

Response to Mayor of London's draft new London Plan

2nd March 2018

INTRODUCTION

1. London Chamber of Commerce and Industry (LCCI) is the capital's most representative business advocacy organisation, with over 2,000 members from small and medium-sized enterprises through to large, multi-national corporates. Our member firms operate in a wide range of sectors across all 33 London local authority areas – genuinely reflecting the broad spectrum of London business opinion.
2. As the voice of London business, we seek to promote and enhance the interests of the capital's business community through representations to central government, the Mayor and London Assembly, Parliament and media, as well as international audiences. Through regular member surveys and commissioned research, LCCI seeks to inform and shape debate on key business issues.
3. With demographic pressures and the uncertainties of Brexit, the Mayor and the GLA face significant challenges as they seek to ensure our capital remains a great place to set-up, run and grow a business. Alongside these challenges are, however, significant opportunities to cement the capital's place as a leading global city, at the heart of a successful UK.
4. During the draft London Plan review process, important decisions will have to be taken to prepare London for the future – not least as the capital is forecast to reach a population of nine million by 2020 and over ten million by 2027¹ - becoming a 'megacity'.
5. This response from LCCI will focus principally on those chapters that impact on the three areas of continuing importance to our members; housing, transport and skills.
6. In December 2017, and to coincide with the launch of the draft London Plan review process, LCCI published our new report, "**Brown for Blue**"², whose findings and recommendations are integral to, and referenced throughout this response. This report mapped and identified derelict and underdeveloped land within the capital's Green Belt that could be used specifically to house London's emergency workers.
7. LCCI is aware, from engagement with emergency services workers' representatives, that the cost of housing in London has been a central factor as to why most dedicated emergency services operatives now live outside the capital. Preparations to meet the challenges of the future must include broad resilience considerations, and there is a prime opportunity to do that via the new London Plan.

¹ ONS (2016) Subnational population projections for England: 2014 based projections

² <https://www.londonchamber.co.uk/news/press-releases/new-london-plan-should-use-%E2%80%98brown-space%E2%80%99-to-house-b/>

8. **LCCI believes that the new London Plan should formally identify the need for ‘blue light’ emergency services worker housing as an important planning issue for the capital.**
9. Given the scale of the capital’s housing challenge, the draft new London Plan states that “London must seek to deliver new homes through every available means”. However, the Mayor then states that he “strongly supports the continued protection of London’s Green Belt”.

PLANNING LONDON’S FUTURE (GOOD GROWTH POLICIES)

Policy GG2 Making the best use of land

10. LCCI supports efforts to densify and use brownfield and public-sector land most effectively, particularly near transport hubs.
11. In order to make best use of land across the capital, LCCI would urge the Mayor to fully exploit the work of the London Land Commission (LLC), which found that almost a quarter of land in the capital is owned by the public sector; this includes the police, NHS and transport agencies amongst others. This figure rises to 40% in some boroughs. Given the Mayor’s 66,000 homes target per year, utilising land identified by LLC will be crucial.
12. The potential for the Mayor to play a greater role in securing housing for emergency workers was first highlighted by LCCI in our 2016 report, *Living on the Edge: Housing London’s Blue Light emergency services*³. This found that over half (54%) of London’s emergency services workers were living outside the capital – which remains the case today.
13. LCCI is concerned, however, that since the publication of its brownfield register, the ongoing purpose of the LLC is not fully understood. The Mayor could enhance the LLC by synchronising its activity with his Homes for Londoners agency with the aim of brokering deals with selected developers that would see a proportion of housing units built on any released public-sector land set aside as homes to rent only for emergency services workers – with the Office of Mayor of London acting as long-term landlord.
14. To aid this process, the Mayor should seek duty of cooperation powers over public bodies looking to sell land, as well as first right of refusal for the LLC, which should be bolstered with capital buying power.
15. Whilst we welcome the fact that the draft new London Plan seeks to explore all options to best utilise land throughout the capital, we are concerned that the Plan rules out any fresh assessment of the need or potential of building on any portion the capital’s Green Belt. The Green Belt makes up 22% of land throughout the capital⁴, some of which LCCI has identified as disused, or is of poor quality – our definition of “brown space”⁵. Ruling out development on Green Belt does not make the best use of available land in the capital and is inconsistent with Good Growth policies.
16. **As our *Brown for Blue* report proposed, we believe the LLC should be tasked with formally identifying all brown space land (i.e. derelict and underdeveloped land) in the Metropolitan Green Belt, as a precursor to an assessment of which**

³ <https://www.londonchamber.co.uk/research/?page=2>

⁴ The London Plan: The Spatial Development Strategy for Greater London December 2017 pp. 303

⁵ LCCI Brown for Blue: Land to house London’s emergency workers December 2017 pp. 3

parcels of that land might be better used (and viable) as housing (we have suggested for emergency services personnel, contributing to the capital's resilience) and any necessary, subsequent steps to open up that land for development through the planning process.

17. Our commissioned research suggested the Metropolitan Green Belt contains 329 hectares of "brown space" which could be used to build up to 20,000 newbuilds.

Policy GG4 Delivering the homes Londoners need

"The Draft London Plan targets are not targets, they are totally unrealistic. They are based on an unproven theory of intensification rather than past trends. There is no evidence to show that the suburbs will intensify at the rate the Mayor thinks. There is neither the developer profit motive nor the development capacity. No thought appears to have been given to the transport infrastructure, local jobs, schools, health services and parkland required to cater for the sudden uplift in new residents."

Planner, London Borough of Sutton

18. London's population is rising fast, with projected annual population growth now 79,000, versus previous estimates of 63,000 per year⁶. The London Plan rightly states that "London must seek to deliver new homes through every available means"⁷. However, the Mayor's support for "continued protection of London's Green Belt"⁸, we believe, runs contrary to that previous assertion. Most London firms - impacted by the housing crisis via difficulty recruiting and retaining new staff - support reclassification of some Green Belt to enable new housing development⁹.
19. Given the capital's finite amount of space, and housing delivery rates to date, it is hard to envisage how the new target of 66,000 new homes per year is going to be achieved, not least given the feedback we have received including from Local Authority planning officers about the limits of intensification and availability of land. **This is why LCCI advocates an honest review of the capital's Green Belt.**
20. In addition, the London Plan has identified the role that small sites¹⁰, and by default, small builders, can play in helping deliver approximately 25,000 homes per year¹¹.
21. Small sites have, however, traditionally been hard to develop by smaller builders in the capital. Our position on small sites, small builders is detailed under the 'housing' section (H1) of this response.
22. LCCI recognises that there must be mix of housing stock to cater for the varying needs of all Londoners, including both homes to rent and to buy. An LCCI survey of London businesses reflects the growing importance of affordable homes to rent for Londoners¹², which were viewed as equally as important to an improved supply of affordable homes to own.

Policy GG5 Growing a good economy

23. The draft new London Plan rightly recognises London as the driver of growth for the UK economy, and that the capital should continue to attract businesses of all sizes, promote entrepreneurialism and allow firms to grow and develop.

⁶ The 2017 London Strategic Housing Market Assessment pp. 5

⁷ The London Plan: The Spatial Development Strategy for Greater London December 2017 pp. 18

⁸ Ibid 303

⁹ LCCI/ComRes Survey of 504 London businesses, August 2016

¹⁰ Defined by the London Plan as below 0.25 hectares pp. 156

¹¹ Ibid

¹² LCCI/ComRes Survey of 506 London Business, February 2016

24. A growing concern of businesses has been the impact of Permitted Development Rights (PDRs) for office to residential conversions. PDRs have had an effect on the volume of office space within London. Our recent data shows one in five London businesses have moved or considered moving elsewhere in London, or out of the capital entirely, over the past year due to Brexit, rent or business rate rises¹³. PDRs contribute to this cost pressure by reducing office space.
25. The City of Westminster has seen an “unprecedented decline” in availability of office space, with an estimated 300,000 square metres of office floor space lost through residential conversions between 2013-17¹⁴. Analysis shows a further 730,000 square metres are due to be lost through ongoing schemes¹⁵.
26. Between 2008 and 2016, local planning authorities have lost 1.7 million square metres of office space whilst gaining approximately 16,000 residential units¹⁶. Evidence has shown that there is strong demand for industrial space in the capital¹⁷, and so to help retain office and business space, we welcome proposals urging local authorities to seek Article 4 directions.
27. **LCCI acknowledges that there is a careful balancing act to be struck to ensure that the housing supply issues are addressed, whilst giving London firms the space to grow, expand and create jobs¹⁸. However, it is essential that areas of strategic importance including the Central Activities Zone (CAZ), are protected from the negative impact of PDRs.**

Policy GG6 Increasing efficiency and resilience

“For us it is a major issue that so many firefighters in the London Fire Brigade can’t afford to live in the Greater London area. Housing in London is so expensive that firefighters often can’t live anywhere near their place of work. This can cause all sorts of practical difficulties because it may take at least a couple of hours for people to reach their place of work. There might then be that slight added risk that they won’t be as fresh as they would like to be when they arrive for work, or their concentration is impaired. It also means they are spending less time with their families and their children and their stress levels increase when they are at work.”

Paul Embery, Executive Council Member, Fire Brigades Union London

28. Global cities, such as London, face a multitude of threats. Preparedness and the ‘resilience’ to overcome threats and challenges must form part of the capital’s DNA. We believe that an important part of delivering this resilience is by ensuring London has sufficient numbers of emergency services personnel available and in the best possible position to respond to future threats and challenges.
29. Our 2014 housing report¹⁹ first identified how the capital’s chronic undersupply of housing could affect its resilience.

¹³ <https://www.londonchamber.co.uk/news/press-releases/airports-mess-is-a-political-calculation-that-1/>

¹⁴ Evening Standard (Westminster ‘losing office space equivalent to the shard every year’) 19 January 2018

<https://www.standard.co.uk/news/london/westminster-losing-office-space-equivalent-to-the-shard-every-year-a3744346.html>

¹⁵ Ibid

¹⁶ Mayor’s Question Time, Thursday 22 June 2017 Question 2017/2537

http://questions.london.gov.uk/QuestionSearch/searchclient/questions/question_294185

¹⁷ GLA London Office Policy Review 2017

https://www.london.gov.uk/sites/default/files/london_office_policy_review_2017_final_17_06_07.pdf

¹⁸ Land IS available for house building in London, the answer doesn’t need to be converting commercial space

<https://www.londonchamber.co.uk/news/press-releases/land-is-available-for-house-building-in-london,-th/>

¹⁹ Getting our house in order: The impact of housing undersupply on London businesses, May 2014

<https://www.londonchamber.co.uk/LCCI/media/media/Policy%20and%20Campaigning/Getting-our-house-in-order-The-impact-of-housing-undersupply-on-London-businesses.pdf?ext=.pdf>

30. **LCCI urges the Mayor to use the London Plan to formally identify the need for specialist emergency worker housing as an important planning issue for London, in a similar way that previous reviews of the London Plan concluded there was a need for housing provision for older people and students²⁰.**
31. Our recommendation was incorporated within the Harris review which analysed London's preparedness to respond to a terrorist incident²¹.

SPATIAL DEVELOPMENT PATTERNS

Policy SD1 Opportunity areas

32. Rapid population expansion will place London's infrastructure – particularly its transport networks - under considerable pressure. Sustained investment in infrastructure and a long-term outlook on future need is critical to ensuring that the capital can continue to function, grow and thrive as a megacity of the future.
33. Key routes on the Tube and National rail network are already unacceptably overcrowded and new capacity is needed to keep up with the capital's growing population. By improving transport connectivity across the capital, Crossrail 2 for example has the potential to unlock the development of tens of thousands of new homes. The successful delivery of Crossrail 2 would, consequently, help address twin issues – the housing crisis and the transport capacity crunch which are both impacted by the capital's increasing population and levels of employment.
34. LCCI welcomes that Crossrail 2 forms an integral part of the draft Plan. However, we are concerned about the lack of progress finding a funding solution to allow the project to proceed. Given that Crossrail 2 is a vital component to the success of the London Plan, a solution to financing this project must be prioritised.
35. Whilst Crossrail 2 is the centrepiece project for London, other infrastructure projects must also play their role in the ongoing growth, development and regeneration of London – particularly beyond inner London. London must have room to grow and the promotion of 'growth corridors' which extend to the city limits and beyond has released economic and housing growth potential in areas that stood neglected.
36. There are several opportunities where short term improvements to existing transport infrastructure can result in considerable economic benefits. This includes rail improvements in South and West London to support growth at Heathrow and Gatwick airports and improvements to the Docklands Light Railway (DLR) to support the expansion of London City Airport.
37. With over one third of London's population growth over the next decade forecast to occur in the eastern boroughs of the capital, LCCI welcomes the Mayor's proposals to prioritise river crossing schemes including the Silvertown Tunnel, between Rotherhithe and Canary Wharf, and at Gallions Reach.
38. **We are concerned however that the current proposals for new river crossings fall short of what is needed (see paragraph 104 for further details).**
39. We believe that delivery of the aforementioned infrastructure projects will be hindered until real progress is made on securing enhanced fiscal devolution to the capital, which

²⁰ LCCI Brown for Blue: Land to house London's emergency workers (December 2017)

²¹ Harris Review into London's preparedness to respond to a major terrorist incident: Progress report – one year on https://www.london.gov.uk/sites/default/files/progress_report_-_harris_review_into_londons_preparedness_to_respond_to_a_major_terrorist_incident.pdf

LCCI believes could, with innovative approaches, place the future of transport infrastructure funding on a more secure footing.

Policy SD4 The Central Activity Zone (CAZ)

40. The Central Activities Zone (CAZ) and Tech City have been exempted from PDRs until May 2019, meaning that any conversion of office space to residential in these areas requires full planning permission. To ensure that office space in the capital is preserved, LCCI believes the CAZ and Tech City should be permanently exempted from PDRs.
41. PDRs can be a useful tool to increase housing supply but LCCI recognises that London has been particularly impacted by their use, due to the differential between office and residential values.

Policy D10 Safety, security and resilience to emergency

42. LCCI recognises that the emergency services have regularly reviewed and exercised plans to keep London safe and secure in the event of an incident. With the scale of the capital's housing crisis, the capital's pending 'megacity' population of 10 million and feedback we have received from representatives of London's blue light personnel about housing, it is the *potential* challenges and pressures likely generated from extended resilience scenarios that need to be examined.
43. **A full review - with direct engagement with representatives of London's blue light workers - on London's ability to deal with major event scenarios of a prolonged duration would be beneficial.**

DESIGN

Policy D1 London's form and characteristics

44. LCCI recognises the need to use land efficiently by optimising density. However, this must be done in areas where there is the maximum potential for utilising existing infrastructure. As a result, increasing housing density around local transport hubs should be prioritised. Increasing housing density around train stations and other commuter hubs would reduce reliance on private forms of transport and make it easier for more people to commute to where they need to go.
45. However, with all new developments, especially those that increase density, management will be essential. We note the Mayor's commitment for new developments to be designed and managed so that deliveries can be conducted with minimal disturbance. **Freight plays a vital, if not always appreciated role, in our everyday lives.** From stocking high street shelves to supplying materials to sustain a growing population, demands on the freight industry have never been higher.
46. In 2016, **LCCI cautioned against proposals that had appeared for a peak time lorry/HGV ban in the capital.** Our campaign 'no ban without a plan²²' highlighted the often poorly understood role of freight and the unintended consequences of bans without complementary measures to address the demand that generated those vehicle movements in the first place (e.g. the likelihood that a large number of white vans would replace a smaller number of HGVs at certain times of the day, potentially adding to pollution and congestion).

²² <https://www.londonchamber.co.uk/news/press-releases/london-chamber-of-commerce-and-industry-says-no-lo/>

47. The capital requires 66,000 new homes every year – however this will require lorries supplying the building and development material. One average sized three-bedroom house requires at least 34 freight vehicle movements to be brought into existence²³. Making lorry movements more expensive will increase the bill to build. Banning lorry movements at key times of the day will serve to prolong project duration.
48. The freight industry, within LCCI membership, is ready to explore different options to achieve a sensible balance between public and commercial needs. This must include efforts to boost consolidation and improve efficiency to reduce the number of unnecessary journeys made into central London.
49. A recent poll of businesses for LCCI found 87% agreed that grouping parcels for companies or buildings would help reduce businesses' impact on congestion, with a similar number believing flexible working hours would make a difference, and over four fifths backing businesses working together on waste collection.
50. **The Mayor should appoint a Freight Commissioner to lead a vision for enabling a world-class freight and logistics environment in the capital²⁴.**

Policy D4 Housing quality and standards

51. PDRs, or office to residential conversions, have resulted in some poor-quality schemes, as they are not required to be plan compliant, meaning planning authorities have no power to ensure they these conversions meet basic standards, such as minimum space and adequate lighting²⁵.

Policy D6 Optimising housing density

52. As highlighted previously, increased density in areas with maximum potential for utilising existing infrastructure is a positive means for boosting housing delivery.
53. Whilst density will boost the supply of housing in the capital, this is not the silver bullet to the chronic shortage of housing. Increasing housing density should be carried out in concert with other approaches to delivering housing including a “limited intervention” of building on the Green Belt, as noted in our Brown for Blue report.

Policy D10 Safety, security and resilience to emergency

54. We welcome that the draft new London Plan notes that the shortage of affordable housing in the capital is hindering the recruitment and retention of public service workers including those crucial to the operation of the emergency services.
55. Our 2014 Housing report noted there was a need to consider how the undersupply of housing could affect future London resilience (it is important to emphasise that LCCI raises the point about resilience with matters of an extended duration in mind).
56. Two years later our research found that the majority (54%) of London's 'blue light' emergency services workers – police officers, firefighters, ambulance paramedics – live outside London. At that time, we called on the Mayor of London to consider how this finding could impact on London's ability to deal with a major incident.

²³ Freight Transport Association London Elections 2016 – A freight manifesto <http://www.fta.co.uk/galleries/downloads/london-election-manifesto-2016.pdf> pp. 5

²⁴ <https://www.londonchamber.co.uk/news/press-releases/test-press-release-2/>

²⁵ <https://www.londoncouncils.gov.uk/our-key-themes/housing-and-planning/permitted-development-rights-offices/impact-london#>

57. **We believe that the Mayor should include an alteration to the London Plan to formally identify the need for specialist emergency services worker housing as an important planning issue for London.**

58. To deliver this housing, and given the capital's finite amount of space, LCCI advocates utilising land within the Metropolitan Green Belt. Whilst the National Planning Policy Framework (NPPF) states the purpose of the Green Belt is "to prevent sprawl of large built-up areas", the Green Belt is not actually an environmental designation.

59. Within *Brown for Blue*, LCCI has identified 329 hectares of 'brown space' within the capital's Green Belt which could be used to build up to 20,000 homes. We believe these could be prioritised for the capital's emergency services personnel.

HOUSING

*"London's chronic housing shortage is giving rise to a host of challenges for businesses, including the recruitment and retention of staff, and impacts on the productivity of employees. Following years of undersupply of new homes, there is no doubt more houses need to be built across the capital to ensure the city's continued success."*²⁶

*Mark AE Collins – Chair UK Residential, CBRE and Chair of LCCI Property and Construction Committee*²⁷

Policy H1 Increasing housing supply

60. The Mayor has identified the capital's housing crisis as the "single biggest barrier to prosperity, growth and fairness facing Londoners today. Addressing this crisis is certainly a priority for London businesses, given the impact it is having on the capital's business environment"²⁸.

61. In July 2017, LCCI and London Councils published joint polling of 1000 London businesses which showed that that nearly half of firms identified better availability and affordability of housing as one of the top two ways to improve staff retention. Additionally, 44% of firms polled said better availability and affordability of housing would assist them in recruitment²⁹.

62. During the past twenty years statistics have shown London's population has risen by 25% (1.7 million), with job growth at 40% (1.6 million) whilst housing supply has significantly lagged, growing by only 15% (470,000)³⁰.

Policy H2 Small sites

"In London we have found that acquiring public land can take twice or even four times as long as private land, even for affordable housing. This results in uncertainty and huge amounts of resource being applied to sites that are often quite modest in size. However, these smaller infill sites are the ones that can deliver volume quickly as they are relatively simple to plan and construct"

*Pocket Living (developer specialising in small sites in London)*³¹

63. Vital to addressing the capital's housing needs are small builders. The eight largest housing developers account for more than half of new homes built in the UK. Small builders can complement these high-volume operators by bringing forward sites that are not commercially viable for the larger players.

²⁶ Ibid pp. 15

²⁷ <https://www.londonchamber.co.uk/membership/member-committees-and-ambassadors/property-and-construction-committee/>

²⁸ Sadiq Khan for London: A manifesto for all Londoners pp. 19

²⁹ LCCI/London Councils – London Business 1000 July 2017

³⁰ James Murray, Deputy Mayor, Housing and Residential Development

³¹ Unlocking London's Housing Potential: Making the most of London's public-sector land May 2015 pp. 5

64. However, small builders face a number of barriers including accessing land, navigating the planning system and securing finance.

65. Despite efforts by the Mayor to support small builders, small builders have seen a dramatic fall in market share, exacerbated by the recession a decade ago. The graphic below clearly illustrates this – on a national level.

	Small builders (1–100 units a year)	Medium builders (101–2000 units a year)	Volume builders (2000+ units a year)
Market share in 2008	28%	40%	31%
Market share in 2015	12%	29%	59%

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66. We welcome steps proposed within the draft new London Plan to support SME developers including bringing land forward to build new homes for development by small developers via the ‘Small Sites, Small Builders’ programme, which proposes a presumption in favour of appropriate residential development on small sites.

67. A survey by National House Building Council³³ of 468 small builders across the UK showed that 38% thought the planning process and associated costs were their most serious challenge. This was followed by 37% of firms citing availability of land, and 20% highlighting access to finance as their most pressing concern.

68. These areas of concern have also been echoed by LCCI members, including within our *Getting our House in Order* report, findings from which are included in the table below.

Figure 7: Planning barriers to housing delivery – more than one option could be selected.



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69. It is critical that a more streamlined planning process is developed for small builders whilst ensuring that cost and risks are minimised.

Policy H5 Delivering affordable homes

70. LCCI recognises that there must be mix of housing stock to cater for the varying needs of all Londoners, including both homes to rent and to buy. An LCCI survey of London businesses reflects the growing importance of affordable homes to rent for Londoners³⁵, which were viewed as equally as important to an improved supply of affordable homes to own.

³² House of Commons: Communities and Local Government Committee – Capacity in the homebuilding industry (Tenth report of session 2016-17) pp. 12

³³ https://www.nhbcfoundation.org/wp-content/uploads/2017/04/NF76_WEB.pdf

³⁴ Getting our house in order: The impact of housing undersupply on London business, May 2014 pp. 19

³⁵ LCCI/ComRes Survey of 506 London Business, February 2016

71. Critical to addressing the problem of Londoners been priced out of the housing market is building more homes. For decades, London has not been able to keep up with demand, with just 29,000 homes built in 2016. This needs to double to meet current demand³⁶.

Policy H13 Build to rent

72. LCCI has cautioned against prioritising delivery of homes to own over homes to rent, with a thriving and affordable rental market crucial to London given the make-up of its workforce (including those seeking short-term or flexible tenures). The Mayor should work with local authorities to ensure sufficient numbers of homes to rent are included in new developments, and support London gaining greater powers to determine for itself which types of affordable homes - including homes rent - should be built locally.

Policy H15 Specialist older persons housing

73. The new London Plan should identify a 'need' for housing provision for front-line staff in the police, fire and ambulance paramedic services – in a similar way that previous reviews of the London Plan concluded there was a need for housing provision for older people and students.

ECONOMY

Policy E1 Offices

74. As cited previously, we want a permanent exemption for Tech City and the Central Activities Zone from PDRs to protect vital work space³⁷.

Policy E4 Land for industry, logistics and services to support London's economic function

75. The aspiration of "no net loss of industrial floorspace capacity" is welcome, however, it does not go far enough given the loss of industrial space in the capital in the recent past. The phrase "no net loss" does not apply to non-designated industrial sites which make up approximately 38% of industrial capacity in London, which could potentially result in further loss of more than a third of capacity.

76. LCCI believe that given the title of this section, it suggests a rather unambitious role for the sector going forward. However, logistics has a critical role in supporting and servicing the wider London economy. **We want to see a Freight Commissioner appointed in recognition of the vital role that freight and logistics play in the functioning of the capital's 24/7 economy, and given the scale of the challenges involved in delivering for the sector whilst tackling related issues of congestion, safety and pollution.**

Policy E11 Skills and opportunities for all

"Skills shortages have increased as an issue for firms as the economy has improved. Flexible immigration rules for businesses are essential as it will take years for these new learners to plug the skills gaps"

Pat Saini, Head of Immigration, Penningtons Manches LLP (LCCI Member)

77. We welcome the renewed focus on skills and the publication of the first dedicated city wide Skills for Londoners Strategy. LCCI will play an active role in contributing to a

³⁶ <https://www.theguardian.com/uk-news/2017/oct/27/sadiq-khan-to-raise-target-for-affordable-housing-in-london>

³⁷ Boost Digital Capability <https://www.londonchamber.co.uk/policy-and-campaigning/our-priorities/boost-digital-capability/>

successful skills landscape in London, including through our new Work and Employment Policy Advisory Committee, our research work and polling, and our initiative which places member businesses into schools so that students are able to gain insights into the world of work.

78. In our Q4 2017 Quarterly Economic Survey (QES), the latest quarter for which we have results, highlighted the ongoing difficulties faced by companies looking for suitably skilled staff. Of those companies that said that they were recruiting, 57% reported difficulties finding people with the right skills to fill vacancies. This is the highest Capital 500 figure recorded to date.
79. These figures demonstrate why upgrading the capital's domestic skills pipeline is imperative, especially at a time when businesses are facing uncertainty about their future access to migrant workers from overseas, both from within the European Union (EU) and further afield, in the context of ongoing Brexit negotiations.
80. LCCI considers it essential that the capital is able to draw upon both an effective and responsive skills and training system, and a flexible migration system.
81. Take up of apprenticeships in London is low, with just 8% of firms polled by our survey reporting that they employ an apprentice³⁸. LCCI is a strong supporter of apprenticeships and welcomes the principle behind the Apprenticeship Levy. However, it is also clear to us that more needs to be done to make sure the levy works for businesses, particularly in the capital.
82. **We welcome the intent within the draft new London Plan to address some of these challenges related to apprenticeships, noting particularly proposals to lobby for devolution of the Apprenticeship Levy. The Mayor rightly, in our view, believes this will enable greater flexibility to address the complex skills requirements of London businesses including by using the levy on a wider range of skills development areas to meet local economic needs.**
83. **We note also that the draft new London Plan also recognises the limitations that current Section 106 agreements can place on the use of apprenticeships. We welcome the Mayor's commitment to encourage London boroughs to consider cross-borough working to open up opportunities - including those created via Section 106 obligations - to residents from adjacent boroughs and across London.**

GREEN INFRASTRUCTURE AND NATURAL ENVIRONMENT

Policy G2 London's Green Belt

84. The Metropolitan Green Belt limits the supply of land available to respond to London's housing need and prohibits the use of vacant and poorly used brown space sites that could be put to better use as homes for people who need them.
85. We recognise that any discussion making mention of 'building' and 'Green Belt' is contentious. However, our Brown for Blue report suggests a limited intervention, with suitable safeguards, to make best use of poor quality and undesirable land to help house London's emergency workers.
86. **LCCI believes this draft new London Plan offers the ideal opportunity to have a serious debate on the issue of Green Belt, and the use of the capital's finite space.**

³⁸ LCCI/London Councils – London Business 1000 July 2017 pp. 4

SUSTAINABLE INFRASTRUCTURE

Policy SI1 Improving air quality

87. ULEZ proposals must strike the right balance between delivering significant improvements to air quality whilst allowing businesses - particularly SMEs - to adapt to changes.
88. LCCI does not oppose the introduction of the ULEZ. However, haulage firms across London are faced with a difficult choice over the next three years. Plans to bring ULEZ forward a year earlier than planned, and proposals to expand ULEZ to HGVs entering the whole of Greater London in 2020 and vans within the North and South Circulars in 2021 will impact the livelihoods of SMEs across the capital.
89. Proposals for a ULEZ underline the need to balance public health concerns with the needs of London's businesses who deliver goods and people across the capital. We have previously called for a new Freight Commissioner to lead on policies such as ULEZ and plans such as the Mayor's Transport Strategy. In time, we believe stronger leadership in these areas will ultimately deliver a world-class transport ecosystem that supports a healthier, cleaner city.
90. **LCCI does not oppose the principle of ULEZ. However, there are unanswered questions on impact and costs. The obvious challenges associated with upgrading vehicle fleets and unresolved questions over the upfront costs associated with expanding and implementing ULEZ must be resolved before LCCI is able to wholeheartedly support the scheme.**

Policy SI6 Digital connectivity infrastructure

91. While by some measures the UK's digital infrastructure is considered to be relatively well developed, wider comparisons indicate that the country has begun to fall behind in terms of 4G speed and development of 5G. London trails other major UK cities in terms of mobile network performance, when it should be a world leader.
92. In November 2016 the *Evening Standard*³⁹ reported that the capital is in 26th place on a league table of connectivity in Europe's capital cities, with download speeds three times slower than in Paris, and twice as slow as Reykjavik. In areas across the capital, existing internet connections are not able to deliver speeds acceptable to meet hi-tech business demands for higher bandwidth services.
93. LCCI recognises that digital skills are becoming a major factor in businesses' success as the digital revolution evolves. The digital economy has become a major platform for business growth; however, many, particularly small businesses, still do not have an online presence with a number citing the absence of necessary skills within their workforce as the reason. In addition to promoting the benefits of operating online, the Government should aid SMEs in developing basic digital skills and support them once online.

³⁹ <https://www.standard.co.uk/comment/comment/evening-standard-comment-philip-hammond-must-bring-us-up-to-speed-a3401731.html>

94. **We welcome the appointment of the capital's first Chief Digital Officer to help bring about the ambition of making London a world leading smart city, with digital technology at its heart**⁴⁰.

Policy SI14 Waterways – strategic role

95. The Thames is an underused superhighway which flows through the heart of our capital. As London continues to grow and more infrastructure is built it makes sense to ease some of the congestion on our roads by making best use of the river for freight movements.

TRANSPORT

“Put simply, congestion is bad for business. The London transport network needs sustained investment to support London’s businesses and growing population”^[1]

Natalie Chapman, Head of Policy, FTA and Deputy Chair of LCCI’s Transport Committee

Policy T1 Strategic approach to transport

96. The quality of London’s transport infrastructure is intrinsically linked to the city’s status as a world-leading, truly global powerhouse. For London to rise to the challenges ahead of 2041, it must have a long-term plan on how the city will cope with – and benefit from – its 10 million people and more.

97. In terms of future planning, LCCI has previously placed an emphasis on further fiscal devolution to ensure London has the financial freedom to deliver the future infrastructure it needs. Ahead of a capacity crunch on our roads, we have pushed for a plan that prioritises all road users and recognises the essential economic role that the movement of people and goods plays in our everyday lives – be it through a pragmatic implementation of ULEZ reforms or additional road crossings in East London. And as the capital heads towards ‘megacity’ status (and Brexit), we have called for vital infrastructure projects such as Crossrail 2, and extra capacity at our airports, to be realised.

Policy T3 Transport, capacity, connectivity and safeguarding

98. Efficient networks maintain economic growth, support jobs and unlock housing development. Sustained investment in infrastructure and a long-term outlook on future need is critical to ensuring that the capital can continue to function, grow and thrive as a megacity of the future.
99. Better transport links have a vital role to play in releasing further economic potential. East London’s transformation over the past few decades has been aided by crucial transport investment, however, parts of east and south-east London are still isolated and underdeveloped. Even though half of London’s population lives east of Tower Bridge, there are just two road crossings.
100. LCCI welcomes in principle the proposals put forward in the London Plan for new pedestrian and cycle crossing linking Rotherhithe and Canary Wharf, the Silvertown Tunnel and an extension of public transport to Thamesmead.
101. However, and in relation to the proposals for new river crossings, we note that unlike Silvertown, the other new crossings proposed in the near-term lack a fixed road element, being instead wholly public transport or pedestrian and cycling

⁴⁰ <https://www.london.gov.uk/press-releases/mayoral/mayor-appoints-chief-digital-officer>

^[1] LCCI Towards a Greater London: Business Agenda 2020

schemes. This is despite TfL noting in 2016 and following consultation on proposals for new fixed road crossings in East London at Gallions Reach and Belvedere, that “there will always be vital delivery (...) trips that cannot be undertaken by public transport” and that “There will continue to be a need for a (...) road network to cater for such journeys”. TfL further noted the ‘overwhelming’ public support for the crossings, which have been subject to detailed consultation.

102. **To future proof the East London economy TfL’s original proposals for fixed road crossings at Gallions Reach and Belvedere – including a public transport element – should be revisited urgently.**
103. In addition to a capacity crunch on the capital’s roads, key routes on the Tube and National rail network are already unacceptably overcrowded and new capacity is needed to keep up with the capital's growing population.
104. Although Crossrail 2 enjoys widespread political support across all levels of government, there remains an impasse on financing which is preventing the project from moving to the next stage of its development. The campaign for Crossrail 1 took over 25 years before the Crossrail Bill was passed in 2008. Looking forward, Crossrail 2 cannot afford to stand still. Ongoing negotiations between the Government, TfL and the Mayor of London have been productive, but a solution to financing the project must be agreed as soon as possible.
105. **It is essential that a funding solution is found that allows Transport for London (TfL) to develop the railway’s design to underpin efforts to secure the necessary powers to construct the railway by 2033. This is critical not only to addressing anticipated demand pressures, but also to making the new High Speed 2 line – and with it significantly increased passenger volumes making onward journeys on the tube network - viable when it arrives into Euston.**

Policy T5 Cycling

106. LCCI supports improving transport infrastructure for road users and cyclists alike. Encouraging a modal shift from the car will contribute to the Mayor’s aim of 80 per cent of all journeys being undertaken by public transport, walking or cycling.
107. However, to date, LCCI believes that cycle superhighways have had a mixed impact on London roads. London is constrained by a finite amount of road space, and fully segregated cycle superhighways – particularly during construction - can place unreasonable pressure on an already congested road network through reducing capacity and increasing travel times in central London.
108. **LCCI would therefore like to see an evaluation of cycle superhighways and an exploration of whether new cycle lanes could be ‘semi-segregated’ during peak hours, rather than remaining part of the permanent infrastructure. There must be a full analysis of the current use of cycle superhighways, both in terms of usage and impact of travel times. There should be further consideration of how to better incentivise the use of cycle lanes to reduce instances where riders choose to use the road, rather than the segregated lanes provided.**

Policy T7 Freight and servicing

109. Congestion in the capital, and related issues of safety and pollution, are increasingly in the public eye. It is essential, however, that there is recognition, when considering measures to reduce congestion and improve quality of life, of the economic purpose of journeys and their role sustaining the capital’s 24/7 economy.

110. For example, the draft London Plan has rightly identified rising levels of freight traffic as one of the main issues to be tackled by 2041. Freight plays a vital, if not always appreciated role, in our everyday lives. From stocking our high street shelves to supplying the raw materials we need to sustain our growing population, demands on the capital's freight industry have never been higher.

111. **LCCI welcomes the recognition within the draft London Plan of the role of freight and by TfL through its various freight related work streams and forums, through which it has sought business input. Nonetheless, given the essential role that freight plays in meeting the growing demands of businesses and residents, LCCI has called on the Mayor of London to appoint a Freight Commissioner at City Hall.**

112. The development of the 'Heathy Streets Approach' by the Walking and Cycling Commissioner underlined the strategic direction that such an appointment can bring. We believe a Freight Commissioner can lead on the recommendations made in the London Plan and ultimately help deliver a world-class freight and logistics environment in the capital – more important than ever with demand high and London's roads under pressure.

Policy T8 Aviation

113. London businesses overwhelmingly want airport expansion and believe it is essential for growth and the city's global competitiveness. LCCI takes a long-term view on growing airport capacity. We have urged expansion at both main London airports - Heathrow first, and then Gatwick, to ensure the UK is prepared to meet global economic challenges over the next 30–50 years.

114. In the short term, LCCI believes that among the ways to boost capacity at Gatwick and Heathrow, enhancements to rail links is important. A new southern rail link to Heathrow and tackling the Windmill Junction bottleneck as part of the Brighton Mainline upgrade programme for Gatwick makes economic and environment sense, unlocking capacity and encouraging a modal shift from private vehicles. If an airport expansion will result in significant local growth, then it is incumbent on airports, Government and local authorities to approach this problem together and identify surface access infrastructure improvements and how to fund them.

115. The expansion of the DLR network offers a similar opportunity. London City Airport has been at the heart of the economic regeneration and rejuvenation of East London over the past 30 years. With an ideal location that is close to Canary Wharf and the City, the airport plays an essential role in supporting London's inward investment proposition. With its expansion programme, City Airport will increase take-offs and landings at the airport from 70,000 a year to 111,000 by 2025. It is therefore essential that DLR services are upgraded with new, higher capacity fleets as soon as possible to accommodate demand. **Consideration should be given to delivering an Elizabeth Line station at City Airport in the future.**

Policy T9 Funding transport infrastructure through planning

116. The Mayor's vision for transport in the capital is ambitious in scale – and needs to be. By 2041, London's public transport system will need to cater for up to 15 million trips every day.

117. Financing the projects that the capital needs remains a hurdle – with Crossrail 2 being only the latest example. Without a doubt, London can meet the transport and infrastructure challenges it faces, but only if empowered to do so. LCCI supports a

bold strategy of fiscal devolution for London, one that would maximise local growth incentives and support transport infrastructure.

118. In March last year, a Memorandum of Understanding (MoU) on the next stage of devolution to the Greater London Authority (GLA) and London boroughs was published which contains a series of commitments by government, including to pilot a Development Rights Auction Model (DRAM) on a major infrastructure project in London. The MoU is positive, and consistent with the principles and ideas set out in the final report of the London Finance Commission which contained a series of practical steps to deliver fiscal devolution to the capital.
119. **LCCI is supportive of proposals to pilot a Development Rights Auction Model (DRAM) on a major transport infrastructure project in London.**
120. Moreover, it must only be a start. As highlighted by the most recent report of the London Finance Commission, having access to a range of revenues (matched by a reduction in central government grant) would enable London to focus on those schemes that are likely to deliver growth and fiscal revenues. These revenues could include a percentage of Londoners' income tax yield – broadly to match its overall expenditure, as and when further devolution occurs - a proportion of London businesses' VAT yield and the full suite of property taxes (including the operation and setting of council tax and business rates and the devolution of stamp duty).
121. Crossrail 2 is perfect example of why a better way of funding local projects is needed, as it would help to guard against the unhelpful narrative that has developed in some quarters that characterises infrastructure spend as a 'zero-sum' game of London versus other regions and cities across the country. Ensuring a broad base of different revenues is devolved, from different sources, is also essential to preventing businesses being used as a 'cash cow' through an overreliance on (largely business related) fiscal levers already available to local government, e.g. business rates supplements and other levies.

CONCLUSION

122. Having surpassed its pre-war population in recent years, London is heading towards uncharted waters with a megacity population and infrastructure that will need to cope with significantly increased demand. This response has highlighted the vital role that London's business community believe that infrastructure must play in keeping the capital a great place to start, run and grow a business, from transport links through to affordable business space and freight logistics.
123. Amongst the capital's challenges, fixing the housing crisis is first among them. The London Plan must recognise the scale of the challenge and be bold in its approach to addressing it, not least, we believe, through a fresh look at the role of the capital's Green Belt. An absolutist position on protecting the Green Belt, whatever the evidence says and based on the false premise that all Green Belt is of equal value, does no good to Londoners, particularly young Londoners and our emergency service personnel, who are being priced out.

LCCI would be happy to clarify or provide further comment on any matter raised within this response.

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