain network reliability. It is important to design out any potential hot-spots and take action to correct any current ones. Operational techniques to manage traffic flows being developed in Central London, such as better road works management and incident response teams, plus the best practiced developed on the Olympic Route Network, should be reviewed and where applicable, applied to the most congested areas of Outer London.
32. As typically 15-20% of local traffic is undertaking delivery and servicing – and as these vehicles are largely diesel powered, contributing the most to poor air quality – there is an urgent need to minimise these impacts, while not unduly restricting business operations. In particular, retail and waste consolidation centres are proven to reduce local delivery traffic and emissions by 60-70% and would be suitable for introduction in many of the super hubs being considered.

Public transport

33. Similarly, proportionate investment in flexible public transport solutions is essential. In particular, it is important to look at any upgrades to bus services holistically. First, classical radial routing will be unnecessarily expensive due to low average occupancies and will, until new technology is cost effective, significantly add to harmful emissions such as particulates and NOx gases. Second, there is scope to review existing patterns of service to better match supply and demand across London.
34. Policy and investment should encourage walking and cycling – building on some of the initiatives undertaken in Central London. Legible London, for example, could be very effective in encouraging walking in and around super-hubs.
35. Finally, policy should also consider parallel initiatives to encourage road users to switch to more sustainable modes of transport. As well as congestion charging, this could include limited or chargeable parking on roads.

Transport investment and density

36. Increased density of development will be critical both to justify transport investment and to contribute to its funding through s106. This can be achieved sensitively but will be an important principle in designating super-hubs.
37. In light of the imperative to accommodate growth, make the best use of land, and justify and contribute to transport investment, development in Outer London – especially around super hubs – should not seek to replicate the existing density but to mirror the high quality dense development found in parts of central and inner London.
38. Designation as a super hub must therefore imply in principle support for development, increased density and where appropriate release of former 'employment land' for mixed-use development.
39. It must also mean that the priority for planning obligations is transport and public realm. Especially in the short to medium term where development viability is fragile at best, it is critical that s106 policy is sensitive and appropriately prioritised. There is unlikely to be substantial funds for s106 so requirements must be realistic, clearly prioritised and focused.

OTHER ISSUES

Public Sector Land

40. A key recommendation of the Commission should be that public authorities on Outer London make the best use of their land, releasing surplus sites for mixed-use and residential development. This should be a priority for all boroughs, Mayoral agencies (including TfL) and national Government.
41. This will be especially important in the short to medium term when the market is weak but the imperative remains to increase housing supply. Receipts from development should be re-invested in Outer London, particularly in transport and public realm improvements.

Climate Change

42. The need to mitigate and adapt to climate change is critical and an opportunity for Outer London. Much of the suburban built stock is old and inefficient in terms of energy use. This creates opportunities for green industries to respond to the urgent need to address the stock.
43. Moreover, the need identified by current policy to replace the use of landfills in surrounding counties - to which much of London's waste is delivered - will require the provision of new recycling, treatment and reprocessing capacity in the capital. The current aspiration that London be self sufficient for 85% of its waste by 2020 will need revision. But the opportunities driven by a comparable target are most likely to be located in Outer London - and will include sites to generate energy from waste.
44. Decentralised energy provision will be a key component of tackling climate change. In 2008 London First commissioned research from Buro Happold, overseen by an expert steering group, to recommend how the objective to decentralise a quarter of London's energy can be achieved ('Cutting the Capital's Carbon footprint: Delivering Decentralised Energy in London', www.londonfirst.co.uk).
45. A key finding was the need for scale in delivering the level of new energy infrastructure aspired to by policy. The strategic coordination of sites and schemes, married with the creation of a London heat map, will be vital. Existing stock and heat loads will need to be connected at a district level, with new development joining the network and contributing to its cost. London First is pleased to be working with the GLA and LDA to implement the report's recommendations, including the identification of key priority projects that can be delivered in the short term.