

## CBI London response to the Mayor of London consultation – The London Plan; The Spatial Development Strategy for Greater London

The CBI speaks on behalf of 190,000 businesses of all sizes and sectors. The CBI's corporate members together employ nearly 7 million people, about one third of private sector-employees. With offices in the UK as well as representation in Brussels, Washington, Beijing and Delhi, the CBI communicates the British business voice around the world.

CBI London welcomes the opportunity to respond to the London Plan, the Spatial Development Strategy for Greater London.

To help ensure London remains a global leader as a place to do business, the successful implementation of the London Plan will be key. Following the United Kingdom's decision to leave the European Union, it is now more important than ever to ensure London's planning system is geared to support business growth. With London's population projected to grow by 70,000 every year, reaching 10.5 million in 2041<sup>1</sup>, action to deliver on London's housing and transport infrastructure needs is crucial.

CBI members commend the Mayor of London's recognition that to meet future demand, London will need 66,000 new homes every single year. London's future housing supply will be a key determinant of businesses' ability to recruit and retain talent in the future. To this end, businesses support the Mayor of London's aim to increase housing supply and deliver more affordable homes for Londoners. Furthermore, proposals setting targets for local authorities to identify sites for housing, and the guidance aimed at supporting Small and Medium-Sized Enterprises' (SMEs) delivery of housing are welcome. However, further clarity is needed on how the Mayor of London aims to work with local authorities to ensure housing density is increased in every borough across London. A continued focus on unlocking public sector land and other brownfield sites for development will be required to help ensure London's housing potential is maximised.

As London increases its housing density, the protection of the capital's Strategic Industrial Locations (SIL) will be vital to support the functioning of London's economy. To this end, members will want to see the London Plan ensure no further industrial land is lost in the capital as a means of safeguarding industrial jobs, the retail economy, and longstanding businesses.

Regarding transport, the Mayor of London should continue to focus on ensuring network improvements meet future demand, providing the infrastructure needed to bring growth both to London and the United Kingdom. To continue to compete in the global marketplace, London's businesses will need sufficient connections between the capital and economies at home and abroad. To this end, maintaining and improving London's infrastructure will be vital in maintaining its position as a global hub for business. Businesses see technology as central to efforts to develop more resilience on London's transport network, and decision-making on infrastructure must be kept in line with technological developments to future-proof the capital's infrastructure. CBI members are ready to support the Mayor of London attract the private investment necessary for London's infrastructure priorities to be delivered.

Businesses make a significant contribution to London. To ensure the guidance laid out in the London Plan is applied successfully, close partnership-working between the Mayor of London, the Greater London Authority (GLA), local authorities and businesses will be key.

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<sup>1</sup> Mayor of London, The London Plan, The Spatial Development Strategy for Greater London, Draft for Public Consultation, December 2017

## On Planning London's Future (Good Growth Policies)

**CBI members support the Mayor of London's guidance (Policy GG2) to planners and developers to prioritise the development of Opportunity Areas, brownfield land, and surplus public-sector land.**

Businesses note the guidance is aimed at creating high-density, mixed-use places to ensure London makes the best use of its land. In addition, members have suggested the guidance within the policy is tied to best practice promoted by professional standard-setting property bodies such as the Royal Institute of Chartered Surveyors. As this guidance is implemented, members would like to see the GLA, in conjunction with local authorities, work with standard-setting property organisations to help ensure planning officers across London are given the tools to implement the guidance as intended.

In addition, CBI members welcome the Mayor of London's guidance aimed at creating a healthy city (Policy GG3), noting higher levels of physical activity can lead to positive outcomes for the capital's economic performance. Businesses have suggested a focus on making London a healthier city may yield materially positive outcomes for London's economic competitiveness. For example, members have suggested matters such as the environment, public health, and community cohesion collectively improve economic performance when people are more active. CBI members would welcome further opportunities to help form policies, in conjunction with the Mayor of London, aimed at increasing London's health and wellbeing in the future.

## On Spatial Development Patterns

**Continued investment in strategic infrastructure to support housing and business development will be key to help realise the potential of the wider South East of the United Kingdom.**

CBI members support the Mayor of London's ambition to realise the potential of the wider South East and beyond (Policy SD2), recognising the importance of London's growth occurring in conjunction with the rest of the country. Therefore, businesses would welcome opportunities for further collaboration with the GLA to help boost economic performance and productivity outside of London. Possible initiatives include building complementary supply chains across the United Kingdom, and ensuring London plays a role supporting regional businesses to identify opportunities to innovate and grow, and develop new export markets.

In addition, CBI members support the Royal Docks Opportunity Area Framework (2.1.46), citing the Royal Docks as an economic opportunity zone. Going forward, businesses would like to see future planning policy support the broader aim of attracting a diverse range of businesses to the area. CBI members commend the policy's recognition of the presence of important existing industries in the Royal Docks. Furthermore, businesses support the policy's guidance to note the location has "*significant areas of Strategic Industrial Locations (SIL) with recent evidence confirming there is a continued demand for industrial space in the East of London*". Members have suggested there currently exists significant demand for SIL in the Royal Docks with active industrial buyers.

Going forward, the CBI would like to see future planning frameworks for the area set out how any future development should carefully manage the retention of important pre-existing industry sites alongside opportunities for mixed-use development.

## On Design

**CBI members support the principles contained in the Mayor of London's 'Agent of Change' principle (Policy D12). Members have suggested this principle is essential to safeguarding longstanding businesses and jobs, with reference to the industrial sector.**

The Agent of Change principle places the responsibility for mitigating impacts from existing noise-generating activities or uses on a proposed new noise-sensitive development. Business have noted industrial sites are often noisy locations, operating twenty-four hours a day, seven days a week. Therefore, such sites are prone to conflicts with residents in nearby, newly-built buildings. The full application of this guidance should help prevent and mitigate such conflicts, and businesses emphasise the importance of this policy being given due prominence by the GLA in current and future discussions with developers. In addition, businesses would like to see the guidance applied to establishments operating in London's night-time economy.

## On Transport

**CBI members broadly support the Mayor of London's guidance to reduce Londoners' dependency on cars in favour of increased walking, cycling and public transport use (Policy T1). However, further clarity on how this will be implemented is needed.**

CBI members welcome the aim to increase active travel in London, recognising the public health benefits this will bring. However, members are mindful of the potential unintended consequences of implementing this guidance. For example, the strategic aim to increase walking and cycling spaces in London, coupled with the stated aim to reduce the dominance of vehicular traffic could result in less road space for cars. Without proper management, this may have the unintended effect of increasing vehicle congestion, particularly in central London, harming London's air quality. A potential solution to this would be to explore opportunities provided by sharing economy business models that help reduce Londoners' dependency on cars, through the convenience and flexibility offered by carpooling, hire and peer to peer car rental. Furthermore, CBI members have suggested the regulatory fragmentation of London, due to London's 33 local authority districts, could present an obstacle to achieving this vision, and would like to see a joined-up approach taken between the Mayor of London, TfL, and local authorities in partnership with businesses to ensure a united front as the proposal is implemented.

**On the Mayor of London's position on the Heathrow Airport expansion proposal (Policy T8), CBI members support the conclusion of the independent Airports Commission.**

The independent Airports Commission determined that building a third runway at Heathrow presented the best option to meet the capacity needs in the South East with the widest benefits for the UK, and the Government has clearly set this out as its preferred option. Business supports this conclusion and would like to see timely progress made in delivering it. While the Commission acknowledged there are clear benefits to other expansion plans, new hub capacity, in the form of a third runway at Heathrow, is essential if London is to ensure it provides the best possible level of connectivity and competition to the established markets that form the bedrock of our trade alongside developing new long-haul connections<sup>2</sup>. Heathrow expansion will drive trade and investment, and boost growth right across the country.

The CBI welcomes the package of measures to mitigate the impact of airport expansion on the environment and affected communities, but reiterates the need for a holistic approach which takes consideration both of environmental and local concerns with delivering the maximum benefits that can come from expansion.

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<sup>2</sup> <http://www.cbi.org.uk/news/our-response-to-the-heathrow-runway-consultation/>

**CBI members welcome the Mayor of London's guidance to support the provision of hydrogen refuelling stations and rapid electric vehicle charging points at logistics and industrial locations (Policy T7).**

Businesses have suggested the Mayor of London's policies concerning air quality will require further investment in charging infrastructure to support the uptake of low emission vehicles going forward. The Mayor of London should look to continue supporting a range of ultra-low emission technologies and their role in meeting both London and UK wide emission targets. This includes electric, hydrogen and green gas, amongst other technologies. Looking to the future, the Mayor of London's Transport Strategy is another step in the right direction, with the commitment to increase investment in charging and refuelling infrastructure from 2025 to 2035. As the Mayor of London implements this pledge, CBI members remain keen to work with the GLA, TfL and local authorities to help ensure a successful outcome.

## **On Housing**

**CBI members support the Mayor of London's aim to increase housing supply and deliver more genuinely affordable homes. However, members would welcome further clarity regarding how the delivery of those homes will be accelerated to meet the London Plan's ten-year targets.**

Businesses welcome the Mayor of London's focus on housing delivery and scale. The recent CBI/CBRE London Business Survey found over half of businesses in the capital cited housing costs and availability as having a negative impact on their ability to recruit entry-level staff<sup>3</sup>. In addition, businesses welcome the strategic guidance set to local authorities to identify sites for housing. However, businesses would welcome further clarity from the Mayor of London regarding how he will work with local authorities to ensure housing density is delivered in every borough across London. Businesses have suggested local authorities may struggle to deliver the number of homes necessary on the currently available brownfield land, noting previous housing delivery rates.

Businesses would like to see the Mayor of London continue to emphasise the importance of maintaining a diverse housing stock in London, and the role of alternative housing providers such as; housing associations, community house builders, Small and Medium Enterprise (SME) builders, institutional private rental developers, and student accommodation providers. Furthermore, businesses would welcome further steps be taken to remove the current barriers faced by SME builders in delivering homes. Examples of barriers to SME house-delivery include; The ability to secure access to small sites and viable land, and securing development finance. To this end, members commend the Mayor of London's guidance expressing the need to support SMEs and community-led housing projects as a step in the right direction.

Furthermore, businesses request further clarity on the Mayor of London's guidance for planners and developers to generally presume against single-use low-density retail and leisure parks on sites allocated for residential and mixed-use development (Policy H1, F). Businesses have suggested a blanket interpretation of the guidance may lead to an increase in customers buying their services and provisions online, which may lead to increased congestion across parts of London due to the increase of online deliveries, and customer journeys conducted. Businesses request the GLA considers all sources of low density retail and leisure parks before finalising guidance against it.

## **On the Economy**

**CBI members broadly support the Mayor of London's guidance for planners and developers to prioritise the provision of adequate commercial and industrial spaces (Policy E1), low-cost business spaces (Policy E2), and affordable workspaces (Policy E3). However, further clarity is required to ensure the implementation of the guidance does not inadvertently lead to a loss of business space across London.**

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<sup>3</sup> CBRE/CBI London Business Survey, fieldwork conducted January 2018

To ensure businesses of all sizes thrive in London, the right conditions necessary to nurture new businesses are essential. Businesses commend the Mayor of London's focus on measures aimed at improving the competitiveness and quality of office space for firms of varied sizes. However, considering the guidance aimed at protecting a range of low-cost business space to support the needs of micro, small and medium-sized enterprises (Policy E2), businesses have suggested the implementation of this guidance could result in the unintended consequence of a loss of business space in London. As the guidance is finalised in the final draft of the London Plan, collaboration between the GLA and businesses will be important to ensure this is avoided.

### **Businesses welcome the Mayor of London's focus on Strategic Industrial Locations, and the safeguarding of industrial floorspace in London.**

CBI members welcome the Mayor of London's guidance to ensure there is no further net loss of industrial floorspace in London (Policy E4). However, businesses would like to see the guidance go further to acknowledge the importance of safeguarding London's existing industrial land. CBI members note this guidance is essential to safeguarding industrial jobs and longstanding businesses. Businesses note industrial land is crucial to London for uses involving freight services, minerals importing, processing, and manufacturing. It is important that London protects its industrial land to help ensure a reduction in vehicle movement, in line with the aims stated in the Mayor's Transport Strategy, to reduce vehicle usage in the capital. Regarding freight, businesses note land protected for freight is being pushed out of London, meaning more vehicles are used to make deliveries, increasing congestion. Furthermore, new land earmarked for housing development will need to be serviceable, meaning freight will play a key role in the future of London's land provision.

Businesses support the Mayor of London's guidance to maintain a sufficient supply of land and premises in London to meet future demands for industrial and related functions (Policy E4). Furthermore, the guidance's stipulation to ensure provision is made for flexible B1c hybrid space, accommodating services that support the wider London economy is welcome (Policy E4,8). Regarding B1c spaces, going forward, businesses would like to see local authorities consider the economic impact of the spaces' use on the surrounding area. Businesses have noted that B1c spaces are increasingly becoming a source of innovative business activity and the planning system should be geared to supporting them.

CBI members welcome the Mayor of London's guidance to ensure SILs are sustained as London's main reservoirs of industry, and logistics, supporting the functioning of London's economy (Policy E5). CBI members support the Mayor of London's proposal to ensure local authorities define the detailed boundary of SILs as it is currently difficult to determine whether a site is within or outside a SILs. Furthermore, businesses note the importance of ensuring this policy is given due prominence by the GLA in future discussions with developers going forward.

Businesses have suggested the guidance should make clear that any residential development, located adjacently to SILs should allow for appropriate distance and mitigation. However, members would like to see the guidance strengthened through emphasising the importance of distance as the primary design mitigation principle. Members have suggested the attention given to factors such as servicing, the public realm, air quality, soundproofing and other design mitigations would help ensure a smooth implementation of the guidance.

Regarding the Mayor of London's guidance for planners to not permit development proposals containing A5 hot food takeaway uses located within 400 metres walking distance of an existing or proposed primary or secondary school (Policy E9), businesses would like the guidance to reflect the broader economic and regenerative benefits A5 operators can bring to a local area. London's vibrant food and drink sector form a key part of its offer as a global city. To ensure the capital enhances its 24-hour economy, in line with the Mayor's '24-hour vision for London'<sup>4</sup>, a diverse range of consumer choice in the food and drink sector will be important.

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<sup>4</sup> <https://www.london.gov.uk/press-releases/mayoral/mayors-24-hour-vision-for-london>



**Businesses welcome the Mayor of London's recognition and promotion of London as a location for higher education institutions (Policy E8).**

Businesses support the Mayor of London's guidance to ensure London's role as a location for research and development be is supported. Furthermore, the Mayor of London's call for further collaboration between businesses, higher education institutions and other relevant research and innovation organisations is welcome. However, businesses would like the guidance to further emphasise the national significance of London's higher education sector. For example, businesses would like to see the concentration of internationally-renowned higher education institutions in central London acknowledged. The Mayor of London's Economic Development Strategy<sup>5</sup> recognises the importance of higher education institutions in London, and businesses would like to see this reflected in the London Plan as a means of ensuring London remains a world-leading city for research and innovation.

**On Sustainable Infrastructure**

**CBI members support the Mayor of London's guidance on aggregates (Policy SI 10), to ensure resources including recycling facilities, wharves and rail depots are safeguarded to minimise the movement of aggregates by road and maximise the movement of aggregates by sustainable modes.**

CBI members would like to see further attention given to the role, protection, and reactivation of London's safeguarded wharves. This would help ensure the river Thames is used to its full potential for the transportation of freight. The move would also help tackle congestion and improve the efficiency of streets for essential traffic, therefore reducing carbon dioxide emissions and ensuring the river is utilised as an alternative form of transport. Furthermore, members suggest the guidance on reducing the environmental impact of aggregates should also ensure London retains a steady, adequate, and sustainable supply of aggregates. Regarding the Mayor of London's guidance on waste capacity and net waste self-sufficiency (Policy SI8), businesses would like to see the Mayor of London's guidance remain technology neutral, considering a broad range of technologies to contribute towards renewable energy generation.

**CBI members welcome the Mayor of London's guidance on water transport (SI 15), encouraging greater use of the River Thames for freight transport, and the safeguarding of wharves and wharf capacity.**

Further collaboration between the Mayor of London, Transport for London (TfL), and the Port of London Authority (PLA), will be necessary to fulfil the potential of the river Thames to carry passengers, and integrate river services into London's transport system. With the Mayor of London's stated aims on healthy streets, road safety, tackling congestion, improving the efficiency of freight servicing, and moving freight off London's streets, CBI members are clear on the need for a policy framework that matches the potential of the river to deliver on these objectives.

The River Thames is the busiest inland waterway in the United Kingdom. In 2016 the tonnage of goods and materials moved between Thames terminal increased from the previous year by more than 10% to 3.0 million tonnes<sup>6</sup>. Every 1,000-tonne barge on the river takes 100 lorry movements off the roads, bringing significant benefits on both congestion and the environment. Moreover, transport by barge is estimated to produce about one third of the greenhouse gas emissions per kilo carried, compared to the equivalent journey by lorry<sup>7</sup>. In addition, the Port of London Authority is currently working with the Greater London Authority, Transport for London, and river operators, to quantify the air quality impact of operations on the Thames, looking at ways in which emissions can be reduced further<sup>8</sup>.

<sup>5</sup> <https://www.london.gov.uk/sites/default/files/economic-development-strategy-for-london-2017.pdf>

<sup>6</sup> <https://server1.pla.co.uk/assets/polareport2016.pdf>

<sup>7</sup> <http://www.pla.co.uk/assets/thevisionforthetidalthames.pdf>

<sup>8</sup> <http://www.pla.co.uk/assets/airqualitybookfinal.pdf>

With the river far from full there is much continued potential for further growth in the movement of goods and materials by river. Key to achieving this growth will be the protection of wharf space on the river. There are over 70 independently run terminals and wharves along the tidal Thames, critical to the supply and movement of goods and materials. To make the most of river, improvements to river freight infrastructure and the availability of cargo-handling facilities must be included in the strategy, ensuring that goods and materials can be brought on and off the river. With strong demand for new development, it is more important than ever to protect viable wharves, and facilitate steps to bring into use those currently vacant wharves and explore the creation of new wharves.

CBI members have noted examples of close partnership-working between the GLA, TfL, the PLA, and local authorities to utilise the River Thames as a source for moving construction materials, helping reduce congestion on London's roads. Businesses would like to see this level of collaboration built on going forward. CBI members remain keen to work with the Mayor of London, TfL, and the PLA to maximise the potential use of the River Thames, allowing the river to play an increased role in London's sustainable growth.

**The Mayor of London's vision for the capital's digital connectivity infrastructure (Policy SI6), will be critical to ensure London stays competitive and relevant to an ever advancing and digital global economy.**

Business connectivity is vital to London's digital economy and 5G will be fundamental in securing and future-proofing London's digital capability. The CBI's 2017 infrastructure survey highlighted that businesses' outlook for improvements in the UK's digital infrastructure remain overwhelmingly positive in London (+43, compared to the UK average of +18%). As digital connectivity speeds and reliability are either an important or critical issue for 98% businesses, it is vital that business connectivity is sufficiently represented in both development proposals and benchmarking digital infrastructure coverage. Therefore, increased collaboration between local authorities and Internet Service Providers (to make sufficient ducting space available) would help to stimulate business investment in, and the provision of, globally competitive digital connectivity for London.

With the emergence of 5G, cities across the United Kingdom are undertaking numerous studies to test the capabilities of the new infrastructure. Businesses would like to see increased collaboration between London and other cities across the country to ensure best-practice is shared and London's digital infrastructure capacity is maximised.

During the London Mayoral election in 2016, the CBI's 'London Prosperity Agenda' manifesto noted there was no requirement on developers to provide digital connectivity in new buildings as part of granting planning consent. Therefore, the Mayor of London's guidance to ensure sufficient ducting space for future digital connectivity infrastructure is welcome news.

**CBI members support the Mayor of London's guidance (9.2.2 and 9.2.4) to minimise energy demand in buildings, and to extend the zero-carbon target for major residential developments to include major non-residential developments.**

Businesses welcome the Mayor's focus on energy efficiency in new-build developments, both domestic and commercial, highlighting it will be a key enabler to achieving a zero-carbon target by 2050. Furthermore, businesses suggest London has the potential to act as a world leader for the deployment of renewable technologies, which are expected to play a key role in the adoption of smart grid technologies. Looking to the future, it is important to ensure that mature renewable technologies have a clear route to market, and that recommendations within the BEIS and Ofgem Smart, Flexibilities Plan are delivered.

**On Funding the London Plan –**

**CBI members understand the importance of attracting more funding for London's future infrastructure projects. Businesses would welcome further opportunities to engage with the Mayor of London, Greater London Authority, and Transport for London to help ensure innovative and effective funding models are found.**

Businesses commend the Mayor of London's recognition of London's strategic infrastructure needs as a means of accommodating the capital's projected population growth, unlock housing and increase employment. Members note the Mayor of London's ability to invest in major strategic transport schemes, such as Crossrail 2, are dependent on his negotiations with the Government. Businesses note the options for raising the required funding detailed in the draft London Plan, including Fiscal Devolution, Sharing in Land Value Uplift, and Business Rate Retention under Mayoral control.

Going forward, businesses remain willing to engage with the Mayor of London, and Transport for London to help ensure all options for London's future infrastructure needs are explored.

**CBI Members support the Mayor of London's proposal to Government for continued and sustained investment in housebuilding in London. Businesses would welcome further specific actions regarding how the Mayor of London intends to attract private investment to help deliver more homes for Londoners.**

CBI members note the Mayor of London's securing of £3.15 billion from the Government to support 90,000 affordable house starts by 2021. In addition, businesses note the GLA's estimate of £2.7 billion of public capital being required for affordable housing to address housing need. The Mayor of London should consider the Private Rented Sector as a route to attract further private investment. With the average age of first time buyers pushing the late thirties, it is no surprise that the proportion of people aged 20-39 living in privately rented accommodation has surged from 20% in 2000 to 50% today<sup>9</sup>. And 'generation rent' is set to grow further still, reaching an estimated 7.2 million households by 2025. As noted in the CBI's 2014 report, Solid Foundations, building good-quality private rented accommodation at scale can play a key role in meeting this growing demand<sup>10</sup>, and presents an excellent opportunity for institutional investors who are seeking long-term, stable revenue streams. However, despite increasing interest among investors in the UK's PRS market, a number of barriers remain, including a lack of understanding of the sector by Local Authorities, concerns over the adequacy of yields and the capacity to provide large-scale investment opportunities.

Furthermore, businesses have suggested the Mayor of London can attract institutional investors through adopting internationally recognised standards to offset potential falls in public sector spending. For example, members have suggested the International Financial Reporting Standard, and the International Construction Measurement Standard as a means of providing certainty, through transparency, to investors. Given infrastructure projects across the world categorise and forecast construction costs differently, this adds to the risks associated with investment. Internationally recognised standards harmonise costs, classifications, and benchmarking definitions to enhance the comparability and consistency of capital projects. CBI members have suggested a standardised approach would simplify investment decisions through enabling better comparison between projects. This would improve investor confidence and ultimately, help attract private sector finance. CBI members would welcome further opportunities to engage with the GLA to examine the potential impact of the suggested measures on the attractiveness of London's housing priorities to investors.

## Conclusion

The Mayor of London's London Plan sets out a detailed and clear guidance for London's spatial development over the next 25 years. However, if the aims of the plan are to be realised, further clarity and close-partnership working between the Mayor of London, TfL, local authorities, and London's businesses will be vital.

<sup>9</sup> [http://www.cbi.org.uk/cbi-prod/assets/File/2016-Housing-Report\(1\).pdf](http://www.cbi.org.uk/cbi-prod/assets/File/2016-Housing-Report(1).pdf)

<sup>10</sup> CBI, Solid Foundations: Attracting institutional investment to homes built for rent, January 2014



If London is to retain its position as a global hub for business activity in the long term, housing delivery will play a key role to that end. Businesses will struggle to thrive across the capital if their access to talent is restricted due to an inaccessible housing market. Therefore, CBI members welcome the Mayor of London's focus on housing delivery and supply.

The delivery of London's transport infrastructure priorities will be another key measure of the London Plan's success. Whilst London businesses have seen improvement in the capital's infrastructure in recent years, challenges remain to meet future growth and demand through improved connectivity and resilience. If London businesses are to continue to compete in the global marketplace, they must have the infrastructure needed to connect the capital to economies at home and abroad. Businesses note the key infrastructure projects needed to unlock London's potential in the future. However, the question of how such projects are financed have become a key issue. Therefore, the Mayor of London's and TfL's continued focus on exploring infrastructure financing solutions is welcome news for businesses.

CBI members are committed to building a strong business-government partnership which will deliver the best opportunities for those living and working in London. We would welcome the opportunity to discuss this submission further.