1 change in London

This chapter sets the context for all the policies in this plan. It is in two sections. The first looks at the forces driving change in London and the second places London in its wider context.

1A Forces driving change in London

Introduction

1A.1 Planning for the future must be firmly based in reality but must also be aspirational. Realism stems from understanding the long running changes in London's society and economy. Inevitably, there will be greater certainty about the changes that will happen in the early years of the plan, and its phasing proposals (see Chapter 5) take this into account. However, it is important to plan for the longer term. Indeed some of the changes that are expected in the period after 2020 (such as longer-term transport and technological improvements) should be considered as part of the current planning process.

1A.2 Whilst there are limits to achievable change, there are many choices to be made. The Mayor's aspirational vision for an exemplary sustainable world city is long term. Through the London Plan, the Mayor intends to imagine, to shape and then to realise a more prosperous, secure, healthier, equitable and sustainable life for Londoners.

1A.3 This section examines six forces driving change in London. They are, population, economic, environmental, lifestyle, technological change, and social justice. All of them have their roots in global changes, each with a particular London dimension.

1A.4 London's population has been steadily growing since 1989. This growth is now accelerating, with the population projected to reach 8.1 million by 2016, about 700,000 more than today[1]. The population is also changing and now includes more young people, many more in black and minority ethnic communities and more young newcomers from across Europe. Whilst overall wealth has increased, so has the disparity between rich and poor. The Mayor's priorities are to ensure that sufficient new homes are provided, that an adequate infrastructure for business exists, that Londoners have the skills to compete successfully for London's jobs, thereby helping to tackle disadvantage – particularly among certain groups including women, disabled people and black and minority ethnic communities - and that London's environment is improved.

1A.5 Growth and change in London's economy is the base on which sustainable improvements in the quality of life for all Londoners can be built. Growth in London is set to exceed UK average growth, and is projected to provide up to 636,000 additional jobs by 2016. That will lead to a total of 5.1 million jobs. The Mayor wishes to seize this opportunity to improve services, transport, the environment and Londoners' quality of life. For thirty years growth has come predominantly from the finance and business services sector. The Mayor's priorities are to facilitate continued growth in the sector, primarily in central and east London, as well as to support emerging new industries, many of which are centred in leisure, environmental protection and the people orienated services sector and are widely spread across London.

1A.6 Concern about the environment has moved from being the worry of a few to a central position on the international political agenda. London already faces many environmental pressures. Given London's sheer scale, compliance with targets set globally and by the EU present many challenges (see Section 4A). Accommodating further growth will present new challenges particularly in terms of global warming and climate change and the need to manage London's impact on the environment.

1A.7 A younger, more diverse London will increase the demand for higher density living close to leisure, entertainment and services. Values associated with more tolerance, and acceptance of diversity, greater adaptability to change, concern about the environment and less deference to authority are driving the change in Londoners' perceptions[2].

1A.8 The existing information technology base in London is essential to its competitive edge. Technology will continue to affect all aspects of life. As the most connected city in the UK, any dramatic changes in e-tailing, e-working and e-education will be focused in London, as will the new technologies in green and other industries[3].

1A.9 In recent years the emphasis on social justice has deepened. This is not just a moral or political issue but an economic one. A successful world city needs social as well as economic stability and inclusion if it is to prosper and attract international investment. It is rightly seen as one of the three essential components of sustainability – the economy, environment and equity – and is a theme that runs throughout the draft London Plan.

1A.10 These dramatic and complex changes require a new and imaginative response from policy makers.

1A.11 This section is in eight parts. It first considers each of the six driving forces in more detail then some alternative scenarios for London's future and then London after 2020.

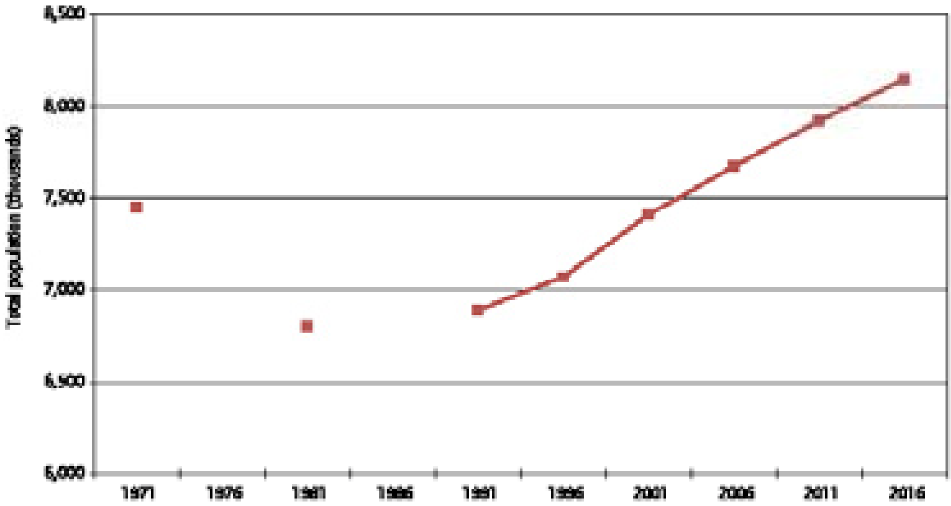
1 Population growth

1A.12 Forecasts show that there will be large changes both in the scale and nature of London's population. The attraction of London as a place to work, study, live and visit is likely to continue – and in turn to place pressure on the supply of homes, workplaces, hotels, services, the environment and the transport system.

1A.13 London's population reached its peak of 8.6 million in 1939 – but in a very different world. Few Londoners had cars and people lived in fewer, much larger, households. Driven by policies of decentralisation, London's population fell significantly to 6.8 million people by 1983. It has been growing steadily since 1989 (see figure 1.1).

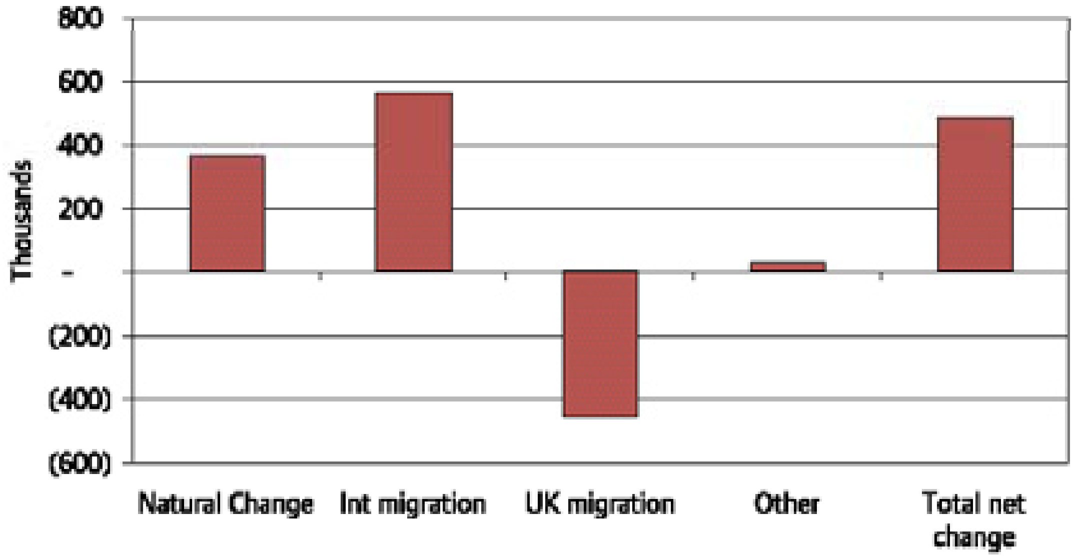
1A.14 In 2002, London's population is estimated to be more than 7.4 million people. Projections show that it will rise to 8.1 million by 2016 (see figure 1.1), an increase of around 700,000 people in 15 years[4].

figure 1.1 Projected population growth in London (1971-2016)



1A.15 The reason that the population growth can be projected with a high degree of confidence is that it is based on long run and deeply rooted trends. The change is made up of three main elements. First, natural growth (the excess of births over deaths) represents an increase of about 40,000 people each year. Secondly, in-migration is increasing rapidly, leading to an average annual net increase of around 62,000 in the 1990s. Thirdly, alongside these two growth components, London loses around 51,000 people net each year to the rest of the UK, predominantly to the rest of the South East. This means that there has been an annual net average increase in population of around 51,000 each year (see figure 1.2). In the most recent period, this rate has been significantly exceeded. The population projections in the draft London Plan are therefore responsibly conservative.

figure 1.2 Changes in population (1991-2000)

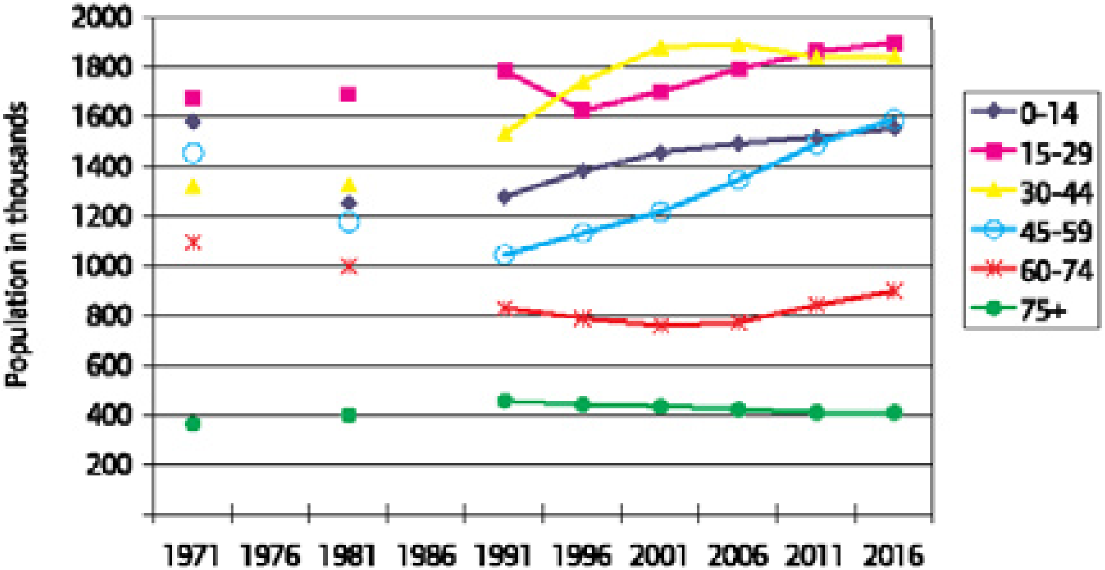


A changing population

1A.16 London's population is not only growing but its composition, particularly in terms of age structure and ethnicity, is changing markedly[5]. A more detailed analysis of the different groups which make up London's population is included in Section 3A.

1A.17 Figure 1.3 shows recent and projected changes in the population by age group. In size, apart from the over 75 age group, which will decline slightly, all groups are set to increase. The most significant increases are forecast for the 15-29 and 45-59 age groups.

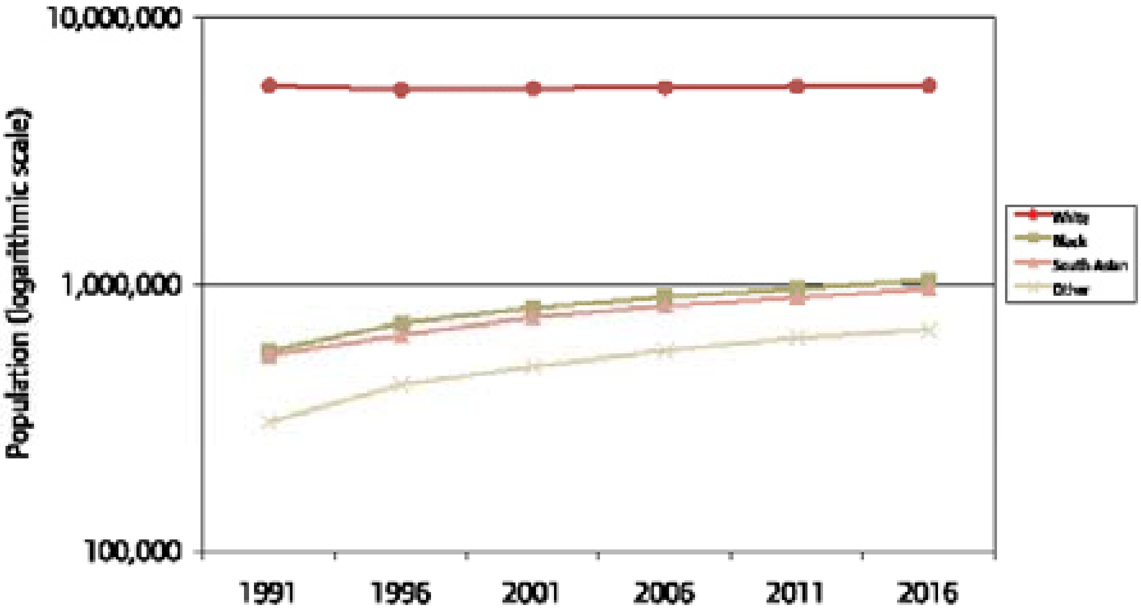
figure 1.3 London's age structure (1971-2016)



1A.18 The impact of migration has had a rejuvenating effect on London's age structure. People moving to London tend to be young adults, such as students or first time employees, while those moving out are mostly older workers, retired people and young families. That impact is projected to increase as those trends continue over the next fifteen years. Certain policies in this plan, particularly for affordable housing, are designed to improve the ability of young families to compete in the housing market.

1A.19 London's diversity is one of its great historical social, economic and cultural strengths. New arrivals moving to London from overseas as part of the present and projected population growth will contribute further to it. London is already a highly diverse city, one of the most multi-racial in the world. Nearly one third of Londoners (1.8 million people) are from black and minority ethnic communities, including mainly white minority groups such as Irish, Cypriots and Turks. Looking ahead, Figure 1.4 projects a significant growth in black and minority ethnic communities. International in-and out-migration has been high and is projected to remain so.

figure 1.4 Projected growth in population by ethnic group (1991-2016)



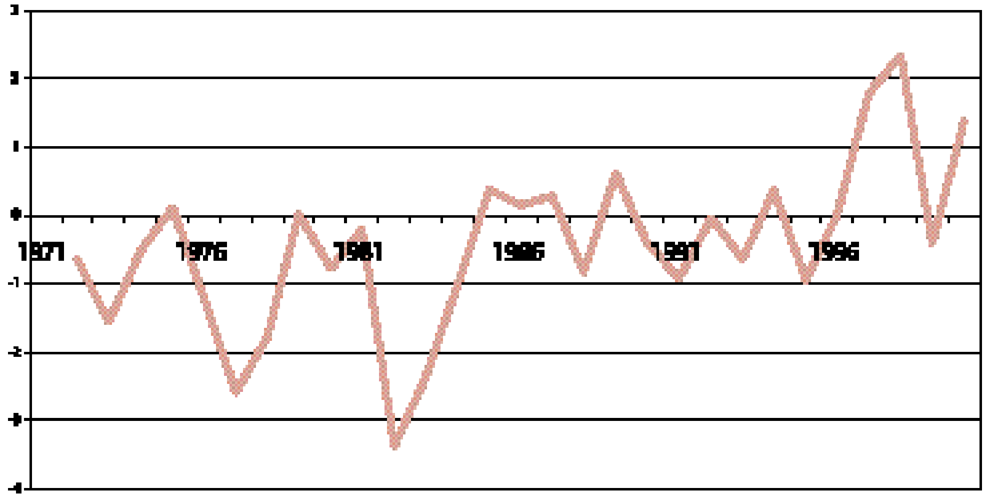
1A.20 Together, these changes in the ethnic composition and age structure of the population by 2016 will have a major impact on the working-age population. Out of the total increase in London's population of 700,000, the working age population will grow by 516,000 – and of these 411,000 (80 per cent) will be from black and ethnic minority communities.

1A.21 The strong population growth with its resultant need for additional housing, including affordable housing, together with the need for additional services and infrastructure, create 'supply-side' issues that are dealt with in sections 3A and 3C.

2 Economic growth

1A.22 Figure 1.5 shows the relationship between growth in London and that for the UK as a whole. Through the 1970s and early 1980s London underperformed against the national economy. In the mid 1980s it began to outperform the country as a whole. Although the recession of the early 1990s hit financial services and London particularly hard, the sector rebounded strongly. Over the last decade London has more consistently matched or exceeded the national trend.

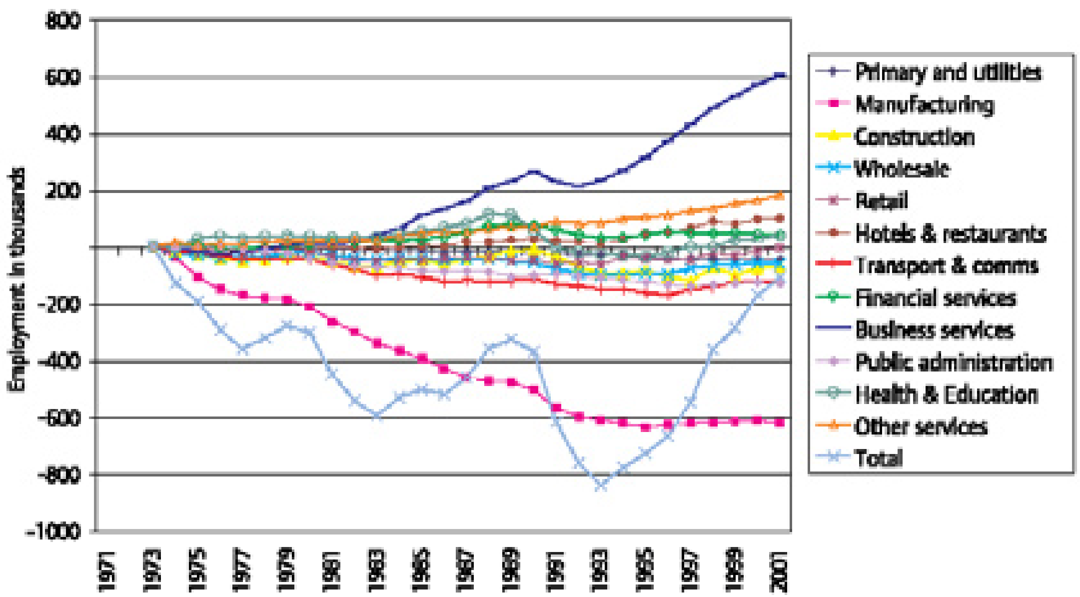
figure 1.5 London's economic growth relative to the UK 1970–2000



source Volterra, Forecasts for Employment in Greater London, GLA 2002
note UK average shown as 0

1A.23 Within this overall picture there has been a stable ranking and relation between sectors of employment growth in London for a thirty year period. This is shown in Figure 1.6. The fundamental driver of change in London in the last thirty years in employment has been the gain of 600,000 jobs in business services and the loss of 600,000 jobs in manufacturing[6]. After business services the second main driver of jobs creation has been other services primarily dominated by the leisure and people orientated services sector, and hotels and restaurants, that are closely linked to the growth of tourism. The retail sector expanded significantly in the 1990s, following earlier losses, as did employment in health and education. Most other sectors declined in employment – although the overall total of job losses was overwhelmingly dominated by the decline of manufacturing.

figure 1.6 Change in employment by category, London 1973-2001



Changing context

1A.24 Considered overall, London's economy has experienced:

- the most acute expression in the UK of the post-industrial economy – dramatic restructuring of the manufacturing sector and dominance by the service sectors, particularly the finance and business services sector
- expansion of knowledge based activities which place a premium on a highly skilled and adaptable work force, coupled with the widespread implications of the e-revolution
- displacement and on occasion dispersal of lower value added activities both within and outside manufacturing.

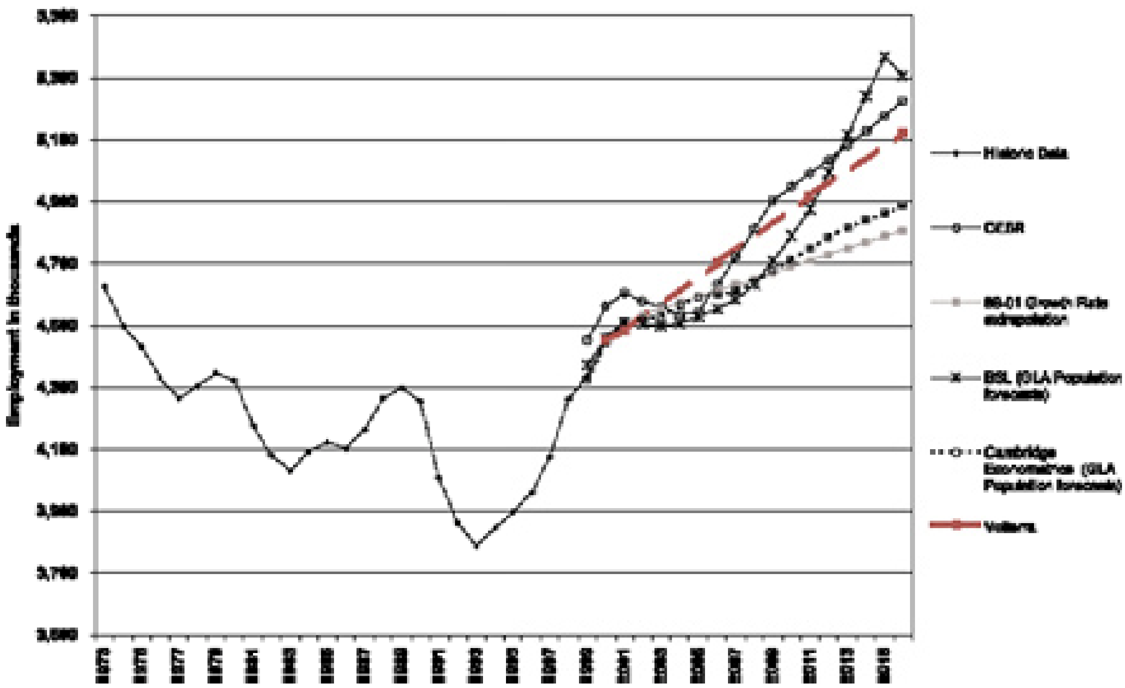
1A.25 Many factors underlie these basic shifts in the pattern of economic activity across London, of which two stand out. First, the increasing openness of the world economy together with shifts in the comparative advantages of nations, regions and cities globally have resulted in a changing pattern of specialisation worldwide. Countries such as the UK with a greater proportion of highly skilled labour have remained competitive in high value-added activities such as financial and business services and design and technology-intensive manufacturing. Conversely, other activities requiring a relatively low level of skills have moved to countries and regions possessing an abundance of relatively low skilled labour. These shifts have impacted particularly strongly in London.

1A.26 Secondly, the acceleration of technological change in recent years has created opportunities for certain institutions, but has simultaneously posed challenges for others. For example, dramatic improvements in the speed and quality of communications and information processing have made it possible for financial service providers to offer a broad array of financial products and services to larger numbers of clients – at faster speeds, over wider geographic areas and around the clock – than had been feasible in the past. In turn, the high fixed costs of adopting some of these technological developments have encouraged increasing consolidation. Again, given its position as one of the world's three main financial centres and as a key region of the UK economy, the changes have impacted fastest and deepest in London.

Future economic and employment change

1A.27 Given the persistence of strong structural trends over a period of three decades being driven by deeply rooted changes in the international and UK economies and society, the Mayor considered that the central forecast for planning purposes must be the continuation of these trends. The gross growth in jobs in London 2001–2016 is projected as 854,000 alongside a loss of 218,000 jobs, leading to a net growth of 636,000. The key sectoral projections that determine the total are set out below. Detailed projections for all sectors, including those in which changes are too small to significantly affect the totals, are set out in an accompanying technical paper[7].

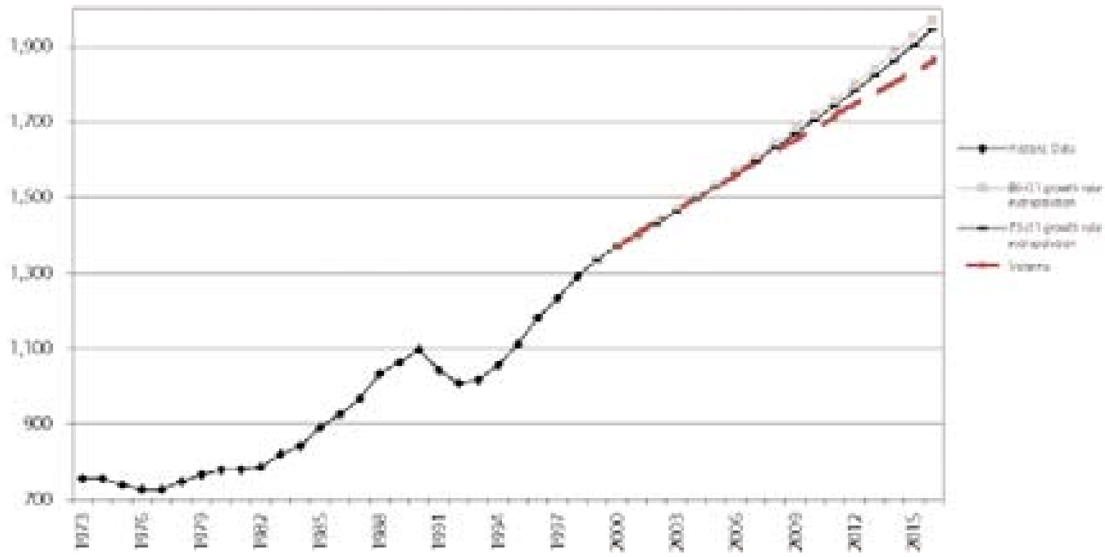
figure 1.7 Total employment, London 1973-2016



1A.28 Continued marked growth in financial and business services is projected. There is also expected to be growth in the distribution, hotels and catering, retailing, health and education and other services sectors. The public administration, primary/utilities and manufacturing sectors are expected to decline.

1A.29 The sector that has dominated jobs growth in London in the last thirty years is financial and business services. The projections used in the draft London Plan for this sector are indicated in Figure 1.8. The projected growth in other growth sectors is shown in Figure1.9a – 1.9e.

figure 1.8 Financial and business services employment, London 1973-2016



note Revised CE forecast indistinguishable

figure 1.9a Retail employment, London 1973-2016

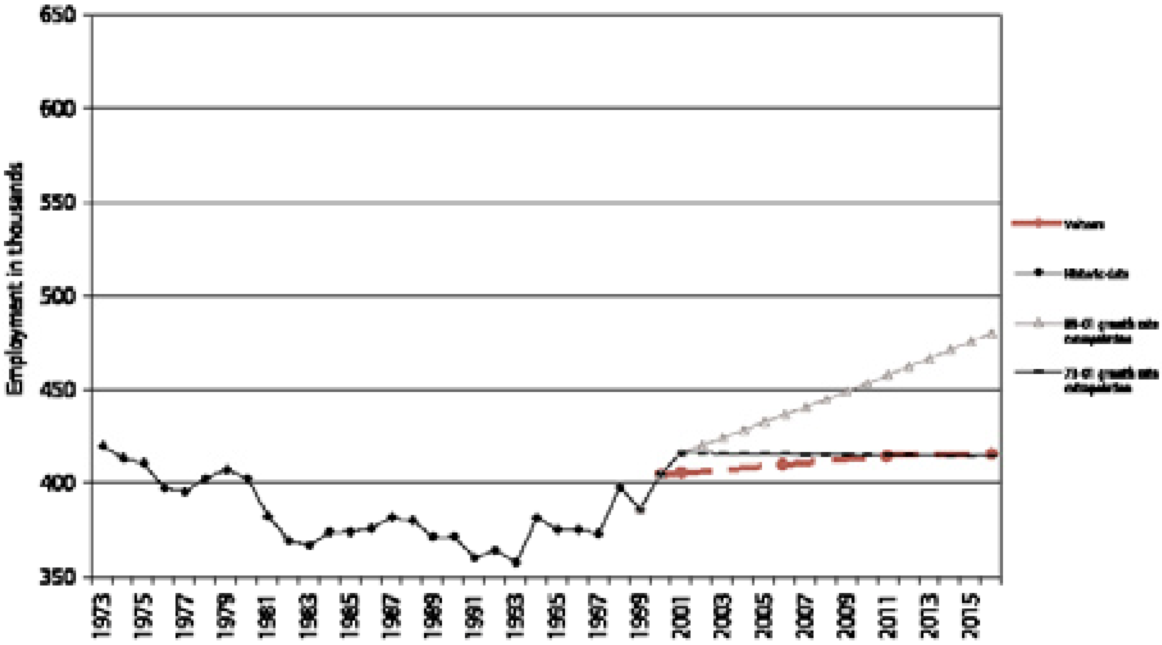


figure 1.9b Wholesale employment, London 1973-2016

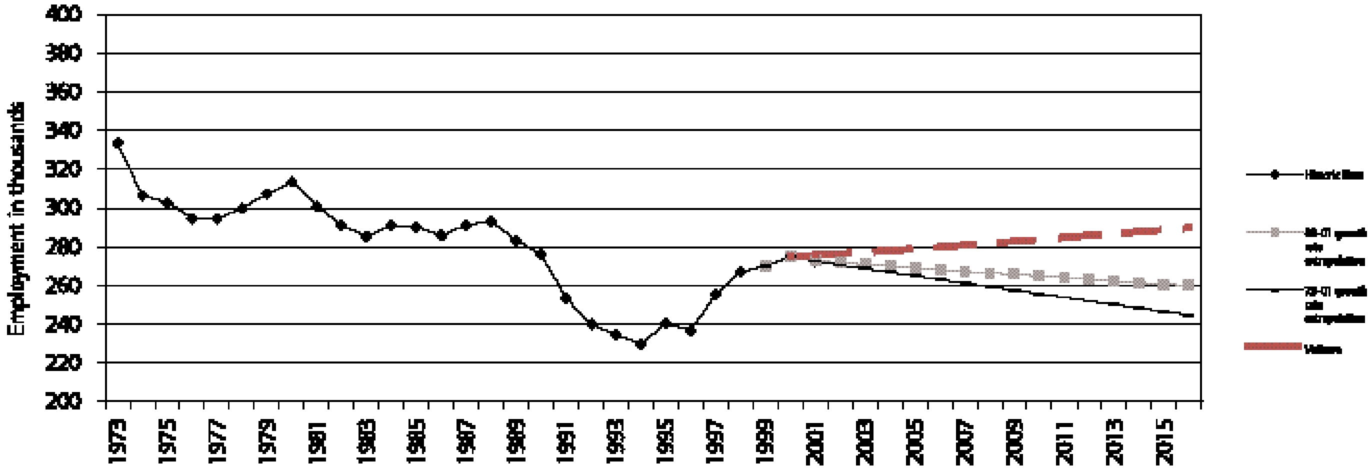


figure 1.9c Hotels and catering employment, London 1973-2016

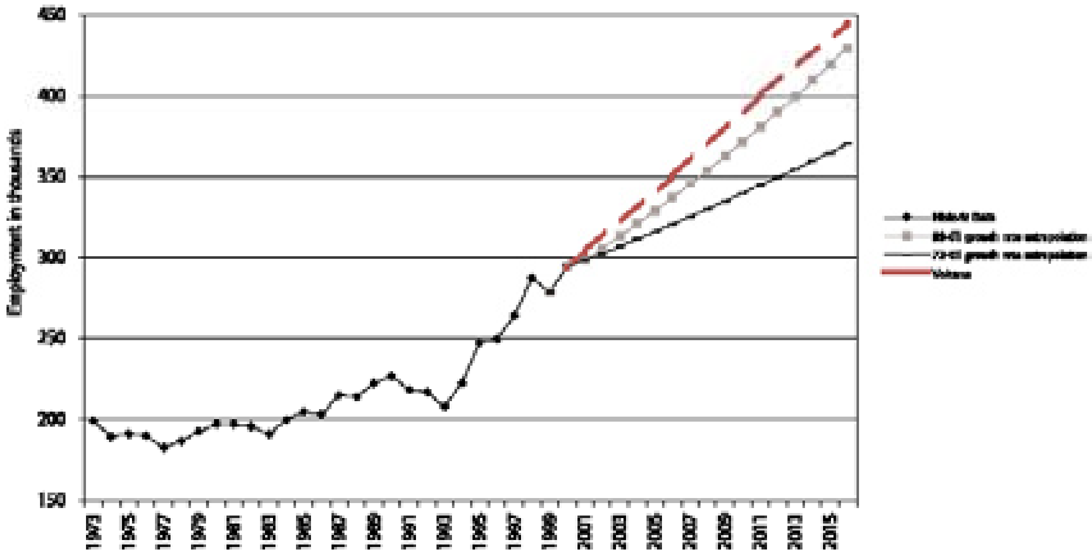


figure 1.9d Health and education employment, London 1973-2016

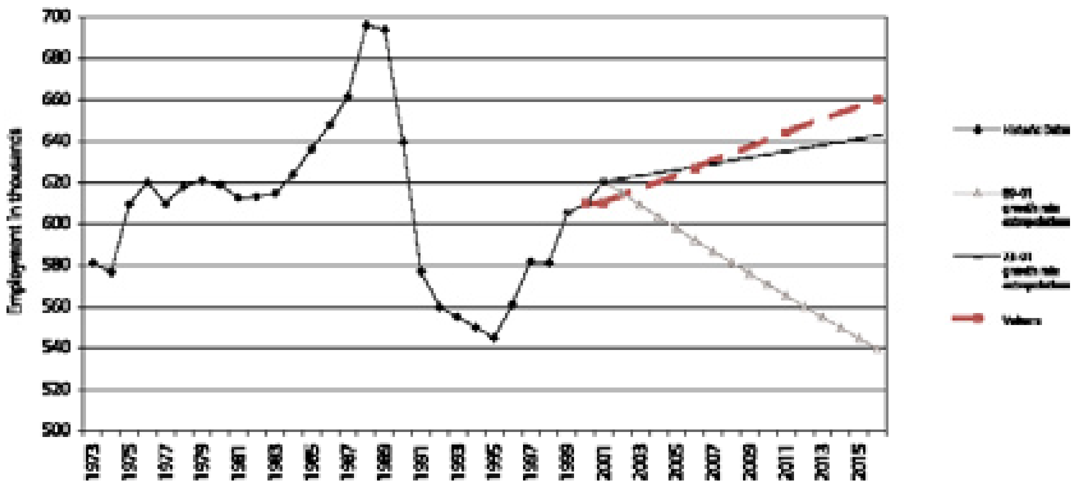
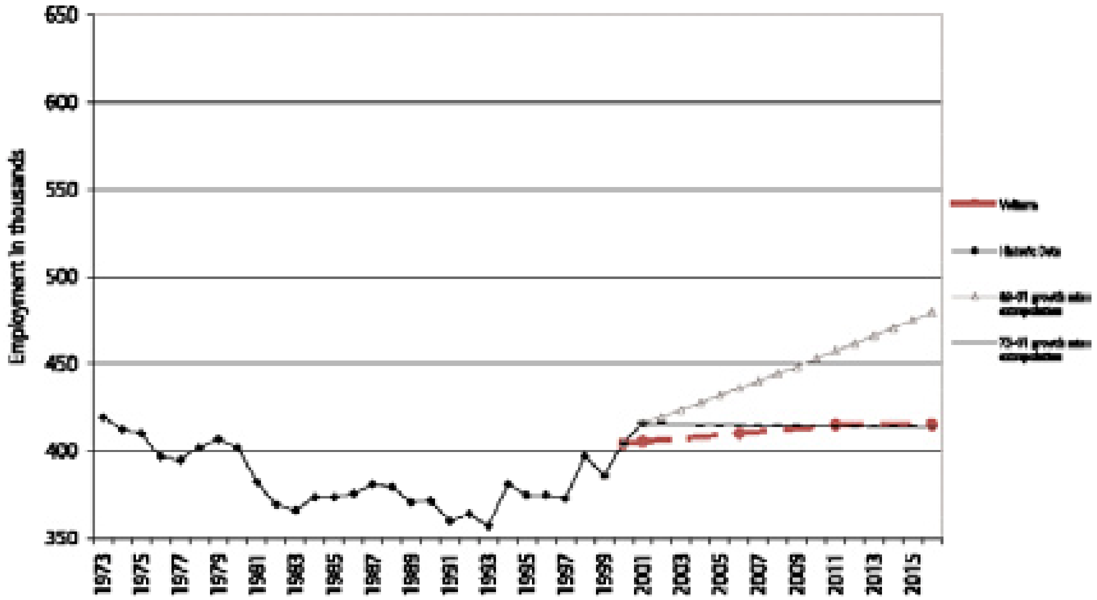


figure 1.9e Retail employment, London 1973-2016



The finance and business services sector

1A.30 The finance and business services sector clearly stands out in the structure of the London ecomony owing to its exposure to increased global openness and technological change, its contribution to GDP and its ongoing dynamism. This is particularly true of the international business part of the sector and its role in making markets and providing financial services in foreign currencies. The sector has accounted for more than 100 per cent of net job growth in London in the last thirty years and is the key economic sector in the city. Eight reasons are commonly cited for London's competitive lead in this area:

- increasing concentration of global financial markets in the three centres of London, New York and Tokyo, with London enjoying a decisive lead in the European time zone in terms of a large, critical mass of markets and financial services in commercial and investment banking, securities and derivatives, fund management, insurance and commodities
- ready availability of financial skills and professional support services in law, accountancy, tax, property and communications
- position at the forefront of technology, with an effective financial infrastructure
- flexible labour markets
- low levels of corporate and personal tax
- track record of innovation
- English being the language of international finance
- financial domination of a time-zone which allows market firms to trade with Asia in the morning and New York in the afternoon.

1A.31 These structural reasons mean that the sector is projected to make the most significant contribution to economic growth in London over the next fifteen years with around 440,000 further jobs, just over 50 per cent of the gross total growth of 854,000 (see Figure 1.8 above).

1A.32 Due to its rapid growth, this sector is potentially vulnerable to supply side constraints such as the undersupply of office accommodation, lack of suitably skilled employees, inadequate transport and poor environment. These create upward pressure on costs, thereby potentially lowering the competitiveness of the city. Policies to address these potential blockages, including the lack of affordable housing and funding for labour market intermediary initiatives, are therefore important issues for the plan.

Other growth sectors

1A.33 The other major driver for jobs growth in London is people oriented services, particularly concentrated in the entertainment, leisure and retail industries. Unlike financial and business services, job growth in these sectors is not concentrated in the centre but is spread widely throughout London (see Section 2A). Between 1973 and 2001 these industries created 180,000 jobs in London. The projections used by the GLA indicate that these services will create an additional 178,000 jobs by 2016. A further significant sector of growth is in hotels and catering – industries that are also strongly linked to tourism. High value added activities such as design, creative and green industries are projected to be important in those areas of London where manufacturing has restructured and remains vibrant.

1A.34 The spatial implications of these issues are explored in Chapter 2 – spaces and places. The implications for additional floorspace requirements are set out in Section 3B – Working in London.

3 The environmental imperative

1A.35 The environmental imperative is encapsulated by the Rio Summit, the Kyoto Agreement and a raft of EU and UK directives, standards and targets. In essence it means that London, which lags behind many other cities, needs to consume fewer resources and recycle more. It also needs to respond to climate change in two ways – first, in terms of reducing emissions that contribute to global warming and secondly, by ensuring that London manages the impacts and risks that climate change will bring. This means tackling the causes of global warming at source through more sustainable practices. For example, the promotion of alternatives to car use will help to overcome the polluting effects of road traffic.

1A.36 The Government uses a figure of 6mm per year as the rise in sea level for London. Rainfall is expected to increase by 10 per cent and the weather to become stormier. This will affect development across the capital. Other changes are expected in wind conditions, sunshine and temperature. This plan sets out how London will cope with these changes (see Section 4B and the Blue Ribbon Network Annex). This plan is based on the best information available at present. The Mayor and the London Climate Change Partnership have commissioned further work on assessing impacts and this will be kept under review as the possible scenarios develop.

1A.37 The Mayor's vision for an exemplary, sustainable world city means that Londoners must be more responsible about how much they consume and discard (see Section 4A). The London Plan gives an opportunity to plan growth in ways that make better use of key resources such as land, buildings and construction materials, water, energy and waste. For example, integration of planning for development and transport will encourage use of public transport, rather than car based travel.
This plan closes off easy but unsustainable options such as greenfield development and rigorously protects open spaces and environmental assets. It contains policies to ensure that buildings are designed to use energy and other resources more efficiently, both during and after their construction. To help achieve this, investment will be steered towards re-using the wasted resource of previously used or under-developed sites in East London and elsewhere. Similarly the spatial implications of the Mayor's strategies for biodiversity, waste, air quality, noise and energy are critical to the sustainable accommodation of growth in London. Sustainability runs as a thread through every part of the plan.

4 Lifestyles and values

1A.38 An increasingly youthful and diverse population is likely to wish to live in places with higher levels of social and working activity. The move to a higher density, more urban, intensive, continental lifestyle is already evident. People are less likely to be content with a sharp separation of work and home and many may want more mixed environments – both where they live and where they work. Mixed uses and mixed communities are already the visible expression of this change[9].

1A.39 At a broader level, a major change has been taking place in societal relationships. It has been described as a shift from a model of dependence (based on the post-war welfare state) to independence (based on the free-for-all of the eighties) to an emergent model of inter-dependence[10]. For example, the concepts of stakeholding and partnership working are not a product of co-incidence or fashion,

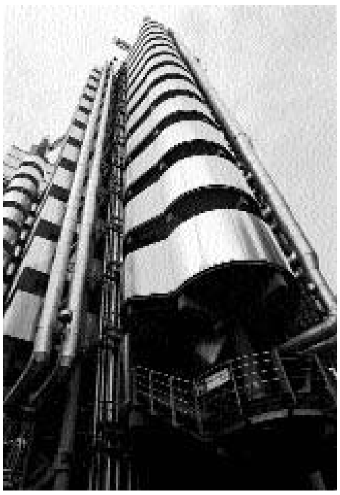
but reflect deep-rooted change running through society towards inter-dependence.

1A.40 These changes are mirrored at the individual level by dramatic changes in personal values. Longitudinal studies on the UK[11] have shown that there has been a long term shift away from values associated with the post-war need for shelter, stability and survival and the consequent need for authority and control. Instead values are based more on integration, diversity, social and environmental concern. There is a reluctance to accept arbitrary authority and a wish for greater control over one's life. This too has major implications for consensus building around this plan and for its implementation. It means that the plan should provide a framework of strategic policies that safeguard and promote the public interest, but should not aspire to dictate lifestyles. It also suggests that there is a desire for people to take responsibility for their own affairs through increased local involvement of the community and voluntary sector.

5 Impact of new technology

1A.41 Transactions using increasingly sophisticated communication technologies have grown enormously, effecting every aspect of every day. E-tailing, e-commerce and e-government are all likely to impact on London with particular force, given the high level of connectivity in London and its place at the core of global networks[12]. This plan addresses issues of the digital divide between those who have and do not have access to the new technologies, distinguishing between the needs of commerce and residents. Economic and population growth in higher density, intensive developments will make it more economic to ensure the provision of broad band and new technologies.

1A.42 In the emerging information society London will need to become increasingly a learning city in which skills and the ability to use information will be essential. This will place heavy demands on education and training resources.



1A.43 Finally, information technology will add to the flexibility of home and work environments, but will not replace the need for regular face to face meetings. It may lead to work journeys being spread over a longer part of the day, and to more local journeys being made, for example to services and cafes. This is explored further in Section 3B.

6 Social justice

1A.44 The biggest unsolved social issue facing most economically advanced countries is social and economic polarisation.

1A.45 London is accustomed to accommodating growth and change, but to do so in a way that tackles polarisation is a tremendous challenge. The Mayor has made it clear, in his vision, that he is determined to tackle it. Whilst the poor are, in absolute terms, generally becoming less poor, have better homes on average and live longer than in past decades, the disparity in wealth and other quality of life measures between the poorest sections of society and the wealthiest is growing[13].

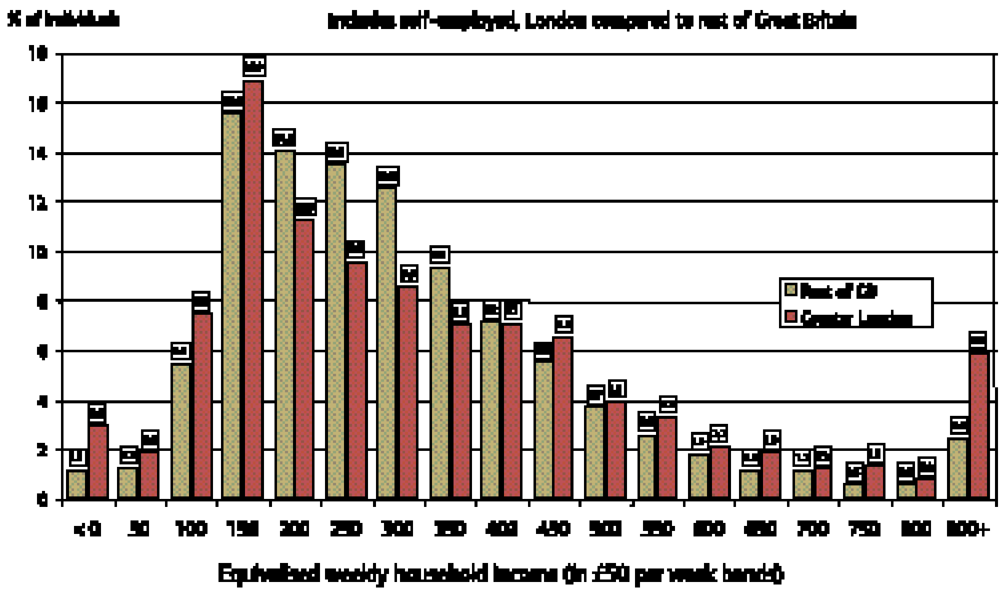
1A.46 Londoners' potential skills will critically affect their opportunities to compete successfully for London's jobs and to avoid a major increase in commuting. A key intention of the Mayor's is to ensure that employment growth is absorbed as far as possible by Londoners. This requires integrated policy intervention to address three aims:

- overcoming barriers to the labour market
- improving the competitive labour market position of London's resident population
- encouraging more of London's employed to become residents in London.

1A.47 Inequality has grown dramatically in London over the last 25 years. One of the aims in this plan is to contribute towards a more equitable distribution of the benefits of economic growth.

1A.48 Measured solely in terms of GDP per capita, London is the wealthiest region in the United Kingdom. However, the distribution of income in London is profoundly unequal. London has higher concentrations of individuals in both high and low income bands than the rest of Great Britain as can be seen from Figure 1.11. An average income is no higher in London than in the rest of Great Britain[14]. London has some of the highest rates of poverty in the UK. On the official child poverty measure, 43 per cent of London's children are living in poverty. London's children are considerably poorer than those in the South East Region where the figure is 23 per cent. Importantly, these measures may be an under estimate of the true extent of poverty as they omit key groups such as asylum seekers or travellers[15].

figure 1.11 Equivalised income distribution (after housing costs) 1999-2000

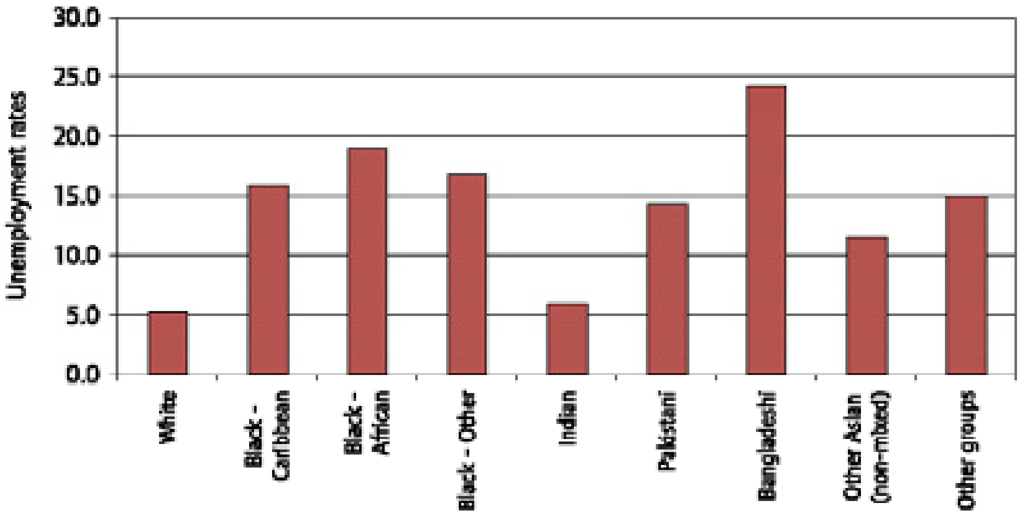


source Based on data from the Department of Work and Pensions, Household Below Average Income (HBAI) series

1A.49 A key factor leading to greater inequality is that job growth is concentrated in higher paid and in lower paid occupations – leading to increased polarisation of earnings. In 1980, the top ten per cent of full-time male earners in London had weekly earnings just over twice as high as those in the bottom ten per cent. In 2000, the ratio had grown to nearly four times. Because these figures relate only to male full-time earnings they understate the extent of polarisation, due to disparities between male and female earnings and between full-time and part-time earnings.

1A.50 London has the second highest unemployment rate in England, second only to the North East. While the unemployment rate for white Londoners is in line with the rate for white people in the rest of the UK at 5.1 per cent, the rate for ethnic minorities is 13.5 per cent. This is not only much higher than the rate for white people but also higher than the rate for ethnic minorities outside London (see Figure 1.12). This differential between minority and white unemployment rates has widened over the 1990s.

figure 1.12 Unemployment rate by ethnic group in Greater London, 2000-01



1A.51 29 per cent of working age adults in London are non-employed (that is, either unemployed or economically inactive), compared to 24 per cent in the rest of Great Britain[16]. Again, the rate is much higher for London's ethnic minorities, at 42 per cent. All the evidence on employment indicates that there is a strong ethnic component to the polarisation of incomes in London.

1A.52 Among those disadvantaged in London's labour market who do not count as unemployed are single parents, 64 per cent of whom are dependent on income support (therefore not working by definition). This is the highest percentage in the UK. This gives rise to the need to consider the availability of affordable childcare so that more women can access jobs. The Mayor and LDA are currently conducting a study into childcare needs in London.

1A.53 Housing costs in London are both a cause and a consequence of the polarisation of incomes. Before housing costs are taken into account, the ratio between disposable incomes at the top and bottom of the income distribution is 5:1 in London. After housing costs, the ratio rises to 7:1[17].

1A.54 Policies to address these economic, housing and social issues run throughout this plan. The critical policies relate to tackling areas of deprivation (Chapter 2), affordable housing and community empowerment (Section 3A) and skills (Section 3B). Issues affecting specific groups such as women and minority ethnic communities run throughout the plan, but are considered specifically in sections 3A, 3B and 4C.

7 Alternative scenarios for London's future

1A.55 It is important to understand the long term impact of these powerful forces driving change and to examine what options there might be in terms of using the planning system to steer them in alternative directions. An exercise was therefore undertaken to examine what London might be like in the year 2020 under the Mayor's strategy and under the alternative approaches.

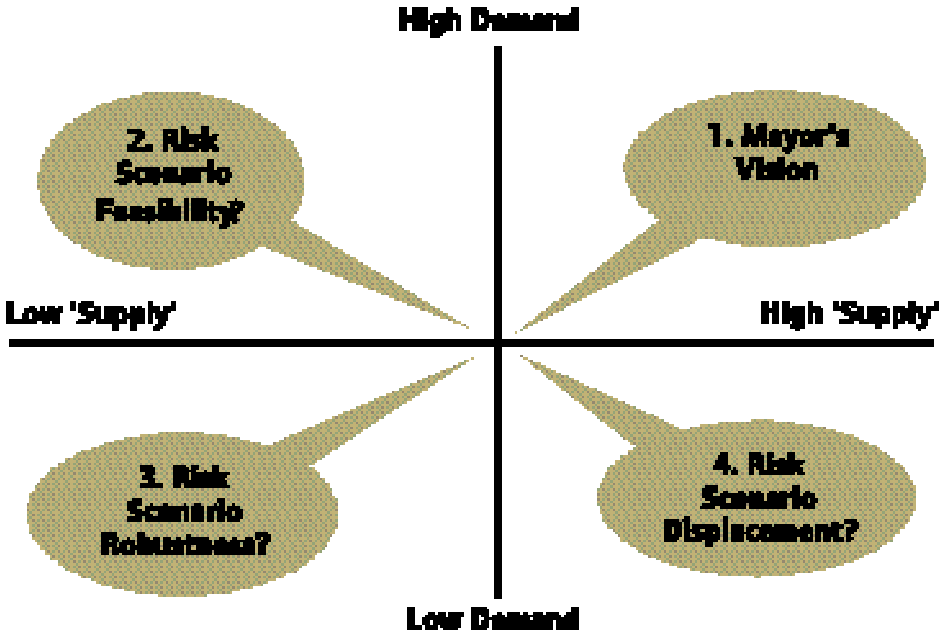
1A.56 Despite the power of these forces driving London's future, some people suggested, during the consultation on Towards the London Plan, that there could be alternatives to the Mayor's vision. These suggestions included the proposition that the forces driving London's growth might not be as strong as the Mayor believes, that the supply of infrastructure to support growing demand might be insufficient and that growth itself might be socially or environmentally undesirable.

1A.57 Consultants were asked to examine alternative scenarios for London's future in order to test the robustness of the Mayor's vision. These included scenarios addressing:

- alternative future circumstances of economic demand and demographic growth (in 20 years' time)
- different levels of infrastructure and supply side provision (including transport, labour, floorspace and environmental quality in 20 years' time)
- different spatial patterns of delivery of the plan (corridors, centralisation, decentralisation, etc).

1A.58 Figure 1.13 shows the possible future scenarios for London in 2020 based on differing levels of economic and population growth (on the vertical axis) and differing levels of infrastructure supply (on the horizontal axis). These scenarios were independently tested. This process included a workshop with a range of participants from different sectors and with a variety of priorities and perspectives. The process is set out in the consultants' technical report[18].

figure 1.13 Possible future scenarios for London based on differing levels of economic and population growth



1A.59 The key messages from the scenario testing are that:

- A future of growth combined with infrastructure provision (scenario 1) is a desirable and robust direction and should be planned for broadly along the lines proposed by the Mayor in the draft London Plan. It offers the potential not only to benefit London but also to reduce pressure on adjoining parts of South East England and create the context for harnessing investment that would facilitate growth and address the needs of existing residents and businesses.

- By contrast, no growth and no infrastructure provision (scenario 3) is problematic over the longer term (both at a London and UK level). This is effectively a non-plan approach that would fail to address current problems and social exclusion.

- A scenario of high growth, but low infrastructure provision (scenario 2) almost represents an extrapolation of recent trends. This would lead to a deepening of the many adverse economic, social and environmental problems already facing London.

- A scenario of low growth, but high infrastructure provision (scenario 4) was desirable for many existing residents and occupiers, but harder to conceive of in delivery terms from today's standpoint. It represents an unrealistic form of protectionism (or strategic Nimbyism) and would inevitably be overtaken by growth that would follow infrastructure investment.

1A.60 From this exercise it was possible to develop policies for the London Plan that drew upon the most positive features. The Mayor's approach emerged as the most robust and desirable and the conditions necessary to implement it successfully, especially in terms of tackling supply-side issues, were more clearly identified. The spatial element of the exercise is reflected in the spatial strategy described in Chapter 2.

8 London after 2020

1A.61 The Mayor must anticipate a longer term strategy for London after the plan period. Some of the major decisions that will affect London in the decades beyond 2020 need to be taken during the timespan of this plan. For example, major new transport infrastructure schemes take many years from conception to implementation.

1A.62 Although there is less certainty about the longer term, the changes discussed above seem likely to continue and to be mutually re-inforcing. Globalisation will continue to stimulate growth in global cities that will attract high levels of investment, the leading edge of technological innovation and in-migration of people attracted by growth and quality of life. The imperative of sustainable development will grow ever stronger as problems such as climate change become more inescapable. The best use of the land and infrastructure that already exists in major cities will be the obvious policy response.

1A.63 There will remain significant continuing potential to absorb growth in a sustainable manner in the decade after 2020. For example, the Thames Gateway's complete regeneration will take longer than two decades. Beyond 2020, the infrastructure and fabric of several suburban areas will be in increasing need of renovation and thereby create opportunities for sensitive intensification. In a city as vast and old as London there will always be potential for renovation and change that cumulatively will make a big contribution to accommodating future growth.

1A.64 Major infrastructure decisions will be taken in coming years on, for example, increased airport and port capacity, the orbital road system around London and across the lower Thames. These should promote the spatial priorities of the plan and especially the regeneration of the Thames

Gateway. This will also inevitably be re-inforced by the growing strength of the linkages between London and mainland Europe that will, over a period of decades, underpin both London's global and European role, provide a major counter-balance to the growth drivers in the West and result in a more balanced and cohesive city.

1A.65 There will be continuing need to replace infrastructure that dates from London's expansion in the Victorian period. This plan envisages a substantial programme of public transport infrastructure improvements during the plan period. These will do much to improve travel and to meet demand. However, in a growing city further improvements will need to be planned for implementation after 2020. Before the first review of the London Plan, the Mayor will consider what new proposals may be needed, including projects that can further remove pressure on the public transport system in Central London and add to the stimulus of the Thames Gateway. There will certainly be need for several tram and bus transit schemes to service metropolitan and other town centres whose role will continue to grow. These schemes should be co-ordinated with the long term prospect of linking them as a strategic orbital system.

1A.66 The rest of the document develops the issues and ideas set out in this Section and the strategic policies that flow from them, starting with the spatial implications.

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1B London's place in the world

1B.1 London is a world city, the leading city in Europe, the national capital and the centre of a major metropolitan region. This has the following implications:

- as a world city it must have a global perspective
- as the most powerful city in Europe it must plan within the European Spatial Development Perspective
- as a capital city it must work within national planning policy
- as the centre of a metropolitan region it must reflect Regional Planning Guidance and work with its neighbouring regions.

This section is in four parts, each of which examines these implications in turn.

1B.2 The policies of agencies acting at international, national and trans-regional levels should equally reflect the particular opportunities and problems of this great city and the policies in this plan.

1 A world city

1B.3 London's life and economy will continue to be strongly shaped by trans-national forces, particularly economic globalisation, improved international communications and migration. Many forces having a world-wide impact will be especially significant for London. These include, for example, global warming and international threats to security.

1B.4 The scale of London's international importance can be seen from its GDP of over £130 billion, which is larger than that of Sweden or Belgium. London is a world city and acts as one of a very small number of command and control centres in the increasingly interactive network of transactions across the world economy. Its economic future is strongly linked to those of New York and Tokyo. World cities have very distinctive strategic needs. Although separated by thousands of miles, they are intimately linked as a virtual global entity by the transactions of markets and communications systems. The Mayor already has a collaborative relationship with New York and Tokyo.

1B.5 This plan will facilitate the continuing attractiveness of London to world business with a phased supply of appropriate floorspace for international business activities, and the specialist services that supply them, especially in the Central Activity Zone where many will need and wish to locate. Areas that would benefit from new international scale activities and which have the potential to be attractive to them include the rest of Central London, parts of the City Fringe and the Thames Gateway. Other 'Gateways', such as Heathrow, London City Airport, the Stratford

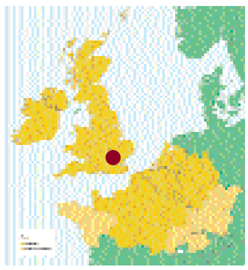
International Railway Station and their surrounds, will also be attractive to international investment. Several of the plan's spatial development priority areas should benefit from their potential for access to external gateways such as Gatwick and Stansted Airports and the Channel Tunnel.

1B.6 As a world gateway city, London will be dependent upon excellent global communications extending well beyond the plan period. This will require significant additional airport and port capacity, located to serve spatial and economic priorities, and stronger public transport linkages to them (see Section 3C).

1B.7 This plan will also support London's unique strengths as a diverse city, including culture, tourism, learning, government and finance. Many of these functions will continue to be attracted to Central London so as to benefit from proximity to its existing clusters and because of its unique infrastructure and specialisations.

2 A European leader

1B.8 This plan reflects the aspirations of the European Union and member states that Europe should become the world's most competitive, most dynamic knowledge economy by 2010. As a world gateway London has a key role to play in delivering this ambition.



● London in Europe

1B.9 The policies of the European Spatial Development Perspective (ESDP)[1] set a framework for economic and social cohesion, sustainable development and balanced competitiveness of the European territory. London sits within the North West Europe area along with the Rhine/Ruhr cities such as Dortmund and Essen, the Randstad cities of the Netherlands such as Amsterdam and Rotterdam and Paris and the Ile de France. Their economies have high levels of inter-dependence at a scale immediately below that of world cities and the high speed rail network is accelerating that inter-dependence. These European cities share with London strong but changing economies, problems of social cohesion, heavy pressure on elderly infrastructure and threats to their environment. There is a need for collaborative strategies to tackle these common problems, based on the ESDP's principles.

1B.10 London is particularly identified in the Spatial Vision for North West Europe[2] (which elaborates upon the European Spatial Development Perspective) as a part of its Central Zone, 'a world powerhouse'. Although identified as the most important gateway city in the Zone, London is seen as creating a 'bottleneck' to the long distance through movements essential to sustain the competitiveness of the whole of North West Europe. This reinforces the necessity of achieving infrastructure improvements around and within London in the economic interest not only of London and the UK, but also the wider European economy. The Mayor will look to national and European governments (for example through the Trans-European Networks program) to assist in improving strategic transport infrastructure, including the development of routes that relieve London of international through traffic. The identification of the English Channel as a 'bottleneck' raises the possibility that a second Channel crossing may need to be considered within the lifetime of this plan. In principle this would be a valuable means of re-inforcing the eastward thrust of London's spatial development and of further strengthening London's relationship to mainland Europe

1B.11 This plan commits London to work with other metropolitan areas in the Central Zone on policies to improve international movement and to investigate forms of economic collaboration and exchange of policy and experience. This plan supports the concept of transnational corridors of development and the Mayor has identified the London-Paris-Berlin-Moscow corridor as one London should focus on, together with the Channel Tunnel Rail Link corridor to Paris, Brussels and Randstad. The proposed development of Stratford as a new European quarter reflects this. London will participate in European programs designed to improve transnational planning (see Chapter 5). These policies reflect the Mayor's general ambition to raise London's profile on the European scene and enable it to play a role consistent with its status as Europe's global gateway, as evidenced by the establishment of a Brussels Office with London partners.

3 A capital city

1B.12 The future of London has enormous importance for the UK as a whole. This partly reflects its capacity to attract economic activities, including the higher levels of global business, which simply cannot be attracted elsewhere in the UK. It is also true of significant elements of London's roles in government, tourism, culture and learning. It is estimated to make a net contribution of £20 billion to the national exchequer. London acts as a gateway to the rest of the UK for business and visitors. For example, it accounts for 75 per cent of all international arrivals to the UK.

1B.13 The Mayor supports the polycentric development and economic advancement of the UK's major provincial cities. This plan accommodates a rate of growth in London that is in the national interest and within the city's capacity. However, London cannot absorb infinite levels of growth and it will be important that other cities accommodate growth in the plan period and beyond. The economic future of these cities will depend to some extent on the benefits that economic growth in London will

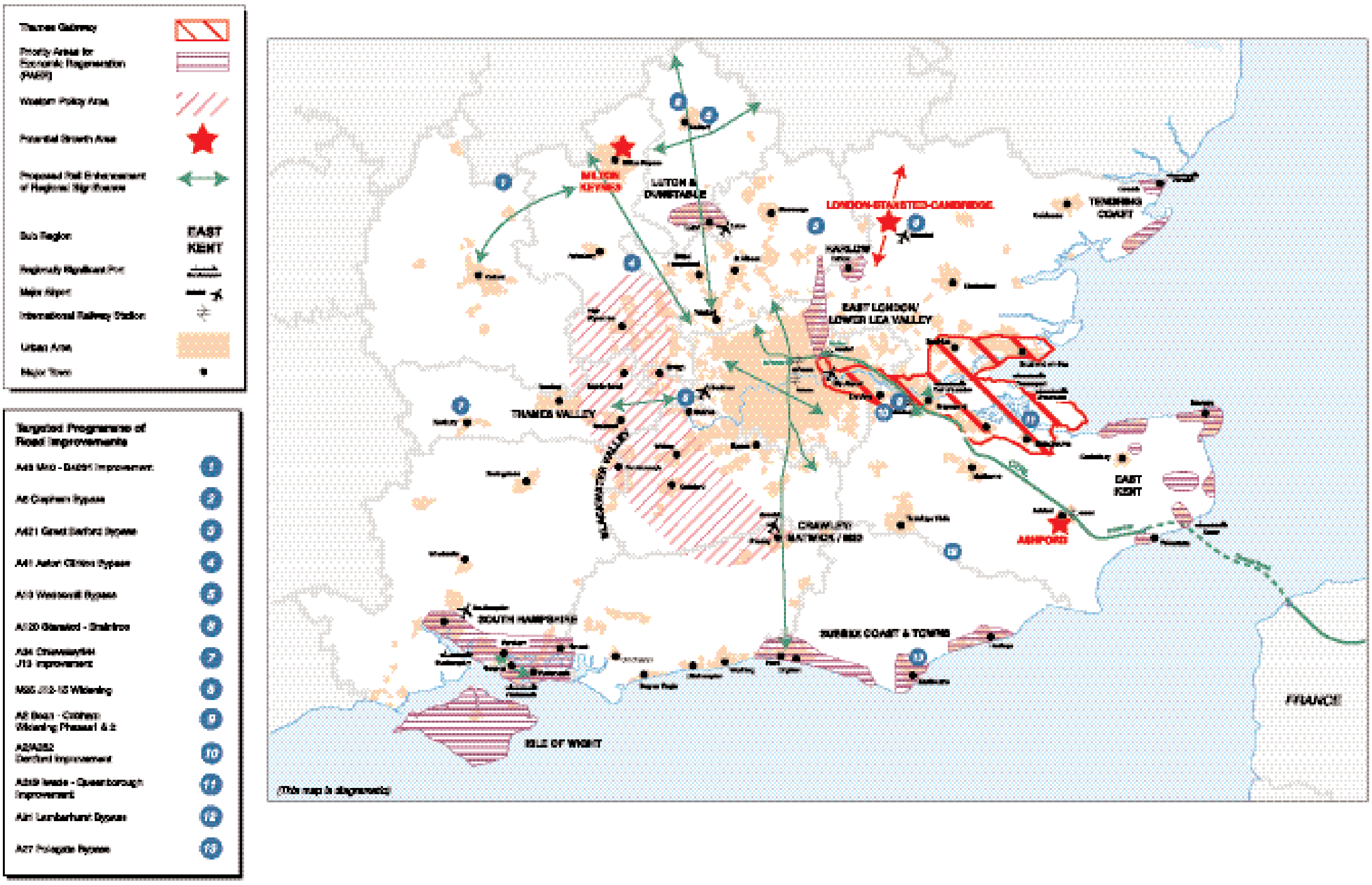
generate for them – especially those global businesses that are only likely to locate in the capital. Regional Planning Guidance for the South East[3] supports the view that London must continue to play a unique role of capital city and world financial centre in the interests of other British cities as well as itself.

1B.14 London is a world transport hub and one that needs substantial improvement. If the national economy is to prosper, strong measures are needed, including diverting freight, improving both orbital and cross London movement, constructing the metro services proposed in this plan, developing direct international rail services from the provinces to the continent and by-passing long distance and international through traffic. The Mayor will do all possible to ensure that London receives appropriate levels of national funding in recognition of its national significance (see Chapter 5).

4 The centre of a metropolitan region

1B.15 London is part of a metropolitan region of over 18 million people. The strategy for this wider region is set out in Regional Planning Guidance for the South East[3]. The focus of this Guidance is upon sustainable development, achieved through the objectives of social progress, effective protection of the environment, prudent use of natural resources and maintenance of high and stable levels of economic growth and employment. The Mayor agrees with the proposition that sustainable development and economic growth are compatible rather than conflicting objectives. This plan accepts the principles of Regional Planning Guidance and takes forward its vision. For example, it promotes London's role in the global economy and encourages development in East and Inner London (and especially in the Thames Gateway). It also supports sustainable development in the suburbs and the creation of transport hubs.

map 1B .1 London as the centre of a metropolitan region



source Regional Planning Guidance for the South East (RPG 9), GOL, GOEE, GOSE

1B.16 The policies in this plan will be co-ordinated with the policies for the South East and East regions through the Pan-Regional Planning Forum. The Mayor will work, in particular, with the neighbouring regional planning authorities, the South East England Regional Assembly and East of England Local Government Conference. London will contribute to the objective of sustainable development by absorbing the preponderance of growth pressures. This plan accepts the RPG target of 23,000 new dwellings in London every year up to 2006 and the responsibility to meet the city's housing needs beyond that time. The Mayor will also seek to raise the housing targets beyond 23,000 through a new housing capacity study. London will accept its share of the housing pressures in the metropolitan region. The increase in the supply of affordable housing will help to defuse some of the pressures for movement beyond London of those currently unable to afford London housing prices.

1B.17 Over 80 per cent of London's employment growth can be absorbed by the growth in the economic activity rate within London. Levels of commuting need to be contained in the interests of sustainable planning and avoidance of strain on the public transport network. In practice, people exercise choice in labour markets. Commuting patterns cannot be entirely dictated by planning policy. Nevertheless, the Mayor will seek to minimise the need for London's employment to be supported by increased commuting. The Mayor and the regional planning authorities in the South East and East regions share complementary transport policies of encouraging major developments at nodes of best access, shifting freight from road to rail, promoting better orbital routes around London, providing better and well integrated public transport and improved alternatives to car use and strengthening access to ports and airports, especially by public transport.

1B.18 Patterns of investment pay little regard to administrative boundaries so trans-regional policy should be co-ordinated. There is a need for general conformity of policy across boundaries on matters such as shopping, parking, protection of green belt and agricultural land, waste and biodiversity. There are some places in which strong corridors of development will necessitate joint strategies. These include the London/Stansted/Cambridge corridor for which joint planning is already well advanced, the Thames Gateway for which a strategic partnership is operating and the Thames Valley and Western Wedge, on which the regional planning and economic development agencies are already working together (see Section 2B).

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