

Towards a Growth Plan

Supporting a new era of economic growth

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London: the city of constant reinvention

London's **resilience** as a global city is rooted in its ability to **reinvent** itself as the world changes, and in doing so to change the world.

Yet despite its dynamism, **inequality and poverty** have remained stubborn problems for the city.

Recent years have been challenging. Britain's exit from the European Union, followed by the COVID-19 pandemic, have had a disproportionate impact on the city. Productivity has also suffered, while competitor cities around the world have gained ground.

We are now entering a **new cycle of reinvention**, driven by generational shifts in London's sectoral strengths, labour supply, spatial patterns, the nature of work and the climate emergency.

This cycle of reinvention will **reshape London and the lives of Londoners**.

Unlike some of our competitors, London is a global trading city in a liberal and multicultural democracy. This means that **government alone cannot shape the new London**.

The new London will reflect that dynamic mix of **political will, market forces and the values and creativity of Londoners** that have reinvented the city for a thousand years.

Our city is ambitious. In this century of cities only a few will emerge as world hubs of culture, business and knowledge. We are determined that London will be in the vanguard of that group.

The Growth Plan will articulate the vision for this next cycle of reinvention and how London responds to the shifts: a city which is **prospering, fairer and greener**.

This new cycle must also reinvent London's relationship with the rest of the UK, as a **capital city in service of the nation**.

Working towards a London Growth Plan

The Mayor and London's boroughs have committed to work together to deliver a new London Growth Plan, working in partnership with businesses, trade unions, universities and colleges, civil society and wider London stakeholders.

This document sets out the priorities and joint vision that will underpin the London Growth Plan to build a fairer, greener and more prosperous London for everyone.

The London Partnership Board, which has discussed the approach set out in this document, will have a key role to play in developing and delivering the London Growth Plan.

London's Growth Mission

The London Growth Plan will aim to **grow the London economy to improve the lives of all Londoners, drive London's green transition and support prosperity in London and across the country.**

London has a highly productive, growing economy. But it is not achieving its **growth potential**. It is essential for Londoners and for the UK that it does.

If London can maximise its potential, our city can grow faster, generating tax returns in the coming years that can be invested in longer-term growth opportunities in other parts of the UK.

London's growth will come from its **existing strengths in tradeable services** (financial, professional, creative, film and screen, technology, experiences and education) as well as **emerging strengths in frontier innovation** (life and nature sciences, AI, quantum and other 'deep tech'), **industrial innovation** (advanced production) and the **green economy**.

PEOPLE

London's diverse, open-minded, skilled population is our greatest asset.

But **a shortage of skilled workers** is one of the biggest constraints holding back London's growth.

This has become even more acute following Brexit and the pandemic. Businesses that cannot recruit cannot grow.

A major driver of inequality and poverty is a lack of opportunities leading to **low skills, low economic participation** and **pay that doesn't cover living costs**. This is particularly acute for Londoners from certain communities.

So a core task for the Growth Plan will be the development of an Inclusive **Talent Strategy**. This will put people at the heart of London's growth. It will aim to unleash the potential of all Londoners, and in doing so, the potential of London's economy.

The Inclusive Talent Strategy will set out a range of public and private interventions to grow the city's skilled workforce:

- A responsive and integrated ecosystem across **education, skills, training, employment and careers** for employees, entrepreneurs and self-employed people
- Helping more Londoners to work and progress in-work through **employment support and healthcare**
- Making London affordable through **housing, childcare, transport and tackling low pay and employment rights**, particularly in key sectors
- **Attracting the best international talent**

This Inclusive Talent Strategy must also be **responsive to the changing nature of work**. Automation, AI, hybrid working and evolving expectations of work-life balance mean that young Londoners' aspirations and opportunities may be very different to the careers of previous generations.

PLACES

Growth across London

Central London will continue to play a key role in the regional and national economy. It hosts a world-leading finance and professional services sector, as well as globally significant cultural and digital clusters, and is at the heart of London's visitor economy. **But economic growth and entrepreneurship are visible in every part of the city. This increases London's total growth potential.**

The Growth Plan will not try to dictate how every part of London grows. That would be unworkable and unnecessary. Rather, **local areas will set their own growth ambitions**, supported by a London-wide Talent Strategy and infrastructure.

A place-based approach to growth is needed

The GLA has been working closely with HM Government's Cities and Local Growth Unit to set out an overarching framework for growth in London, which will be aligned with and contribute to the national Industrial Strategy.

It is informed by the development of a more broadly focused London Growth Plan and significant engagement between GLA, London Councils and boroughs to **identify London's specific growth opportunities**. These are sectors where London is internationally significant and globally competitive, but where specialist support beyond talent is needed for them to thrive:

- **Frontier innovation** in 'innovation districts' – R&D-intensive life sciences, nature sciences and tech including AI, data and quantum – augmented by industrial innovation corridors with advanced manufacturing capacity for commercialisation
- **Green economy** - a £50bn sector providing opportunity in a growing, dynamic and broad range of industries that are essential to addressing the climate and ecological emergency
- **Experience economy** (events, culture, leisure, hospitality and retail) in new and emerging destinations, rooted in diverse local communities

In parallel, London will continue to build on its core strengths in **financial and professional services**, working with other leading UK clusters to increase international trade and retain our global competitiveness, and the **creative industries**, particularly London's world-leading film and gaming sectors, working collaboratively with other cities to secure global investment in the UK's screen industries.

These are all growth sectors where place and space really do matter – because they need proximity to specific institutions or to host unique experiences, they rely on agglomeration effects to drive innovation and creativity, or they require access to industrial land. This means **we need the London Growth Plan and national industrial strategy to have levers to shape place and sector-specific, inclusive growth. The prize will be the creation of high-quality jobs, many outside the city centre, and dynamic sectors that will help local economies to thrive.**

London is already increasingly working together on these key development sites through the Opportunity London programme. This is **an innovative public-private partnership to attract new investment** into the capital's real estate, energy and infrastructure and provides a single front door for domestic and international investors, advising and connecting to the latest opportunities.

INFRASTRUCTURE

Physical infrastructure to drive growth and address the climate emergency

Infrastructure is key to the Inclusive Talent Strategy. Housing, transport and utilities will be critical to making London more affordable for its workforce.

Decarbonising the London economy requires massive investment in the built environment, power generation and networks.

London's growth opportunities rely on infrastructure. This includes power for frontier technologies, transport for innovation districts, such as the London Cancer Hub, and the extension of the Knowledge Quarter through the redevelopment of Euston Station as the terminus of HS2.

Digital infrastructure must ensure that high speed access to the internet is not a constraint on growth for any community or sector.

Planning is key to unlocking infrastructure development, including housing. Planning policy will be reformed nationally and the next London Plan will reflect the priorities of the Growth Plan. London also needs to upgrade its planning functions, giving them the capability to be an effective partner to investors on behalf of local communities.

Supporting infrastructure to create opportunity and tackle structural inequality

In a services-led economy, it is not only physical infrastructure that matters, but also the underpinning support infrastructure for business owners, investors, innovators, workers and others. **Effective systems and networks to connect people, ideas, capital, knowledge and opportunity are vital** to enable growth.

Creating and embedding this support infrastructure will be key to breaking down barriers to opportunity so that Londoners, of all backgrounds, have equal access to developing skills, navigating career pathways, finding jobs, and starting and growing businesses.

This means that we cannot just rely on a series of fixed-term, small-scale projects and programmes. **A different approach is clearly required.** We need to invest in building and promoting scalable systems and maintain them over the long-term.

This new approach will help ensure that the full potential of London's economy is unleashed.

This support infrastructure includes:

- **Talent infrastructure** to connect employers, providers and Londoners.

- **Business infrastructure** to connect entrepreneurs and small businesses with advice and support, trade and investment opportunities and access to capital and procurement opportunities.
- **Data infrastructure** to drive a new generation of purpose-led growth and public service improvement by enabling the ethical use of London's civic data by innovators and entrepreneurs.

Where London gets this right, it can benefit the UK as a whole. We have demonstrated the positive impact of delegating control of adult skills funding and are already extending our best-in-class support for high-growth businesses to other parts of the country. With the right backing, we can extend that further.

To deliver this critical support infrastructure, London needs devolved business support, skills, careers and employment support as part of an integrated, multi-year government settlement. This must include clarity about the short-term future of the UK Shared Prosperity Fund and some control of the new Growth & Skills Levy.

LONDON AS A GLOBAL CITY

London must continue to look out to the world

London has always been an outward-looking city, welcoming people and ideas from around the world. This has underpinned London's growth as a global city and its ability to adapt to change. It has also enabled London to act as the key gateway to the wider UK for investment, talent and tourism.

In a world of rising populism and protectionism, however, London must not take its internationalism for granted.

London must continue to promote and defend the values of tolerance and openness which define its position as a symbol of hope around the world.

London must also continue to invest, working in partnership with the government, in the infrastructure that connects us to the world: inward investment; trade; global research partnerships; international students; tourism; and civic leadership in organisations such as C40.

FUNDING LONDON'S GROWTH

London's growth could pay for itself

Much of London's growth could be funded by those who will benefit from it most.

When London grows it generates significant wealth for the owners of its land, property, private infrastructure, intellectual property and businesses. All of these stakeholders are deeply invested in London's long-term growth.

But at the moment, that **growth is constrained by the city's inability to invest** now for the long-term and to direct investment flexibly to the areas of greatest need.

To unleash its growth potential, London needs **to retain more of the income that it generates** through full Business Rates retention, which other city-regions already benefit from, and it needs **new systems to enable the private sector to finance the city's growth**. This means **devolving some fiscal powers** and enabling more **innovative and flexible financing mechanisms**.

HOUSING AND TRANSPORT PRIORITIES

Investment to tackle the housing crisis and create new jobs

London's housing crisis is acting as a major break on growth – holding back productivity, deterring business investment and entrenching inequality.

London government and the development sector have worked together since 2016 to **drive up the pace of house building** to levels not seen since the 1930s. But in recent years progress has been hit by a perfect storm of macroeconomic challenges, inadequate funding and policy uncertainty, with delivery declining as a result.

With central, regional and local government working effectively together, we can build more of the affordable homes Londoners need. Doing so will generate immediate economic growth: **every 10,000 homes built in London creates nearly 10,000 jobs** and £800 million Gross Value Added (GVA), even before indirect and induced effects are taken into account.

Twinned with support for key transport projects and investment in planning and delivery capacity at borough level, this will enable London to make **a major contribution to the government's 1.5 million homes target**.

Investment in the DLR to Thamesmead via Beckton Riverside could – during this parliament – unlock two new districts with potential for up to 30,000 homes. The West London Orbital project would support major housing sites, including at Old Oak Common, while, in the longer term, the Bakerloo line extension could support 20,000 new homes in south-east London. Finally, **'metroisation' of commuter rail services in London could**

enable a step-change in service levels, allowing for greater density around stations and directly unlocking tens of thousands of additional homes.

Next Steps

We will work with HMG officials to align the London Growth Plan with the national industrial strategy before publishing it, identifying the sectors that are not just critical to the success of London's economy, but have huge potential to support growth in other UK cities and nationally. It will also set out how we will remove the barriers to growth and help create 150,000 good jobs by 2028, including through investment in infrastructure, housing and better integration of skills and employment sectors.

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