



THE LONDON PLAN

Spatial Development Strategy for Greater London

Consultation draft replacement plan

**Response by the
London Policy Unit of the
Federation of Small Businesses**

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INTRODUCTION AND EXECUTIVE SUMMARY

1. We greatly welcomed the desire to integrate together the processes involved in creating the key Mayoral strategies relating to Transport, Economic Development, Housing and the London Plan and in our submission in July 2009 to “A New Plan for London” we stated that “we look forward to the full revision of the London Plan creating a framework which will facilitate economic growth in all sectors and in all parts of London.”
2. However, we regret that we do not feel that the draft meets that requirement and in their totality, the draft EDS, Transport Strategy and London Plan do not seem to create a blueprint for the economic development and growth which London will need in the years ahead. Furthermore, we believe that, with many of the targets set in the strategies being aspirational and largely unfunded, they will do little to support London’s small business sector which has, in the past, created nearly 70% of all new jobs in London and which, as we enter a time of constraint on public finances, is likely to play an even more pivotal role in developing London and its economy.
3. This is the fourth occasion on which the FSB has responded to consultation on a Spatial Strategy for London, and the current document will lead to the third complete London Plan in the space of eight years. The first London Plan, published in 2004, was followed by two sets of alterations and was produced in an updated form in 2008 in which year the new Mayor stated the consultation on a new approach to planning.
4. We believe that the London Plan needs to be seen in a long-term context and that these constant revisions and amendments are not conducive to a strategic view of London’s development. We would prefer to see a plan which outlined the broad approaches to be adopted, laid down a clear sense of purpose, and which meet the statutory requirement of the Plan to take account of the need for economic development and wealth creation and which was also not subject to review every few years (either because it had become outdated or because it failed to accommodate a range of possible scenarios).
5. We would highlight the following key issues as matters which the final version of the Plan needs to address:
 - The Plan needs to demonstrate a degree of flexibility to enable it to accommodate a range of future scenarios and show more evidence to justify the approach it is taking (1.5).
 - The Plan needs to be stripped of its uncostered aspirations and become a genuine plan. As one FSB member remarked, “The difference between the London Plan and a child’s letter to Santa is that the wishes in the letter to Santa have some chance of being delivered” (1.14).
 - The division of London into sub-regions should be designed to ensure that all agencies use the same sub-regional boundaries (2.3).

- Any expansion in the Thames Gateway needs to be accompanied by appropriate transport infrastructure and to follow measures to reduce the risk of flooding (2.4 and 5.6).
- The small business sector must be involved in the production of local Statements of Community Involvement (3.1).
- The Plan needs to be revised to take account of the likely contraction in larger businesses and the public sector in the short- to medium-term and the resulting increase in the percentage of new jobs created by small businesses. It needs to give better evidence for its assumptions about future growth (4.5).
- Policy 4.7 and the requirement for the provision of affordable retail premises in large developments needs to be strengthened (4.10).
- A percentage of affordable commercial accommodation should be included in every large-scale commercial development (4.12 and 7.3).
- Free broadband should be made available to all Londoners (4.15).
- Supporting small businesses reduce the cost of the collection, recycling and disposal of their commercial waste should be a key priority for LWaRB and London Councils (5.7).

1. CONTEXT AND STRATEGY

- 1.1 The FSB has criticised past London Plans for failing to have suitable fallback positions in the event of the projected economic or social circumstances not being met and we have maintained that robust scenario-testing should be a major factor in the creation of the Plan. As long ago as 2003, in a submission to the Examination in Public (EiP) on the first London Plan, we wrote

“It would normally be expected that an exercise such as the production of the Plan would have examined all the possible scenarios and produced contingency plans for the various possible eventualities.

This does not appear to have been done and it is, therefore, difficult to have confidence in the robustness of the Plan. Alternatively, if such scenario testing has been undertaken, why has the GLA not made the evidence available?

The FSB believes that there are clearly potential problems in the event of the assumptions in the Plan not being met. This renders essential the need for a “fall - back” position both with regard to the Plan and the impact it will have on residents and small businesses in London and other regions of the UK.”¹

- 1.2 We note that in their Panel Report on the 2003 EiP, the inspectors stated that they felt that “the Plan would not be strengthened by the inclusion of a ‘fall back’ positions or alternatives for different levels of growth or resources.”²
- 1.3 We believe that circumstances have changed. In a global economy where large sections of London’s economy are subject to potentially disruptive external forces, it would be logical for the Plan to incorporate a range of possible scenarios so as to avoid future revisions.
- 1.4 We further note this view is supported in the submission by London Councils to the draft Economic Development Strategy in which they write

“The strategies [should] consider London’s economic and employment growth under different growth scenarios, given the continued uncertainty about the length and depth of the current recession. The Mayor’s strategies are underpinned by one very positive projection of economic growth in London. A different level of growth would affect the implementation of all three strategies”³

- 1.5 Indeed, the Plan seems to admit that changes to it are virtually inevitable. “If circumstances change (a major change to the economy, for example) the Plan will be altered or, if necessary, replaced. This approach is known as ‘plan, monitor and manage’ (Para. 0.13). It is extraordinary that, in a plan designed to last until 2031 that a “major change” might be

¹ FSB response to EiP Sub-matter 1a Growth Strategy – 2003

² EiP Panel Report Para 1.16 (2003)

³ London Councils: Submission to draft Economic Development Strategy Dec 2009

regarded as an unlikely event. Given that this is the fourth manifestation of a London Plan since the GLA was established a decade ago, it would appear to be a copper-bottomed certainty that circumstances will change. It would be more logical to create a plan able to accommodate at least some of the changing circumstances which might be foreseeable. As it is, the GLA is saying “This is what we think might happen. If it doesn’t, we’ll have to think again”.

- 1.6 Since the process of amending an existing Plan or creating a new one is cumbersome, time-consuming and reactive, we believe it would be preferable for alternatives to be considered at the outset.
- 1.7 Even without a set of alternative scenarios – and of concern given the sentiments above – we have reservations about the robustness of much of the data underlying the assumptions in the Plan.
- 1.8 For example, we note that much of the Plan is based on the most optimistic projections for economic growth and job creation. The FSB has in the past raised doubts about the merits or justification behind many of the GLA forecasts. We will address these later in this submission and in our comments on the draft Economic Development Strategy, but would highlight the worries we have about whether the Plan is credible or deliverable.
- 1.9 Much of the analysis in the Plan and supporting documents is based on old fashioned sector-based econometrics. Many of the assertions in the Plan can be readily challenged.
- 1.10 For example, it is clear that the current economic situation means that there will be a reduction in the number of jobs in the public sector and in the health and education sectors in the short- to mid-term, and should there be any relocations of jobs from central London, it is most likely that they will be relocated outside the Greater London area. Nevertheless, the Plan refers (para. 2.30) to “public sector activities...[and] ... central government operations or public or state institutions of more than local importance” being possible sources of employment growth in outer London.
- 1.11 Where is the evidence to justify this assertion? What indications are there that such a sectoral expansion will occur? What are the implications for outer London if it does not? Indeed, the Plan points out that the health and education sectors are particularly strong and significant in outer London yet these are sectors which are likely to be subject to severe financial constraints and where cost-saving measures will be particularly rigorous.
- 1.12 Much of the plan seems to assume that what has happened in the past is set to be the pattern for the future. We would challenge this and the EiP should challenge this. John Maynard Keynes famously observed “In the end we are all dead”. Less well known, the quote continues

“Economists set themselves too easy, too useless a task if in tempestuous seasons they can only tell us that when the storm is long past the ocean is flat again.”⁴

⁴ J M Keynes: Tract on Monetary Reform Chapter 3 (1923)

- 1.13 Too great an emphasis is placed on previous trends being continued in the future. We believe that, with the Plan being produced in the depths of the worst recession in post-war Britain, more should be done to consider alternative scenarios and there is a need to recognise that the London economy post-recession will not be the same as the London economy two or three years ago.
- 1.14 Furthermore, to be meaningful, a Plan such as this needs to be deliverable and not just consist of the unfunded aspirations we have referred to previously. We hope that, if not significantly revised in the final version, the Examination in Public will carefully scrutinise this aspect of the Plan to test its robustness.
- 1.15 It needs to be accepted that the actions which are necessary to move London forward – both spatially, economically and socially – cannot all be planned and delivered centrally. We therefore believe that the Plan needs to promote and facilitate a bottom-up process for planning and implementation, with objectives being delivered through sub-regional partnerships or teams and an indicative allocation framework coming from the centre. Many of the partnerships already exist and some need strengthening, but the principle of a less prescriptive centralised plan with greater sub-regional variance would produce outcomes better able to reflect local needs and priorities and more in tune with the current political trends towards greater decentralisation.
- 1.16 Within this context, genuinely local development frameworks need to be created, with their resourcing agreed, drawing on the views and experience of all sectors of the community including the small business sector. In this way, the local community would have a greater sense of ownership of the process. It is perhaps disappointing that so little emphasis is placed in the plan to the role of individual communities within London, their diversity of their nature and the need for a degree of flexibility for them to retain the characteristics which make them communities.

2. LONDON'S PLACES

- 2.0 In our submission to "A New Plan for London", we regretted that the timetable for the consultation meant that respondents had to comment before the findings of the Outer London Commission had been published. We welcomed, however, the establishment of the Commission since we had long argued that an over-emphasis has historically been placed on the financial services sector and on the City, Canary Wharf and the Central Activities Zone. We accepted the importance of the CAZ in delivering economic success and growth, but felt that the pre-eminence of its role should not be to the detriment of other parts of London.
- 2.1 We welcome the stated desire to address the historic constraints on the economic growth of outer London (Policy 2.7) but believe that some aspects of the Plan and of the other Mayoral strategies currently under consideration are not consistent with a desire to maximise outer London's economic and growth potential. We hope that that, if not amended in the final version, EiP will examine the extent to which the Plan facilitates the development of outer London.

- 2.2 In the context of outer London, we are concerned many of the strategic proposals have cost implications which cannot be guaranteed and would question the extent to which these proposals can be delivered.
- 2.3 We welcome the decision to reject the “pizza slice” approach to the sub-regions. Since the principle purpose for the Plan’s dividing London into sub-regions is for “statutory monitoring and sub-regional coordination purposes” (2.23), we have no strong views which boroughs should be included in which sub-region, but we would reaffirm the sentiment we expressed in our previous submission that there should be a common set of sub-regional boundaries for London, including those for the LSCs and other sub-regional organisations.
- 2.4 The Plan contains an expansive drive towards the Thames Gateway vision, there appears to be no provision for extra transport links either into central London or across the Gateway to the north of the river. This will severely hamper the potential for growth and development, as well as the opportunity for all communities, especially small businesses. The existing train services are already at full stretch towards London Bridge and it is hard to see how the full transport impact of the Thames Gateway development can be accommodated without additional transport provision which is not specified in the Plan or costed in the transport strategy. We address the flood plain implications later in this submission.
- 2.5 The FSB would be concerned if a desire to ensure that people lived within a short distance of public transport provision (mainly buses) were to result in significant development along main road arteries such as , in Ealing for example, the Uxbridge Road, the A4 and the Western Avenue. Such areas should be regarded as more appropriate locations for commercial and business development.

3 LONDON’S PEOPLE

- 3.1 The FSB has concerns about the potential impact of a projected rise in London’s population by 1.3 million people, and about the need for such an expansion to be successfully managed. It will be essential for all sections of the community to agree on the strategies to deliver it. Since any increase in population will also require an increase in employment opportunities and since the likelihood is that over two-thirds of all new jobs in London will be created by self-employment or by micro-businesses, it is essential that the business community is fully engaged in this process. We would hope that the contribution of the business community in creating the Statements of Community Involvement would be seen as important as any, including those of the faith groups specifically cited in the Plan.
- 3.2 The increase in the working population will require London’s economy to grow and expand and we have highlighted in our response to the Economic Development Strategy the concerns we have about the lack of recognition of the key role which small businesses will play in this process. In particular, both the Plan and the other Mayoral Strategies will need to address the need for London’s small businesses to have access to a well-trained and skilled workforce.

While the education and skills agenda does not fall directly within the remit of the London Plan, the section on the social infrastructure (3.79 to 3.101) needs to address this issue.

- 3.3 We would hope that the large residential developments identified in Policy 3.7 would incorporate access to appropriate facilities such as local shops and small businesses. This would not only ensure more cohesive communities but would also reduce travel requirements by providing local service and facilities for local people.
- 3.4 The issues of home-working and the implications for domestic premises is addressed in the following Section.

4 LONDON'S ECONOMY

- 4.1 The FSB has addressed many of the issues in the section of the draft Plan in its submission to the draft Economic Development Strategy. A copy of our response to the EDS is attached as Appendix A.
- 4.2 We would however make some specific comments in relation to the draft Plan.
- 4.3 We have significant concerns about Para 4.7. The draft, referring to the needs of workspace for SMEs, maintains that there is currently "sufficient market provision". We question the evidence for this statement, since small businesses are emphatic in their views that a lack of suitable and affordable premises is a major disincentive to operating a business in London. Furthermore, much of the available space is of a low standard, unsuitable for entertaining clients and excessively priced.
- 4.4 Para 4.7 continue "London's economy is disproportionately dependent on larger employers. This Plan reflects their importance to London's continued prosperity and ensures that they have the room to grow."
- 4.5 This begs a significant number of questions. In particular, the reference to larger employers includes the public sector which is certain not only to contract in the short- to mid-term but which is also likely to be relocating out of London in considerable numbers. Second, there is no provision in the plan for the eventuality of these larger (private sector) employers not growing. In the past it has been the small business sector and self-employment which has created about 70% of London's new jobs⁵ – not large employers or the public sector – so we are concerned that the emphasis in Para 4.7 is being placed on the wrong part of the business community.
- 4.6 Policy 4.2 refers to the conversion of surplus capacity of office space to more viable, complementary uses. In reality, we fear that a lot of older commercial premises which could be modernised to provide good, flexible and affordable commercial premises for small

⁵ Labour market statistics first release: ONS April 2007

businesses will, in reality, be turned into housing in an attempt to meet the Mayor's housing targets (which, it must be said, we regard as extremely optimistic).

- 4.7 We also note that, in the *Minor Alterations – Corrections and Clarifications* circulated in December, the forecast demand for office-based employment and floorage (Table 4.1) has been increased in the CAZ and the Isle of Dogs yet downgraded by 16% for the rest of inner London and by 15% for outer London. The implications of this are not addressed in other parts of the Plan, and the FSB believes that this adjustment flies in the face of many of the sentiments in the Plan and in the Mayor's pronouncements about wanting outer London to achieve its economic potential.
- 4.8 We welcome the principles of mixed use development as outlined in Policy 4.3 but would wish to see greater provision made for the needs of home-workers and those who run a business from residential premises. Recent FSB survey work suggests that between a quarter and a third of London's 700,000 businesses are based from home⁶. In addition, there has been a marked increase in home-working since the original London Plan figure of 7% of the workforce operating from home⁷. The Plan and the Mayor's minimum space standards (Table 3.3) need to ensure that adequate provision is made for both these groups.
- 4.9 Furthermore, every home-worker is resulting in 10 fewer commuting journeys per week, and the potential impact of this needs to be addressed both in the Plan and in the Mayor's Transport Strategy.
- 4.10 The FSB is pleased to see the draft Plan gives prominence to retail and town centre development. We welcome the proposals in Policy 4.7. Flourishing town centres are essential for community cohesion as well as helping to reduce transport requirements. We hope that pressure will be brought to bear on the Boroughs to ensure that their LDFs embrace both the letter and the spirit of Policy 4.7. We look forward to seeing the plan fleshed out and will seek evidence of a determination to ensure that the assessment of impact for out of centre development will be rigorous and comprehensive.
- 4.11 We welcome the commitment to a successful and diverse retail sector as outlined in Policy 4.8 and, in particular the commitment in Policy 4.9 to using the planning system to support the provision of affordable shop premises for small and independent retailers.
- 4.12 This issue was a policy first suggested by the FSB at the EiP into the original London Plan and was a key feature in the FSB's policy document for the 2008 Mayoral election⁸, when we argued that a proportion of the floor space in new commercial developments should be made available as low cost accommodation for small businesses. We are also keen to see this policy strengthened in the final version of the Plan. We fear that the phrase "where appropriate, feasible and viable" may enable developers and local authorities to drive a coach and horses through both the letter and the spirit of the policy.

⁶ FSB Annual survey 2009

⁷ Draft London Plan para. 3b.36: gla2002

⁸ "Keeping London Open for Business": FSB March 2008

- 4.13 We are also concerned that the implication in Para 4.50 is that the scheme is less likely be applied to areas outside central London “where there is an excess supply of small shop units, low rental values and high vacancy rates.” Firstly, this sentiment may have some validity at the moment while the economy is in recession, but excess capacity, low rents and high vacancies do most emphatically not apply at all stages of the economic cycle and in all parts of outer London; and secondly, Para 4.50 fails to appreciate the impact that a new large retail development can have on other retail establishments located within quite a wide radius. For that reason, the FSB believes that the principle of large retail developments supporting affordable shop units should apply whether these units are located on the same site as the large development or not.
- 4.14 We would wish to see the sentiments in Policy 4.9 extended to all sectors and not just limited to the retail sector. Since small businesses frequently find it hard to acquire affordable premises, there is no reason why provision should not be made both for an element of “affordable commercial premises” to be required from commercial developers in the same way that a provision for affordable housing is required for each housing development. We would like to see the Plan identify five or six large mixed-use development within which subsidised space would be made available for small businesses.
- 4.15 The FSB welcomes the recognition of the importance of an infrastructure to deliver the rapid transfer of information and the merits of a connected economy. We would like to see the Plan go further. The Mayor and the London Boroughs should actively pursue the policy of providing free broadband to all Londoners. Swindon Borough Council is demonstrating how this policy can be introduced.

5 CLIMATE CHANGE

- 5.1 The FSB supports moves to help small businesses do their share to meet the target of a 60% reduction in London’s carbon dioxide emissions by 2025 and we support the targets for zero carbon developments. We are concerned, however, at the potential impact on small businesses of measures to retrofit buildings. While this is a desirable course of action, it must be undertaken in a way which does not jeopardise the viability of the business. Many small businesses operate in premises which would benefit from retrofitting, but the process can be disruptive.
- 5.2 It is also important for the Plan to recognise that most small businesses are tenants in commercial premises rather than owner-occupiers and so there is only so much that they can do to reduce the carbon footprint of their premises. The EDS needs, therefore, to address ways of encouraging landlords to take action with a recognition that the costs of such work should not automatically be passed on to the tenant – after all, the beneficiary of the environmental upgrading of a building is ultimately the landlord and not the tenant who may be on a short-term lease.

- 5.3 We also believe that much must be done to turn many of the policy aspirations into reality. We would cite, for example, the policy on green roofs. This is an issue the FSB has been talking about for many years, yet even now there are no more than a handful of contractors in London who undertake such work.
- 5.4 We endorse Policy 5.5 and the development of decentralised energy systems.
- 5.5 The FSB is, however, concerned that measures to reduce road vehicle emissions continues to have a damaging impact on London's small business sector. The congestion charge and the LEZ have both proved expensive to business, and we hope that the Mayor will follow through on his recognition of the difference between a journey made by a business in the essential course of undertaking its work and a journey made by an individual who chooses not to use alternative forms of public transport. We address this issue further in our response to the Mayor's Transport Strategy.
- 5.6 The FSB is concerned by the amount of development which is planned for that part of the Thames Gateway which lies on the flood plain. Indeed, given the recent history of flooding in the UK and the fact that only the Thames Barrier prevents large parts of the City from flooding at neap tides, the FSB believes it is reckless to plan for significant building on the flood plain in any part of London. In particular we have concerns about
- Insurance Costs – is the Mayor confident that development on the flood plain will be subject to insurance cover at a price which is not prohibitive either to those occupying the flood plain or to other policy holders?
 - Planning Policy – does not the Plan fly in the face of government policy that development on flood plains should not be encouraged?
 - Economic strategy – the Mayors' plan does not seem to factor in the legacy cost of building and maintaining flood defences as these areas become more and more prone to flooding. There is a danger that vast resources may be spent on developing an area which will require even more funding to protect or maintain it. What cost / benefit analysis has been undertaken on the long-term implications of flood plan development?

There are huge financial implications in addressing the issue of flood risk management and we are not clear what provision is being made or that adequate consideration has been given to this issue. We trust that this is an issue which the EIP will investigate.

- 5.7 The FSB is very concerned that the section of the draft Plan relating to waste does not address the problem of general commercial waste. There is a need to recognise the waste needs of small businesses. Because of their size, most small businesses do not generate enough waste to make commercial waste collection agreement viable and local authorities are either unwilling or unable to collect the modest amounts of commercial waste generated by the majority of small businesses. It is absurd that a local authority will collect kerbside waste (both recyclable and non-recyclable) from a flat above an office but not from the office. The Mayor

and the London Waste and Recycling Board (LWaRB) should make proposals to help the small business sector to dispose of its waste in a sustainable and cost-effective fashion a key priority.

- 5.8 In his press release when he announced he would chair LWaRB, the Mayor said, “Londoners want to be greener and recycle more, but they need to be offered more hassle-free ways to do so. Together with London's boroughs, I want to deliver new and innovative solutions to overcome present challenges.” (Press release 27.5.08)
- 5.9 His comment equally refers to London businesses, and we would wish to see clear signs of his commitment to supporting small businesses in their efforts to become green and recycle more.

6 TRANSPORT

- 6.1 The FSB is responding separately to the Mayor’s Transport Strategy. A copy of our response is attached as Appendix B. However, we would make the following comments in relation to the Transport chapter in the draft Plan.
- 6.2 We fear that the Mayor is, like his predecessor, failing to recognise that the movement of goods and services is an integral part of economic activity and that measures which hamper or prevent such movement inevitably have a deleterious impact of economic performance.
- 6.3 We are also very concerned at the lack of funding for so much of the transport schemes identified in the Plan. We are set to enter a period of considerable reductions in public spending – and a period where, with certain priorities areas such as the health service and education likely to receive high priority status, transport is very likely to be an area of expenditure most susceptible to cuts.
- 6.4 The London Plan should be a Spatial Strategy and not a wish list. There is much in the Plan which is dependent on the delivery of the transport schemes and the potential impact of these schemes not occurring highlight the need we expressed in the first section of this response for the Mayor to adopt a “fall back” position.

7. LONDON’S LIVING PLACES AND SPACES

- 7.1 The FSB is pleased that the Mayor has started to recognise the need for London to aspire to being a world-class city as well as a world city. We believe that there will be an inevitable conflict between the requirements to accommodate a significantly larger population living in smaller family units; the need to preserve London’s green belt, open spaces and public realm; the inability to expand beyond London’s boundaries; the desire not to cover London with tall buildings; the need to provide workspace for an additional 750,000 jobs.

- 7.2 We are unconvinced that the Plan offers a coherent vision of how this can be achieved and would like to see more evidence of how this can be achieved. It will be important for the EiP to investigate this further.
- 7.3 The FSB would like to see more integration between the Plan and the work of the Promote London Council and the various inward investment organisations which currently exist. In particular, there is a need for the GLA have greater clarity about how London will be marketed and to whom. The Plan can be the catalyst for improvements in the visitors' infrastructure and should help to enable the promotion of all parts of London for a range of purposes.
- 7.3 The aspect of Chapter 7 which is of the greatest significance to the FSB and London's small businesses is Policy 7.7 and the need to ensure that tall buildings contain opportunities for adequate social provision in the case of residential buildings or for affordable premises in the case of commercial development. We would like to see a percentage of the floor space in tall and large commercial buildings being made available for flexible and affordable accommodation for small businesses.
- 7.4 We welcome the sentiment in Policy 7.7 f that ground floor activities in tall buildings should provide a positive relation to the surrounding streets.