

STRATEGIC PLANNING IN LONDON IN AN AGE OF SCARCITY

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As one of the leading 'world cities', the governance and planning of London generates considerable international interest. London's hosting of the 2012 Olympics focused significant attention on the city, but it is important to study the development of London as a whole as well as the delivery of a single mega-event.

In the last decade, London has changed dramatically, the most visible change being the London skyline, with a new host of high-rise buildings – with the recently completed Shard building being, at least for the time being, the highest building in Western Europe. But it is important to look beyond the most visible change and to understand both the successes and failures of London's governance and spatial planning regimes; to understand the interaction of the recession, representing scarcity of public and private resources, and the scarcity of land imposed by historic but intentionally created spatial planning policies. In 2000, London chose its first directly elected Mayor. For the previous 14 years, London did not have its own directly elected administration and with the abolition of the Greater London Council in 1986, was directly managed by Central Government. The 33 lower tier authorities – the 32 London boroughs and the Corporation of the City of London continued to provide local services, but were not in practice strategic authorities. Central Government was responsible for strategic planning guidance and ran some investment programmes directly (for example the Housing Investment Programme through its agency, the Housing Corporation) or allocated capital and revenue resources to the boroughs. The borough-controlled London Planning Advisory Committee could advise the Government but had no statutory basis to publish plans. The establishment of the Mayoralty in 2000 created a new regional executive authority, together with an elected London assembly to act as scrutiny body. The Mayor became the strategic planning authority for London and was also given powers to intervene in specific new developments. The Mayor was also given control of London's bus and underground network, though not of its surface rail network, and part control of the London Development Agency, the Government's regional regeneration organisation.

London's history of strategic planning is not a narrative of continuous progression. The Abercrombie plans of 1943 and 1944 (the County of London Plan and the Greater London Plan) are rightly famous. The London Plan produced by the Mayor in 2004 was only the third region-wide plan for London. The County of London 1960 review was limited to inner London. The Greater London Development plan was not adopted until 1976 and the amendments proposed by the Labour controlled Greater London Council in 1986 fell with the abolition of the GLC. The London Plan drew on the European tradition of spatial planning and its focus on economic, environment and social sustainability reflected the approach set out in the European Spatial Development Perspective This was later to be reflected in the relatively short lived provisions on

regional planning in the 2004 Planning and Compulsory Purchase Act.

London planning has faced a number of challenges in the last decade. The first challenge has been the impact of globalisation, with the growth of the financial services sector and London's increasingly critical role within world financial markets and its pre-eminent role in relation to relative to other financial centres such as New York and Tokyo.

The second has been a significant growth in population, an increased diversity of population and significant levels of both in-migration and out-migration, with an increasingly mobile labour market, but also with a growing reputation as a relatively safe haven, both for business in terms of its attractive labour market and tax regime and for those fleeing from other countries in terms of a relative high level of security and tolerance. London has become the most ethnically and linguistically diverse city in the world – a true world metropolis, and a city which largely tolerates and even welcomes its diversity, though this does not mean that the city is completely free of racism and ethnic discrimination. London has its attractions and opportunities for young skilled professionals from across the world.

The third challenge was the change of governance arrangements which impacted on spatial planning and its implementation. The 1999 Greater London Authority Act, piloted through parliament by the Minister for London, Nick Raynsford, intentionally established the mayoralty as a small executive authority without direct service delivery functions. In the 2007 Greater London Act, as a result of effective lobbying by the first Mayor, Ken Livingstone, the Mayor's powers were extended to include responsibility for the London housing strategy, and then in 2012 direct control of the Government housing investment budget. The 2007 Act also strengthened the Mayor's planning powers. These changes reflected on the growing success of Livingstone and his successor Boris Johnson, who were seen as strong advocates for London. While both mayors at times challenged central government – Livingstone for example over the issue of the private financing agreement for improvements to the underground railway network and Johnson over airport strategy, both Labour and Coalition governments were prepared to devolve further powers to the Mayor. The onset of the localism agenda under the post 2010 Government shifted the balance of power more in favour of the mayor, without strengthening the ability of the London boroughs, or for that matter, the elected London Assembly, to challenge the mayor.

The fourth challenge was the recession of 2008, with the weakening of both the financial services sector on which London's economy largely depended and the stagnation of the housing market, not just in terms of transactions in the second hand homes market, but in terms of the slowing down of the new development programme. London however recovered relatively quickly from the recession. By mid-2012 housing prices had reached and in some cases significantly exceeded pre-recession levels. While some major development schemes were on hold, the prime central London property market, with significant investment in new residential and commercial development. Money flowed to London from the Middle East and the Gulf States, South and East Asia, while the Eurozone crisis led to investment from some European countries moving to London. With new tax regimes being introduced in some European countries, most recently France, London is seen as wealth friendly and tax light. Within the UK, there has been an increasing differentiation between the economic strength of London and the stagnant or even declining economies of provincial centres. The focus on London as an island of prosperity has not only revived the historic North/South debate but also diverted attention on the increasing inequities within London.

The spatial planning model that was adopted by Ken Livingstone as Mayor was that of the 'compact city'. Influenced by both urban designers and architects such as Richard Rogers, who led on the study 'Towards an Urban Renaissance' for the central government, and under pressure from both environmentalists and city business interests, Livingstone adopted the view that

London should seek to contain both its population and employment growth within the existing London boundary. With a rigid policy on the protection of the Green Belt and other open space, this meant building at much higher densities – upwards rather than outwards. This alliance of economic and environmentalist pressures did however lead to the falling off of the social planning agenda, as new homes became smaller and more expensive, involving vertical social segregation.

The decade saw a significant reduction not just in the supply of existing social housing for lower income groups, but a falling off of the proportion of social rented family sized homes in the new development programme. Significant reductions in government investment in new homes was a critical factor, and by 2012 the Government had stopped all funding for social rented homes, preferring instead to focus on the provision of sub market rented homes by the private and housing association sectors, with low income households being supported through increased welfare payments including housing benefit. London has seen further social polarisation, which is increasingly taking a spatial form as central London becomes dominated by the very wealthy from around the world, while low income Londoners get pushed to the periphery and beyond. Yet despite these trends and a population growth nearly twice the previous rate, the belief in the compact city is largely unchallenged – and the Johnson 2011 London Plan only includes relatively minor changes from the Livingstone 2004 and 2008 versions, though under the Johnson regime, following the lead of the national Coalition government of David Cameron, there has been a further move away from the provision of genuinely affordable social rented housing.

There has not been any fundamental rethink, nor has there been sufficient analysis by academics or practitioners of the outcomes of spatial planning in London - of the failures as well as the successes. The focus on the 2012 Olympics has perhaps diverted attention away from the study of wider issues and it is only in recent months that there has been a public recognition of the extent of London's housing crisis. The compact city/sprawl debate also needs to be revisited and a proper debate held as to the most sustainable form of development to meet London's future needs.

It is important to recognise that in the context of analysing spatial planning and housing policies, *scarcity results from choices and is not an inevitable paradigm*. Scarcity of public resources is the consequence of a decision by Government not to introduce a more progressive taxation policy which would have generated significant additional receipts for government reinvestment. Scarcity of private resources in the post-recession period was a temporary consequence of the mismanagement of financial and housing markets, as the availability of private finance for both development and home purchase through mortgages was constrained, without sufficient counterbalancing public sector intervention to fill the financing gap. However, it only had a relatively short term impact and today international investment is generating a new property boom in London which has significant negative as well as positive effects as homes are developed for the needs of the international investment market rather than for the needs of Londoners.

Perceived scarcity of land partly reflects a Government decision at both national and Mayoral level not to develop on undeveloped land. As referred to above this policy has had a significant negative impact in terms of social planning objectives. The use of the terms 'scarcity' and 'austerity' in the UK context are of course relative. Scarcity can be a consequence of Government policy as well as the limitations on natural resources such as the availability of land. Austerity can also be a consequence of Government decisions – a Government decision to raise tax leads to limitations on the availability of public funding for investment. Compared with many other countries, investment resources, land, and development capacity in London and the UK are plentiful. We do not have any excuses for not meeting the housing and wider quality of life aspirations of all the population of our capital city and our country. The position we are in reflects explicit political choices as well as external economic factors and we should not forget that economic factors are to a large extent

a consequence of political decisions and ideologies.

The planning system in England remains highly centralised in terms of governance but remains market driven in practice. The current rhetoric on localism and neighbourhood planning has not as yet had significant impact on that position. While local authorities may have slightly greater powers than previously, the financial constraints remain tight with local authorities having little financial autonomy. For the position to be improved, local authorities and, in London, the Mayor as the regional authority, need powers and resources if a fundamental shift in development outputs is to be delivered. Ownership of land and the power to acquire land is a central issue. Without this fundamental shift in powers, resources and land ownership, even the most progressive plan making authority can only react to the market rather than actually take the leadership in determining that its plans come into effect.