

**Just Space community-led Plan for London  
Economy chapter  
Long version draft of 22 June 2016**

About this document. This is a working document which formed the basis for the much shorter Economy chapter 3 in [Towards a community-led Plan for London: policy directions and proposals](#) which was published by JustSpace in August 2016. The August chapter embodies more work on policies, superceding the policy sections of this report. But this report has notes and sources which support the August chapter which is why it is now being published. Just Space Economy and Planning Group, August 2016

## **INTRODUCTION**

London's diverse and interconnected economies must be recognised and celebrated among the city's most valuable assets. The wide range of activities which have been essential for London to flourish, serving citizens and visitors alike, includes manufacturing and production, transportation, teaching, caring, volunteering, repair, maintenance and reuse, trading goods and services, creating and innovating and many more. All these activities, exchanges and interactions, in the public, voluntary and private sector, create not only income and profits but also security, social and community networks and liveable environments. Their requirements for space, infrastructure, access to labour markets and customers, support and public services have contributed to the character and identity of London's neighbourhoods and places, creating networks of unique high streets, markets and workspace typologies.

However, the focus of policy and development over the last decades has been on GVA growth<sup>1</sup> through the specialisation and agglomeration of a small number of sectors in a small part of the city, particularly the Central Activity Zone (CAZ). The associated planning approach which has favoured developer and real estate-led initiatives, has damaged the city's built environment and social fabric, delivering housing that most citizens can't afford, displacing workspace needed for diverse economic activities and increasing in-work poverty, encroaching on green and open spaces, creating 'centres' devoid of character and life, minimising social infrastructure provision and worsening air quality.

One particular negative impact of this approach is the pressure it creates on low-cost workspace, which plays an important role in a high-cost city by providing decent local jobs close to home, while reducing commuting times and transport emissions. In many parts of London housing developments are replacing workspace, bringing in more residents while removing jobs and businesses. Rather than a polycentric London made up of many strong and diverse interconnected economies, we are moving towards a monocentric

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<sup>1</sup> New Economics Foundation, 2015, England's dreaming. The role of devolution in strengthening regional economies, [http://b.3cdn.net/nefoundation/9be9be324fa02979fe\\_hjm6i2idc.pdf](http://b.3cdn.net/nefoundation/9be9be324fa02979fe_hjm6i2idc.pdf)

London, in which the central areas become increasingly dominant while other parts risk becoming dormitory towns.<sup>2</sup>

Secondly, the affluence generated through London's financial services and associated sectors is disconnected from the day-to day economy and from the services, goods, employment and social infrastructure that its citizens (particularly those in low and middle income and unpaid occupations) need in order to thrive and enjoy a good quality of life. The role of property, and especially housing, markets in London is an extreme version of a major British problem whereby the wealth of owners increases at the expense of the incomes and living standards of low- and middle-income people.

Increasingly more research and debates question the use of GDP and GVA as useful measures of the economy, as they exclude environmental impacts and fail to reflect who and what the economy is for and how the benefits of economic growth are distributed across society. From this perspective, London scores badly on most socio-economic indicators; in recent years it recorded the lowest growth in economic inclusion<sup>3</sup>, the lowest levels of reported wellbeing and life satisfaction<sup>4</sup>, the highest level of income inequality in the UK<sup>5</sup>, higher rates of in work poverty than the rest of the country<sup>6</sup>, high levels of inequalities for BME groups<sup>7</sup> and the list goes on. Without the adequate mechanisms to distribute the profits and benefits of private development to the wider society, London risks undermining its opportunities and future sustainability.

An alternative vision to the current approach would acknowledge the social and economic diversity of London as a strength and driver of the city's future growth, aiming to achieve fairness and a good quality of life for everyone, within environmental limits.

## **OVERARCHING POLICY PRINCIPLES**

### **ENGAGEMENT AND PARTICIPATION**

- a) The Mayor will work with the London Enterprise Panel, Business Advisory Group and other GLA bodies to build capacity (in terms of funding and support) for local residents, businesses, social enterprises, the voluntary and community sector, public service providers, trades unions and other local interest groups to organise collectively, influence decisions and plans for their area and lead on development projects, supporting new forms of community ownership and co-production.

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<sup>2</sup> Just Space Economy and Planning (2015), London for all!

[https://justspacelondon.files.wordpress.com/2015/09/workspacehandbook\\_lowres.pdf](https://justspacelondon.files.wordpress.com/2015/09/workspacehandbook_lowres.pdf)

<sup>3</sup> Joseph Rowntree Foundation and Sheffield Hallam University, 2016, An inclusive growth monitor for measuring the relationship between poverty and growth

<sup>4</sup> New Economics Foundation, 2012, Well-being patterns uncovered: An analysis of UK data

<sup>5</sup> London Poverty Profile, 2015

<sup>6</sup> London Poverty Profile, 2015

<sup>7</sup> Runnymede Trust, 2016, Ethnic Inequalities in London: Capital for All

- b) Developers will be encouraged to demonstrate engagement with residents, businesses, service providers and other interest groups from the pre-application stage to the delivery of schemes, highlighting the contribution made by local communities to the development proposals.
- c) Local authorities should demonstrate engagement with residents, businesses, the voluntary and community sector, public service providers and other local interest groups through detailed reports of their outreach activities, assessment of policy options and clear outcomes of the consultation highlighting the contribution made by local communities to the evidence base, policy proposals, monitoring and implementation. This will require a reconfiguring and expansion of the cooperation between GLA and boroughs, extending beyond land use considerations to develop a better understanding of London's economies at all scales.

## EVIDENCE

- a) The Mayor will recognise and promote the diversity and potential of London's economy through evidence and case studies of local economies included in the Economic Evidence Base, Economic Development Strategy, Town Centre, Retail and Employment Studies, to highlight the interdependencies between economic, cultural, voluntary and community activities, social infrastructure, public services, as well as their contribution to local employment, workforce development and future accommodation and infrastructure needs.
- b) Local authorities should conduct detailed studies of local economies through business audits, mapping supply chains and business connections, mapping catchment areas, gathering qualitative evidence through interviews with business owners, building on existing models of good practice<sup>8</sup>
- c) Local authorities and the GLA should produce detailed labour market studies assessing the barriers to employment, job security and progression and training across all sections of the local population, with particular attention to disadvantages and inequalities based on income, gender, age, race and ethnicity, disability, sexual orientation

## IMPACT ASSESSMENTS

- a) The Mayor, local authorities and developers will conduct economic, social, equality and environmental impact assessments to understand the impact of past and prospective policies and development proposals on local communities, including existing businesses, social enterprises, service providers and other interest groups.

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<sup>8</sup> For example: Gort Scott (2013), Tottenham Employment Study  
[http://www.haringey.gov.uk/sites/haringeygovuk/files/fah\\_140123\\_final\\_report\\_low\\_res.pdf](http://www.haringey.gov.uk/sites/haringeygovuk/files/fah_140123_final_report_low_res.pdf)  
 We Made That, LLDC Local Employment Study Qualitative Research  
<https://queenelizabetholympicpark.co.uk/~media/lldc/local%20plan/local%20plan%20aug14/economy%20study%20qualitative%20research.pdf>  
 Latin Elephant (2016), The Case for London's Latin Quarter: retention, growth and sustainability  
<http://latinelephant.org/wp-content/uploads/2015/03/The-Case-for-Londons-Latin-Quarter-WEB-FINAL.pdf>

## IMPLEMENTATION/DEVELOPMENT CONTROL

- needs a policy or reference to Implementation chapter

## MONITORING

New indicators for measuring London's economic success should include those developed by the New Economics Foundation<sup>9</sup>:

- Good jobs: % of the labour force that has a secure job that pays at least the living wage (using ONS Labour Force Survey Data)
- Wellbeing: average life satisfaction on scale of 0-10 (using ONS Measuring National Wellbeing survey)
- Environment: Carbon emissions in relation to the minimum limit set to avoid dangerous climate change (using DEFRA data); similarly for air quality
- Fairness: ratio between after-tax incomes of top 10% and bottom 10% of households (using ONS data on The Effects of Taxes and Benefits on Household Income); this should be computed both before and after housing costs.
- Health: % of deaths avoidable through good quality health care / public health interventions (using ONS Avoidable Mortality statistics)

Other additional indicators should cover: (need to research adequate indicators)

- Financial success of households, after meeting housing costs
- Diversity of business sectors (for example in terms of size – number of employees and required floorspace; social and cultural – number of ethnic and migrant businesses etc)
- Strength of local supply chains (for example interlinkages between firms, delivery distance, time and cost etc)
- Sustainability of resource use (for example capacity of renewable energy equipment installed; amount of waste generated that is not recycled<sup>10</sup>)
- Environmentally-damaging travel and transport generated by economic activity (for example number, distance and cost of work-trips, deliveries, air-travel)
- Gender disparities in terms of wages and access to the labour market (for example a Gender sensitive Regional Development Index<sup>11</sup>)
- How much of the profits generated by businesses based in London are:

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<sup>9</sup> <http://www.neweconomics.org/publications/entry/five-headline-indicators-of-national-success>

<sup>10</sup> National indicators for Wales required by the Well-being of future generations Act 2015, <http://gov.wales/docs/desh/publications/160316-national-indicators-to-be-laid-before-nafwen.pdf>

<sup>11</sup> Perrons, D. (2012) Regional performance and inequality: linking economic and social development through a capabilities approach, Cambridge Journal of Regions Economy and Society, 5, 15-20

- a) paid in tax (and of that, how much is returned through central allocation to the GLA and the boroughs);
- b) re-invested into business (as opposed to paid out as dividends and interest);
- c) spent on wages (and whether this is rising over time, as growth goes up, or not)
- d) distributed through dividends or profits to local community members who own or have invested in local businesses
- e) distributed across socio-economic classes within the population.

## **POLICY AREA 1: A GREEN AND LOCALISED ECONOMY**

### **The policies in this section aim to:**

- Take advantage of the need to de-carbonise and ‘green’ the whole economy by pioneering and innovating in repair, maintenance and re-use of buildings and equipment, retro-fitting the building and vehicle stock for better environmental performance and fostering the labour force developments this will entail.
- Foster a more polycentric distribution of job opportunities in London to reduce the need for travel, especially the need to travel by private cars, and the need for deliveries, making more efficient use of infrastructure and reducing the need for costly new infrastructure.

### **1.1 GREEN ECONOMY**

A sustainable London economy implies not simply the growth of green businesses, but the transformation of mainstream businesses and other economic institutions. “Green collar jobs” are only part of the picture and all jobs in London will need to be greener. Simply encouraging businesses (or local authorities, NGOs or government departments) to make „greener” products and services available will not work if consumers do not actually want those goods and services. The Mayor will have a clear role in actively engaging with Londoners to foster and promote more sustainable lifestyles and choices – to enable the „demand side” to play a full part.

The promotion of a more resilient, dispersed and localised London economy (or, more accurately, a network of sustainable local economies that together comprise the London economy) will mean more support for local retail centres and local markets (street markets, farmers’ markets etc). These reduce the need to travel, encourage local „reconnection” within the food chain, facilitate the development of start-up and microenterprises etc. „Low carbon retailing”, in terms of both buildings and product ranges (e.g. carbon labeling, sustainable clothing) could be encouraged through planning regulations, business rates,

economic development partnerships. This is the development of a 'circular economy' in which waste is minimised.

London will remain a global centre for financial services for many years; and efforts need to be made to accelerate the development of expertise, ethical investment and new financial models to support a more sustainable and resilient economy at city level, nationally and internationally. There will be huge potential for the development of business services geared towards a sustainable economy - environmental law, green advertising, socially responsible marketing, green built environment professions, eco-accounting, sustainable consultancy. Importantly, the role of the public sector in driving innovation, research and development in these sectors will be extremely important. The GLA and London's public institutions should plan for and invest in the future of activities with low environmental impact, especially aiming to increase the productivity of low wage sectors<sup>12</sup>.

Resource efficiency will be a vital part of a sustainable London, with jobs in repair and re-use, and in recycling and waste management; but with the need to ensure that all enterprises are being ever more efficient in their use of natural resources.

Energy production at the ultra-local level could be an integral part of a more secure and resilient energy system, it would act as a means of re-engaging citizens with the consequences of energy consumption and could also be an instrumental part of developing sustainable local economies more generally (i.e. they have the potential to play an even greater role than simply the reduction of CO2 emissions).

## **Strategic policy**

- A. The Mayor will work with other GLA bodies, Local Authorities, national government, the private sector, local communities, universities and research centres to:
  - a) Promote a comprehensive approach to the green economy which mainstreams high standards of socio-economic and environmental performance for procurement and provision of goods and services in line with EU regulations and the Sustainable Development Goals. It will be necessary to work across all the Mayor's strategies to ensure an integrated monitoring and implementation plan over the short, medium and long term.
  - b) Transform consumption patterns and productive activities to support a circular economy, setting targets to reduce all types of waste (household, commercial and industrial, construction and demolition, particularly energy, water, food). Other policies in this chapter will be essential in terms of securing sufficient workspace for reuse, recycle

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<sup>12</sup> IPPR (2016), Boosting Britain's low-wage sectors: A strategy for productivity, innovation and growth, <http://www.ippr.org/publications/boosting-britains-low-wage-sectors-a-strategy-for-productivity-innovation-and-growth>

and repair activities, supporting sustainable local economies across the whole of London and creating shorter supply chains.

- c) Support built-environment, engineering and associated professions to play a leading role in raising the environmental performance of the building stock, building and renovating homes and re-configuring settlement and urban patterns to reduce the need for travel and the reliance on non-renewable energy sources.
- d) Develop London-wide and local partnerships and funding schemes easily accessible to SMEs, social enterprises and local community groups for education and training programmes related to the green and circular economy (for example, recycling and reuse, resource-efficiency, accessing supply chains, embedding practices in different employment sectors etc.)

## 1.2 LONDON'S LOCAL ECONOMIES

More than two thirds of London's jobs are located outside the Central Activities Zone<sup>13</sup>, throughout neighbourhoods, town centres of different scales, high streets and industrial estates either embedded in or in close proximity to residential areas. These tend to be micro, small and medium businesses, which provide the majority of jobs in London, particularly to local residents. For example, the *High Street London*<sup>14</sup> report from Gort Scott and UCL found that, despite comprising only 3.6 per cent of the Greater London street network, high streets across the city together support double the number of businesses situated in the Central Activities Zone, and also employ more people. London's 600 high streets represent some of the most important spaces in the city<sup>15</sup> and have proved to be resilient over the centuries, adapting to different uses as local economies have changed. While they may be invisible from the street, the workspaces above and behind high streets and around town centres are filled with people providing all kinds of goods and services. London's town centres thrive on the range of different activities taking place there: businesses trade with one another and visitors benefit from choice. Local supply chains keep money circulating in the area, multiplying investment for the benefit of the local community<sup>16</sup>.

### **New para added 21 June:**

London planning outside the CAZ has for many decades relied on a concept of hierarchical 'centres' and this approach should now be seen as outmoded and counterproductive. While dense concentration of some activities in centres

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<sup>13</sup> GLA (2015), Draft CAZ SPG

[https://www.london.gov.uk/sites/default/files/draft\\_caz\\_spg\\_low\\_res.pdf](https://www.london.gov.uk/sites/default/files/draft_caz_spg_low_res.pdf)

<sup>14</sup> Gort Scott and UCL (2010) *High Street London*, Great London Authority, London.

<sup>15</sup> Mark Brearley (2014), "We want a city of high-streets", Briefing note for Future of the High Street Conference, UCL, <https://www.ucl.ac.uk/transport-institute/pdfs/future-high-street>

<sup>16</sup> Just Space Economy and Planning (2015), London for All!, [https://justspacelondon.files.wordpress.com/2015/09/workspacehandbook\\_lowres.pdf](https://justspacelondon.files.wordpress.com/2015/09/workspacehandbook_lowres.pdf)

(notably clothing retailing, footwear) may remain really valuable to consumers and traders alike, these centres tend to be places where rents are highest, units are largest and only chain / multiple firms can operate. Furthermore concentrated centres (and the increasing concentration in a few centres now envisaged by GLA retail studies) can lengthen consumer trips and car mileage. The analysis by the GLA and boroughs of the real economy of London —which we have highlighted as an urgent research challenge elsewhere— should be open-minded about the spatial configuration of economic activity, taking account of the growing body of research on London’s spatial structures (and perhaps commissioning more). In particular it must be stressed that many of London’s high streets and the space around them play crucial roles in between the “centres” which they connect, offering secondary and tertiary (lower rent) retail and service spaces in which innovation and startups can happen and where low-revenue activities can prosper.

The social and cultural dimensions of high streets are key to their economic vitality<sup>17 18</sup> and will be increasingly so as online shopping grows. Vibrant high streets attract a number of complementary cultural and business activities. Research from the Department for Business, Innovation and Skills has called for town centres to be recognised as “21st century agoras” and for the high street to be understood as a “multifunctional destination, with retail playing a part alongside community, public service, leisure, cultural and civic uses.”<sup>19</sup>

Local employment comprises not only private sector businesses but also schools, GP surgeries, advice centres, voluntary and community organisations, social enterprises, all of which provide essential social infrastructure and services. The rich economic activities in London’s diverse neighbourhoods contribute to increased wellbeing, security and support especially for those who are most disadvantaged. People working locally tend to have a better life-work balance and can feel they contribute more to the community. Local jobs are especially important for those combining paid work with child-care and other caring responsibilities – doubly important given London’s relatively low proportion of part-time positions.

However, the historic diffusion of business spaces across London, in most neighbourhoods and districts, is disappearing. This is reflected in the

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<sup>17</sup> New Economics Foundation (2002) *Ghost Town Britain: The threat from economic globalisation to livelihoods, liberty and local economic freedom*, London: NEF.

<sup>18</sup> Mary Portas (2011) *The Portas Review: An independent review into the future of our high streets*, <https://www.gov.uk/.../11-1434-portas-review-future-of-high-streets>

<sup>19</sup> Department for Business, Innovation and Skills (2011), *Understanding High Street Performance*, London: BIS <http://www.bis.gov.uk/assets/biscore/business-sectors/docs/u/11-1433-understanding-high-street-performance-summary.pdf>



consolidation of enterprise into fewer areas, which is unhelpful socially and fails to take advantage of London's poly-centric structure, excellent public transport options, broadly viable road-system, and culture of dispersed business activity.

The scale, density and nature of residential and mixed-use development across London, particularly in areas earmarked for regeneration and intensification has led to the accelerated loss of affordable office, industrial and retail space. Local authorities are pressed to sell off public assets such as libraries, community centres, leisure centres and other local amenities, leading to further loss of employment and weakening of existing social infrastructure. Coupled with a narrow focus on economic development in the CAZ, these trends have led to many suburban neighbourhoods being transformed into dormitory towns. However a number of long-term UCL research projects provide evidence of the resilience and adaptability of suburban town centres in responding to social and cultural change, but also highlight that 'the conversion of high street spaces to housing, breaking the continuity of non-domestic uses, has a detrimental effect on the remaining high street uses.'<sup>20</sup>

A more polycentric distribution of job opportunities in London will reduce the need for travel and deliveries. This will require amongst other things, the re-distribution not only of employment opportunities but also services such as retail, leisure and care/support services.

While there are agglomeration benefits enjoyed by firms in the CAZ in some highly specialised sectors, there is no reason why lesser concentrations of activity elsewhere in the metropolis should not also be fostered and assist other sectors of activity.

### **Strategic policy**

A. The Mayor will work with other GLA bodies, Local Authorities, the private sector, SMEs and local community groups to:

- a) Protect and enhance the poly-centric structure of London's economy, with a particular focus on high streets, markets, town centres and local shopping parades outside the CAZ and Inner London Boroughs
- b) Achieve sustainable development through the creation of lifetime neighbourhoods (reference to agreed Just Space definition)

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<sup>20</sup> Vaughan L., Jones C. E., Griffiths S., and Haklay M. (2009) The Spatial Signature of Suburban 'Active' Centres. In: Daniel Koch, Lars Marcus and Jesper Steen eds Seventh International Space Syntax Symposium Royal Institute of Technology, Stockholm, Stockholm 127:121-127:11. <http://discovery.ucl.ac.uk/15021/>.

Griffiths, S., Jones, C. E., Vaughan, L. and Haklay, M. (2010) 'The persistence of suburban centres in Greater London: combining Conzenian and space syntax approaches', *Urban Morphology*.

Vaughan, L., Dhanani, A. and Griffiths, S. (2013) "Beyond the suburban high street cliché - A study of adaptation to change in London's street network: 1880-2013". *Journal of Space Syntax*, 4(2), 221-241.

- c) Ensure that new development, especially outside the CAZ and Inner Boroughs, achieves a genuine and sustainable mix of uses which provides a range of workspaces to accommodate economic activities in all sectors, as well as community and voluntary organisations, social enterprises, education, play, religious, health and care facilities.

## **Planning decisions**

B. Planning applications are required to meet the following requirements

- a) Residential development will be integrated within the existing social and economic fabric of the local area and is required to demonstrate the benefits to existing communities through Equality and Social Impact Assessments and detailed strategies to mitigate potential negative effects.
- b) Mixed-use development proposals will be based on detailed assessments of the local need for different types of accommodation to achieve a sustainable balance between residential, employment and social infrastructure uses. These studies will draw from a comprehensive range of evidence of the local labour market, education and training needs and socio-economic indicators and the need for a wide range of workspace.
- c) Demonstrate the optimal use of existing infrastructure and reduce the need for public investment in new infrastructure (particularly road transport). Where necessary to increase or improve infrastructure provision in term of energy, waste management, water etc. applicants will work with the GLA, local authorities, local communities and relevant industries to produce a medium to long-term infrastructure plan.

## **Local Plans**

C. In preparing Local Plans, boroughs will

- a) Protect and enhance the diversity and sustainability of neighbourhoods, town centres of all scales, high streets and local shopping parades, particularly in suburban neighbourhoods and outside the CAZ, through policies which prevent the displacement of local businesses, social amenities, public services, play facilities etc.

## **MARKETS**

An economic activity of particular concern is trading in street markets and covered markets – the oldest form of retail trading and one which is increasingly under threat. Many of our markets are especially valuable to low-income communities for the low prices and bargains they offer. In addition they have long been a form of entrepreneurship with low costs of entry which have been important income sources for the families which run the stalls.

Policy on markets has hitherto treated them merely as something which can help draw customers into built shopping centres and this is to under-estimate their role and potential. Because of their ubiquity and their importance in

sustaining communities their success should be treated as a strategic matter in London planning – both for those markets like Queen’s Market and Ward’s Corner which serve distinctive sub-regional clientele and those more ordinary markets like Queen’s Crescent Ridley Road and East Street whose catchment is more local.

### **Strategic Policy**

The London Plan should have a strategic policy section which provides for the protection of markets and has an attached schedule of protected markets.

### **Local Plans and Development management**

Boroughs, in their local planning must have regard to the sustenance of their markets and, where proposed changes might impact markets, must consult with traders and customers before formulating plans.

Boroughs should also be advised – though this is not a Town and Country Planning matter – to retain control of the management and rent-setting for their markets in order to ensure that low costs of entry and trading are maintained.

## **POLICY AREA 2: DIVERSE ECONOMY**

The policies in this section aim to:

- Support the diversification of the London economy away from excessive dependence on financial and business services, and on real estate, encouraging the success of manufacturing and of service sectors which meet the needs of other productive sectors and of citizens across the city
- Build upon the ethnic and cultural diversity of economic activity in London, re-directing urban regeneration to build upon the economies we have, rather than erasing and displacing them in each new regeneration scheme.

### **2.1 INDUSTRIAL WORKSPACE**

London has a diverse industrial economy, which is returning to growth after many decades of decline, representing 11% of all jobs in the city and 16% of employment outside the Central Activities Zone (CAZ). 22% of all Small and Medium Sized enterprises – the engines of entrepreneurialism and innovation – are dispersed across the city in industrial estates, high streets and residential areas in various forms – workshops, light industrial units, wharves, warehouses, studios and sheds. Industrial occupiers pay good rents and industrial premises represent reliable investments due to anticipated rental growth. It must be stressed that the ‘decline’ of London manufacturing is due in no small measure to losses of employment land and buildings to residential use over recent years.

But London's industrial land and buildings are being lost to housing at a damaging rate. A 2015 study commissioned by the GLA<sup>21</sup> reveals that the loss of industrial land has accelerated between 2010-2015, with a rate of release 2.7 times higher than that recommended in the GLA Land for Industry and Transport SPG. Meanwhile workspace to replace what is being lost is often not forthcoming, or is not designed to accommodate businesses of the kind that are being displaced<sup>22</sup>. In 2013, the government introduced changes to regulations allowing offices to be converted to housing without the need for planning permission. London has been hit particularly hard: 40% of all such permitted change-of-use across the UK has happened here. Recently, the government has extended this right to include light industrial buildings and this may be further extended to include buildings for storage and distribution. Given the gap between residential and industrial land values in London, this is likely to have a damaging impact on the city's supply of industrial space. Planning should play a more decisive role, securing workspaces around London which are able to ensure economic diversity and adaptability.

There is a need to document and analyse London's diverse economies and clusters of interdependent activities, to understand the relationships between sectors and the opportunities to increase productivity and wages and the sustainability of local supply chains. This would, for example, highlight the importance of lift repair depots to the functioning of the building stock, of food preparation to restaurants, shops, hospital and institutional caterers, of model-makers to the design professions. Of particular importance is the booming logistics and delivery industry, which spans from large enterprises through to private individuals ferrying deliveries in private cars and bikes. The business imperatives of many such enterprises coincide with the public interest in minimising travel distances while the displacement of depots towards outer London and beyond tends to lengthen deliveries and may lengthen work trips.

Since much of the industrial economy is about servicing the city, it grows with London's population. However, contrary to the general assumption, even many aspects of industry that do not directly serve London, the parts that were casually predicted to be in terminal decline, are now flourishing in the city: activities such as the making of food, drinks, garments, leather goods, furniture, bicycles, engines, umbrellas, recycled asphalt, plastic recyclate, paint, go-karts, wallpaper, lifts, prosthetics, shoes, brassware and cars. The growth of e-commerce, the need for sustainable waste management, and the application of new technology to the making of things, all suggest this is a sector of the economy that should grow, given the right conditions, diversifying employment opportunities and improving London's resilience in the face of global financial crises.

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<sup>21</sup> AECOM (2015) London Industrial Land and Economy Study  
[https://www.london.gov.uk/sites/default/files/industria\\_land\\_supply\\_and\\_economy2015.pdf](https://www.london.gov.uk/sites/default/files/industria_land_supply_and_economy2015.pdf)

<sup>22</sup> Jessica Ferm (2014) *Delivering affordable workspace: Perspectives of developers and workspace providers in London*, Progress in Planning, vol 93, p 1-50

Given the immediacy and extent of the housing crisis, there is a need to explore a range of solutions, showing how industrial and business premises can be better accommodated within new housing development, to meet the needs of occupiers who could co-locate with housing, if practical and design challenges were met. It is also necessary to explore the barriers to implementing these solutions when redevelopment opportunities arise, and how to counteract the negative impacts of introducing the weak designation “mixed use” (in particular the effect on land values). At present this term simply means market housing with minimal and poorly specified ground floor units.

### **Strategic policy**

A. The Mayor will work with other GLA bodies, Local Authorities, the private sector, SMEs, trade unions and local community groups to:

- a) Significantly limit the further release of strategically protected industrial, commercial and other employment land. Exceptions will only be granted for sites that have suffered from long-term vacancy despite being marketed and subject to an assessment of options to bring them back into employment use. The GLA will lead on a London-wide database of such sites, in partnership with local authorities.
- b) increase the capacity of workspace suitable for a wide range of economic activities, including but not limited to: workshops, studios, industrial units, yards, sheds, warehouses and wharves.
- c) plan for the long-term infrastructure needs of industry. The London Infrastructure Plan 2050, London Energy Plan, Transport Strategy and other related strategies will assess and seek to address the infrastructure needs of businesses in all economic sectors.
- d) Foster innovations in the design, finance and management of development schemes which replace single-storey workspace buildings with multi-storey mixed residential and workspace projects.

### **Planning decisions**

B. Redevelopment of areas with industrial accommodation should be resisted unless it meets the following conditions:

- a) Ensures the on-site re-provision of similar workspace (in terms of size, type, access to infrastructure) through mixed-use schemes.
- b) Applicants will work together with affected businesses, local authorities and the GLA to find suitable alternative accommodation throughout the delivery of the scheme and to develop fair compensation schemes to cover the costs of temporary or permanent relocation, bearing in mind that many businesses need long enough leases to justify heavy investment in equipment.

### **Local Plans**

C. In preparing Local Plans boroughs will

- a) Assess the workspace capacity needed to accommodate future growth in all economic sectors, working in coordination with the GLA to implement the Strategic Policy above.

## 2.2 ETHNIC AND MIGRANT TRADERS

A significant proportion of business start-ups in London have owners from ethnic minority backgrounds. Over the last 10 years the number of Ethnic and Migrant Businesses in Britain has grown steadily. In 2004 at national level there were 'a quarter of a million ethnic and migrant firms contributing at least £15 billion (€19 billion) to the UK economy and accounting for 11 percent of new businesses start-ups, a growth rate double that for total business start-ups'<sup>23</sup>. By 2010 a report commissioned by Ethnic Minority Business Advocacy Network (EMBAN) concluded that ethnic minority businesses contributed an estimated £25 - £32 billion to the UK economy annually<sup>24</sup>

Despite this economic contribution, a study commissioned by Department for Communities and Local Government (2013)<sup>25</sup> found that a high proportion of Black-African and Black-Caribbean people in the UK still remained underrepresented in these figures. By implication service provision and access to government advice for Ethnic and Migrant Traders is not reaching everyone and the UK government has acknowledged that more needs to be done to make sure people from all backgrounds can achieve their aspirations of starting up a business. Driving this government agenda is the conviction that failure to encourage business start-ups by ethnic minorities in the UK is costing the UK economy approximately £8 billion annually. This is particularly relevant if considering that migration to the UK is on the increase, and that London accounts for a high proportion of this migratory flow and settlement.

Town centres, high streets and clusters of Ethnic and Migrant Traders provide important spaces for social interaction, support networks and community cohesion. In areas undergoing regeneration, social infrastructure plays a vital role in assisting existing communities and new arrivals to adapt, giving them local identity and a sense of place. EMTs foster a spirit of entrepreneurship and are significant local employers, tapping into the labour force of ethnic and migrant groups, thus contributing to addressing the disproportionate economic and social inequalities they face.

At the same time, a large proportion of ethnic and migrant businesses in London are located in areas earmarked for regeneration, intensification and

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<sup>23</sup> Ram, Monder, and Trevor Jones. 2008. "Ethnic minority businesses in the UK: An overview." *Migrações. Journal of the Portuguese Immigration Observatory* (3):61-72.

<sup>24</sup> Regeneris Consulting Ltd. 2010. EMBAN Legacy Report. Nottingham and Cheshire: Ethnic minority business advocacy network (EMBAN).

<sup>25</sup> DCLG 2013 Ethnic Minority Businesses and Access to Finance, [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/225762/EMBs\\_and\\_Access\\_to\\_Finance.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/225762/EMBs_and_Access_to_Finance.pdf)

growth. While this can be seen as an opportunity, in many cases the redevelopment of town centres, high streets, industrial estates and shopping centres has resulted in the displacement of ethnic and migrant traders. Prior to redevelopment these businesses face insecure tenures and a lack of support from local authorities. This is coupled with the usual difficulties and pressures they are likely to confront in terms of business readiness, the upkeep of premises, language barriers and having to compete with large chain supermarkets, cafes, restaurants, chemists etc. SMEs and particularly Ethnic and Migrant Traders are usually not aware of planning consultations in their area, they are rarely organised and represented and there is no effective outreach from local authorities to get them involved. Research from across London<sup>26</sup> shows that even when support is provided (for example by third sector organisations or community groups) the experience of engaging with planning processes is frustrating and fruitless. Like in many other cases of community participation, consultation is merely a validation exercise.

### **Strategic policy**

A. The Mayor will work with other arms of the GLA (such as the LEP), Local Authorities, the private sector, SMEs and their representative bodies and community and voluntary organisations to:

- a) promote economic development that is inclusive of ethnic and migrant traders, recognising that their continued strength is vital to achieving sustainable development, through an integrated approach across the Mayor's strategies (e.g. Equalities, Economic Development, Cultural etc.)
- b) protect clusters of ethnic and migrant traders which have a unique and irreplaceable character and assist communities to be resilient in the face of rapid change, particularly in areas undergoing regeneration and growth.

This emphasis on ethnic businesses is not to be at the expense of the – often equally threatened – trades and businesses run by longer-established Londoners. These enterprises, such as market traders and small construction firms experience the same pressures and must be treated in an even-handed way alongside minority enterprises. The services they provide are often essential to the well-being of low-income communities.

### **Planning decisions**

B. Planning applications for new development will ensure the following requirements are met:

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<sup>26</sup> Just Space Economy and Planning, 2015, London for All  
[https://justspacelondon.files.wordpress.com/2015/09/workspacehandbook\\_highres.pdf](https://justspacelondon.files.wordpress.com/2015/09/workspacehandbook_highres.pdf)

- a) Support EMTs existing commercial activities, ensure they will benefit from the proposed development and increase their opportunities for expansion and higher productivity. Applications will seek to meet the needs of EMTs and indigenous SMEs, including space to grow, flexible lease options, public realm improvements, transport facilities, and business support (access to financial services, capacity building programmes, training regarding legal frameworks).
- b) Redevelopment proposals will protect and enhance ethnic diversity and social infrastructure by ensuring clusters of EMTs are retained and strengthened. Where clusters have a unique and irreplaceable character, development that could undermine that success will be resisted. Applicants will work with the Boroughs, the GLA, local SMEs and EMTs to agree on a phased redevelopment scheme which minimises the costs and impacts on local businesses. This will include compensation packages and suitable alternative premises for the duration of the development delivery, a right to return to like-for-like or improved premises, access to legal advice and resources for organisation and representation to ensure a fair and inclusive negotiation process.

### **Local Plan Preparation**

C. Boroughs need to demonstrate that Ethnic and Migrant Traders have had an opportunity to shape development plans at an early stage, particularly where a neighbourhood plan is in place. Local Plans will:

- a) Promote development that is inclusive of EMTs by seeking to understand their nature, profile, strengths and challenges, and adopting tools to enable them to participate in the planning process (eg through the use of neighbourhood plans and local protected characteristics in EqlAs).
- b) Mitigate negative impacts on EMTs through an integrated approach including Local Plan policies and other strategies and programmes, for example requiring support packages to be available tailored to the specific needs of traders affected by any proposed relocation, including advice on legal rights, help in finding a suitable, premises and with access to infrastructure and compensation.
- c) Identify the spatial distribution of EMTs, including clusters and markets, recognise when they constitute social infrastructure, and ensure that plans for the area protect and enhance this infrastructure.

### **Definition**

Ethnic and Migrant Traders are businesses linked to a certain migrant group, characterised by a) ownership by a foreign national or member of a community of overseas heritage, b) providing employment for new migrants and c) providing gathering points for community members



## **POLICY AREA 3: AN ECONOMY FOR FAIRNESS**

### **The policies in this section aim to:**

- Contribute to the fairer distribution of the benefits of economic activity among Londoners and, in particular, support the growth of productivity and earnings of those in low-pay occupations.
- Expand the material welfare and wellbeing of all who live or work in the city as part of a balanced development of the UK as a whole, based on cooperation with government and other countries and regions to secure this balance.

### **3.1 A FAIR CITY**

Research from the Joseph Rowntree Foundation<sup>27</sup> shows that between 2004 and 2014 London has seen the highest increase in total prosperity across all English regions, but the lowest amount of change in inclusion measured by income, living costs and labor market exclusion. London is also the most unequal region in the country in terms of income, pay and wealth. Inequalities in the labour market are reflected by continuing high pay gaps in terms of gender, ethnicity and disability.

The London Poverty Profile 2015 found that 27% of Londoners are in poverty after housing costs; 21% of working households in London are in poverty, an increase of 70% over the last decade. Low pay disproportionately affects young people, disabled people, Black and Minority Ethnic groups, households in rented accommodation (both social and private), people working in security, hospitality, food and retail.

Of special concern to London is the future of caring activities, both salaried and voluntary/unpaid. Britain is relatively backward in the availability and standards of care available to citizens in need such as children in care (including unaccompanied migrants), adults with special needs for physical or emotional support and growing numbers of older, especially very old, people. London faces a challenge of transforming and expanding these services from a patchwork of low-pay insecure jobs to a more highly skilled, respected and non-exploitative set of opportunities to deliver better care.

Progress on these issues will depend partly on national policy – on which the Mayor of London should campaign for change – and on branches of London public services beyond the planning system. However the Mayor should play a

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<sup>27</sup> Joseph Rowntree Foundation and Sheffield Hallam University, 2016, An inclusive growth monitor for measuring the relationship between poverty and growth

leading role in setting the tone across all GLA bodies and London Boroughs for an integrated approach to securing decent and sustainable employment as well as the support and infrastructure needed for all types of care.

Some examples of such commitments from leaders of other cities and regions include:

- The West Yorkshire Combined Authority Area Low Pay Charter<sup>28</sup> which sets out policies and principles in the following areas: living wage, pensions, skills and progression, employee benefits, health and wellbeing, Social Value, zero-hour contracts and 'good growth'
- The Salford Social Value Pledge<sup>29</sup> and Toolkit<sup>30</sup> which seek to embed the Social Value Act in service delivery, commissioning and procurement, measuring success in terms of happiness, wellbeing, health, inclusion, empowerment, poverty reduction and environment.

## Strategic policy

A. The Mayor will work with other GLA bodies, the London Enterprise Panel, the private sector, trade unions, universities, SMEs, voluntary and community sector groups and organisations to:

- a) distribute the benefits from new development fairly to all sections of society, particularly to those who suffer disadvantages in the labour market and socio-economic inequalities, through the creation of skilled, long-term and secure jobs paid at least the London Living Wage
- b) enable low and middle income communities to participate more actively in local business ownership and investment
- c) increase the productivity of low pay occupations through supporting SMEs and social enterprises to access affordable workspace, business support, efficient localised supply chains and public sector contracts
- d) protect existing premises for low paid, unpaid and voluntary care and secure the provision of new facilities as part of new developments
- e) promote development partnerships and Further Education services which create education and training opportunities for all ages, in both traditional and emerging sectors including affordable language training for non-English speakers.<sup>31</sup>

## Planning decisions

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<sup>28</sup> [http://www.westyorks-ca.gov.uk/uploadedFiles/Content/News/Articles/LPWC\\_Draft%20Report\\_v8\\_FINAL%20POST%20LEADERS.PDF](http://www.westyorks-ca.gov.uk/uploadedFiles/Content/News/Articles/LPWC_Draft%20Report_v8_FINAL%20POST%20LEADERS.PDF)

<sup>29</sup> [http://www.partnersinsalford.org/documents/Salford\\_Social\\_Value\\_Pledge\\_30.4.2015.pdf](http://www.partnersinsalford.org/documents/Salford_Social_Value_Pledge_30.4.2015.pdf)

<sup>30</sup> [http://www.partnersinsalford.org/documents/SV\\_Toolkit\\_v8.pdf](http://www.partnersinsalford.org/documents/SV_Toolkit_v8.pdf)

<sup>31</sup> See recommendations in IPPR (2016), Boosting Britain's low-wage sectors: A strategy for productivity, innovation and growth, <http://www.ippr.org/publications/boosting-britains-low-wage-sectors-a-strategy-for-productivity-innovation-and-growth>

- B. Planning applications for major new development are required to meet the following criteria:
- a) create secure jobs paid at least the London Living Wage throughout the delivery of the project and provide a medium and long term plan for employment in partnership with the GLA, Local Authorities, public service providers, voluntary and community organisations, higher education institutions and colleges
  - b) invest in social infrastructure, contributing to the provision of premises and support packages for organisations delivering all types of care, advice, training and skills
  - c) give priority to local businesses, particularly SMEs in tendering for contracts in the delivery of the project and work with potential commercial and business tenants to produce a long term plan which maximises the opportunities for local enterprises to be part of supply-chains for goods and services

### **Local Plans**

- C. In preparing Local Plans, boroughs will
- a) set targets for secure local jobs paid at least the London Living Wage and training opportunities giving priority to those groups who face severe disadvantages as identified in the evidence base

### **3.1 BALANCED REGIONAL DEVELOPMENT (needs more work)**

Since the post-war period there has been a shift in government policy approach to regional development. Between 1945 and 1979 policies fostered the redistribution of economic activity from faster growing to slower growing areas, through government intervention such as incentives and infrastructure in the North of England designed to attract investment. A change in ideology meant that after 1979 this policy direction was replaced by an approach focusing on the advantages of agglomeration of firms and people, particularly in London, as a driver of growth in the UK. This approach resulted in a widening gap between the North and the South and the removal of planning constraints to enable further growth. The strong policy focus on London's competitiveness in the global financial markets has led to the UK being the most unbalanced country in the EU, recording the highest gap between the richest areas (Inner London) and the poorest (Cornwall and the Welsh Valleys).<sup>32</sup>

The disadvantages of agglomeration in terms of pollution, inflation in land and property prices have been neglected in this approach. Research shows that within London, economic growth has not resulted in reducing poverty, despite

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<sup>32</sup> New Economics Foundation, 2014, Balancing act: the government's regional growth plan doesn't go far enough, <http://www.neweconomics.org/blog/entry/balancing-act-the-governments-regional-growth-plan-doesnt-go-far-eno>

an increase in employment after the economic recession.<sup>33</sup> While average incomes in London appear to have been high and rising, after housing costs are met, median net household incomes have been lower in London and have fallen further than in other regions.<sup>34</sup> With an unprecedented estimated population growth, placing increasing pressures on housing, infrastructure and natural resources, London faces the challenges to meet the needs of current and future generations in a socio-economically just way, within environmental limits.

Across other UK regions there is a growing body of research and pilot practices to inform policy approaches focused on local economic development and increased social sustainability. Some examples include

- The Manchester-based Centre for Local Economic Strategies (CLES) *Manifesto for Local Economies* which summarises a wide range of studies and policy recommendations for achieving increased social equity, fairness and environmental performance; these include among others: making LEPs more democratic and supportive of small businesses<sup>35</sup>, delivering a low carbon future<sup>36</sup>, promoting local supply chains, supporting the role of voluntary and community organisations in local economies<sup>37</sup>.
- IPPR North's research on LEP economic resilience<sup>38</sup> recommends 'tackling long-term unemployment, poverty and inequality, integrating their own plans with those of their constituent local authorities, neighbouring and overlapping LEPs, and national government, ensuring business and citizen engagement, and the transparency and accountability of the economic planning process, and identifying environmental priorities and trade-offs, including mitigating climate change and developing plans for food, land and energy use.'
- New Start and the New Economics Foundation have been documenting examples of best practice in terms of local economic development in Bristol, Manchester, Birmingham, Cardiff and Newcastle, providing

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<sup>33</sup> Lupton, R., Vizard, P., Fitzgerald, A, Fenton, A Gambaro, L. and Cunliffe, J. (2013) Prosperity, poverty and inequality in London 2000/01–2010/11. Social Policy in a Cold Climate, Research Report 3. London: CASE.

<sup>34</sup> Resolution Foundation 2007-8 to 2013-14 (ref to follow)

<sup>35</sup> CLES and FSB, 2014, The future of Local Enterprise Partnerships: the small business perspective, <http://newstartmag.co.uk/wp-content/uploads/2014/09/FSB-MAKING-LEPS-SUPPORT-SMALL-BUSINESS-BETTER-Report-SEPT14.pdf>

<sup>36</sup> Centre for Local Economic Strategies (2014) Defining a low carbon economy in Manchester

<sup>37</sup> Centre for Local Economic Strategies and Voluntary sector North West (2013) Thriving places: developing the community and voluntary's sector role in local economies and life of places. <http://www.cles.org.uk/wp-content/uploads/2014/01/Thriving-Places-final.pdf>

Centre for Local Economic Strategies (2014) a Civil economy for Manchester; a new vision of an economic framework for the city <https://www.manchestercommunitycentral.org/sites/manchestercommunitycentral.co.uk/files/A%20Civil%20Economy%20for%20Manchester%20%28FINAL%29.pdf>

<sup>38</sup> IPPR North, 2014, Building economic resilience? An analysis of local economic partnerships' plans [http://www.ippr.org/files/publications/pdf/Building-economic-resilience\\_May2014.pdf?noredirect=1](http://www.ippr.org/files/publications/pdf/Building-economic-resilience_May2014.pdf?noredirect=1)

valuable evidence of alternative approaches focused on socio-economic and environmental justice.<sup>39</sup>

There is a need to question GVA growth at any price and measure the impacts of growth-driven approaches on the material welfare and wellbeing of all who live and work in the city. We need to understand the relationships between London and other UK regions and London's contribution to the UK economy beyond GDP and GVA. Cooperation with national government, other UK regions and other countries is necessary to plan for a balanced regional development, acknowledging that London's reliance on the financial and real estate sectors is a risk not only for those living and working in the city.

More importantly these concerns need to be debated openly and democratically, and the Mayor's role should be to create the platforms and governance arrangements for civil society, local businesses and social enterprises, public service providers and institutions to engage in dialogue and mutual learning both within and beyond London's boundaries.

### **Strategic policy**

- A. The Mayor will work with central government, local authorities, regional local authority partnerships, other major city regions as well as other public institutions, universities and research centres to:
- a) Prioritise partnerships with other UK cities and regions
  - b) Evaluate and seek to address the impact of development in London on other regions, particularly in terms of housing affordability, employment opportunities, infrastructure and investment, air quality
  - c) develop coordinated policy approaches across the regions to optimise use of land, infrastructure, energy, water, transport (in particular freight) in terms of socio-economic and environmental performance
  - d) build capacity (in terms of resources, support and governance) for civil society, local businesses and social enterprises, public service providers and institutions in London and other UK cities and regions to collaborate and exchange good practice on issues related to sustainable economic development
  - e) support innovation, action research and leadership on local and community-led economic development

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<sup>39</sup> New Start, 2016, <http://newstartmag.co.uk/your-blogs/five-cities-55-projects-mapping-good-local-economics-in-the-uk/>