

13th March 2018
Ref: EDS response

Dear EDS Team,

The London Sustainable Development Commission (LSDC) provides independent advice to the Mayor to embed sustainability into London wide strategies and policies. The commission includes individuals with a diverse range of knowledge and expertise relating to sustainable development from London's economic, social, and environmental sectors. (further details in appendix 1). Since its inception in 2002, the LSDC has advised the Mayor of London on a wide range of issues and has undertaken extensive research into the critical issues facing London today.

The LSDC welcomes this opportunity to comment on the Draft Economic Development Strategy (EDS). The LSDC also recognises and welcomes the substantive work undertaken during this revision to the EDS. Direct discussions with the EDS team have highlighted to the commission that significant effort has gone into reviewing areas supported by the LSDC.

The commission is strongly supportive of the Draft EDS and recognises the scale and complexity of the challenge the strategy is seeking to address. The scale of projected population growth, the housing crisis and the consequent pressure on land and jobs needs to be set in the context of limited environmental capacity coupled with problems such as air pollution and the impacts of climate change. We welcome the clear message that it is not about growth at any cost and the firm commitment in the strategy to address the challenge in a way that is environmentally and socially sustainable as expressed in the concept of Good Growth.

Indeed, the LSDC wishes to stress that, in the context of climate change, rising inequality and humanity's unsustainable use of the Earth's natural resources, the *only* way to grow in the long term – and create a better and fairer London – is within the planet's environmental limits. The good news is that environmentally sustainable growth is also ultimately more productive, and is and richer territory on which to cultivate innovation and job creation, including for some of London's most disadvantaged communities.

The response focuses on key areas that the LSDC would like to support as well as areas where the commission considers that the EDS could be strengthened. The commission would welcome the opportunity to work with the EDS team and contribute further as the strategy is developed and revised.

It is recognised that the EDS forms one element in the wide range of strategies, programmes and initiatives that the Mayor is promoting and leading. The LSDC will continue to engage with the Mayor more widely in developing these strategies and developing the Mayor's vision for London as a sustainable city. And specifically, in terms of investment and funding the EDS, the LSDC is currently undertaking a piece of work dedicated to understanding how to finance the

transition to a zero carbon, sustainable London. The commission looks forward to sharing the outcomes and recommendations of this work with the EDS team upon its completion.

The LSDC response focuses on the following topics, drawing together the following strategic themes for further discussion in relation to the future sustainable economic development of London. We have elaborated below on the points that were raised at the earlier meeting with the LSDC:

- **Sustainability as a defining objective**

The three ‘pillars’ of sustainability, which include social, economic and environmental considerations, should each contribute to an integrated vision for London’s future growth. As set out in a number of publications by the LSDC, sustainable development is underpinned by quality of life indicators, particularly in that it is *“concerned with whether the environmental, social and economic systems in a community are providing its citizens, both now and in the future, with the opportunity to lead a good quality of life.”*¹ The three pillars of sustainability and quality of life indicators tie together the key objectives for achieving sustainable development. As such, the EDS should provide a clear vision for a genuinely sustainable city, setting out clearly how these differing strands of sustainability feed into the overarching objectives for the future economic growth of London.

The EDS should provide a clear economic framing of sustainability, building on existing research and evidence which demonstrates how ‘green’ agendas, economic growth and social objectives are not in conflict, but in fact positively reinforce and support one another. The role of sustainability and green agendas and technology should be framed as significant opportunities to achieve a whole range of policy objectives, as opposed to challenges that might constrain or limit growth over the EDS period. Equally, the EDS should have a clear vision on social inclusivity as an integral element of sustainable development.

There is also a deficit in Sustainable Development (SD) being prominent in shaping the EDS. Economic growth is presented in the EDS as something that will be pursued, with measures adopted to make it more sustainable; instead growing sustainably is the only way to maximise growth - or indeed grow at all (e.g. in the context of unmitigated climate change or social breakdown). Hence sustainability should be the framework with which economic policies must comply and be constructed.

The LSDC feels that some of the language used in some places should be strengthened and currently may be interpreted that SD or Environmental issues are seen as additional costs. The Executive Summary also misses the opportunity to highlight upfront the importance of environmental sustainability and SD.

Whilst the existing global economic model has undoubtedly delivered unprecedented growth and opportunity in the areas of health, wealth, education and life expectancy over the last century the environmental and social impacts and legacies of that growth are now very evident. Climate change, environmental degradation, flooding and poor air quality are just some of the alarming environmental consequences and poverty, social inequality and health impacts are their social equivalents.

¹ London’s Quality of Life Indicators Report 2017: Measuring London’s progress towards becoming a sustainable world City, LSDC, p. 11

There needs to be a fundamental shift in our approach to economic development, one that drives the development of more sustainable and inclusive business models that value and reward low carbon and environmental sustainability as well as wider social benefits and outcomes.

On September 25th 2015, at the United Nations Sustainable Development Summit in New York, more than 150 countries adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Global Goals that seek to end poverty, reduce inequality, protect the planet and tackle climate change.

The challenge is to develop economic models that can achieve these Global Goals and in so doing create a world that can be truly sustainable: socially fair and inclusive; environmentally secure; and economically prosperous. The Global Goals create a framework that if embraced by both business and government alike can support more sustainable and inclusive business models and enable the transition to a low carbon resource efficient economy.

The LSDC feels that the EDS needs to be monitored against the Sustainable Development Goals as part of any Annual Monitoring Report (AMR) to be published by the Mayor. The LSDC is willing to work with the GLA to embed these monitoring requirements within any reporting frameworks.

- **Economic Vision and Defining Good Growth**

The EDS needs to more explicitly set out the strong link between London's environmental performance, urban form and economic prosperity. Too often investment in green measures is seen as a negative cost. A strong vision and positive framing of the economic opportunities associated with sustainable growth is vital to attracting investment in London's assets.

The concept of Good Growth indicates a clear ambition for sustainable development to underpin the whole of the EDS, which the commission strongly supports. The LSDC supports and welcomes a great deal of the policies and content of the Creating the Conditions for Growth and Infrastructure chapter in particular. However, the commission is concerned that the ambition will not be realised unless sustainability is addressed in a more integrated way throughout the EDS and a number of key policies are strengthened as outlined below.

First, the commission is concerned that the EDS does not present a clear vision of London as a genuinely sustainable city. Putting the vision to the fore will allow for an increased level of ambition that the commission feels is needed. Sustainability should be more explicitly integrated into the definition of 'Good Growth' as the organising principle which underpins these overarching policies. It then needs to be clear how these principles are delivered throughout the policies of the EDS.

Secondly the EDS does not reflect other paths that show that a low carbon, resource efficient future is the only path open to London rather than being locked into a fossil fuel future. The EDS does not make this clear enough as part of its overarching aims.

More recently, a number of authoritative studies have shown that many or most of the policies required to decarbonise the global economy will boost short term growth. For instance, Hallegate et al. (2012) argue that compared with business-as-usual, green growth would mean

immediate positive effects on the economy, such as co-benefits (e.g. reduced local pollution), growth in new 'green' sectors, and less energy price volatility via reduced dependence on fossil fuel imports. The evidence that a post-carbon society could be cleaner, quieter, safer, more technologically advanced and more prosperous (before we assess the benefits of climate stability) is detailed below.

Innovation offers the most important route out of many environmental problems. Proponents of such "green growth" do not suggest that economic growth can defy the laws of thermodynamics. Rather, they note that technological progress can support continued growth in value because the intellectual economy is unbounded. In a steady state economy in terms of the sustainable use of resources, economic development would still occur, and humanity would continue to prosper. Material growth, economic growth and human wellbeing can be decoupled, though the policy challenge of actually achieving this is considerable.² The innovation and markets to bring this about will be developed in cities.

Innovation, decarbonisation, resource efficiency and growth go hand-in-hand and London is perhaps better placed than any city in the world to profit from this transition. But innovation to improve the economic efficiency and liveability of London's economy does not just happen, it requires a clear steer. This is particularly so in heavily regulated networked sectors like energy and transport. As a result, the economic and behavioural equilibrium on to which the economy converges reflects the interaction of hysteresis (we are where we are because of historical evolution) and expectations (which play an important role in forward-looking decision making)³. Expectations are crucial in delivering a cost-effective, just and competitive transition in technologies and behaviours, steered primarily by policy.

The Global Commission on the Economy and Climate (2014) found that more than half and as much as 90% of the global emissions reductions required to meet an ambitious climate target could generate net benefits to the economy⁴. These include health benefits from reductions in urban pollution, falls in traffic congestion, increases in efficiency or improvements in energy security and supply. Compact, connected and coordinated cities are more productive, socially inclusive, resilient, cleaner, quieter, and safer, with populations with better physical and mental health—thereby maximizing economies of scale and networking advantages. They also have lower greenhouse gas emissions, which they cite as a good example of the benefits of pursuing economic growth and climate action together (Stern and Zenghelis, 2012). Limiting urban sprawl allows 'human-scale cities with mixed-use urban form and good quality urban design'. These cities, they argued, are more successful and dynamic if compact city development goes beyond urban containment and includes dense, transit-oriented urban expansion for high-density, high-growth cities. Vibrant, well-planned urban centres have also shown equal appeal to mobile skilled and highly educated workers.

According to important studies from the OECD and the New Climate Economy, investing in more compact, connected, efficient cities with modern public transport systems help cities to lure talent and investors⁵. There is now a recognised link between cities' environmental

² Jacobs, M., 1991, *The Green Economy*, Pluto Press; Hepburn, C. and Bowen, A. (2013), 'Prosperity with growth: Economic growth, climate change and environmental limits' in Fouquet, R. (ed.), *Handbook of Energy and Climate Change*, Edward Elgar.

³ Krugman, 1991, Matsuyama, 1991

⁴ New Climate Economy, 2014, newclimateeconomy.report/2014

⁵ See: Green Growth in Cities' OECD. 23 May 2013. Pages: 132 ISBN: 9789264195325 (PDF).

<http://dx.doi.org/10.1787/9789264195325-en>; Demystifying Compact Urban Growth: Evidence From 300 Studies From Across the World. Ahlfeldt et al New Climate Economy Working Paper.

performance, urban form and economic prosperity. Policies to improve connectivity and transportation, land-use and housing supply enhance urban attractiveness of a city and allows it to more efficiently manage resources, limit waste and reduce emissions. Such policies also boost productivity and generate export revenues. Retaining global competitiveness requires continued innovation, not just in technologies, but also institutions, and behaviours. A recent C40's report⁶ also shows, many climate actions can produce multiple benefits, including improved health outcomes (and lower healthcare costs), reduced expenses, improved air quality, job opportunities, liveability, economic competitiveness, etc. These benefits of climate action – if fairly distributed and accessible to all segments of the population – can become powerful tools for more and better designed climate actions in cities and are critical to reducing barriers to action⁷. The economic returns from boosting resource productivity in the buildings, transport and waste are substantial.⁸

- **Developing the CleanTech Economy**

The document declares an aspiration to make London a zero carbon city by 2050. This is necessary, brave and the right thing to do. To make this real requires a strategy that points to the processes whereby it will be achieved. This however the LSDC feels is lacking, although there are significant and beneficial policy interventions that would be a part of such a strategy. We were not able to identify: (1) the policy drivers that would decarbonise power consumption to a planned timetable; and (2) the opportunity for OPDC and other opportunity areas to become smart sustainable district is an aspiration but not embedded in policy.

The LSDC feels that time is short if London is to establish itself as a global leader in creating new CleanTech businesses. The EDS has a key role in supporting these industries and facilitating the development of clusters in key locations such as Old Oak and Park Royal so that this opportunity is not missed.

The LSDC are supportive of the focus that has been given to the development of the cleantech sector in London – innovation that manages and minimizes the environmental damage of human activity. Cleantech innovation is currently focussed on the development of businesses that can address the causes and effects of climate change. Climate change is this century's great challenge and great opportunity. We must address the challenge and those who do it best will create the new economy. It is the primary requirement for and driver of good growth.

It should be noted that Cleantech is not a sector, it is a coherent approach to altering the way we run productive human activities. It innovates in existing sectors and creates some new ones in order to enable good growth.

<http://newclimateeconomy.report/workingpapers/workingpaper/demystifying-compact-urban-growth/>; The Economic Case for Low-Carbon Cities. Gouldson et al. New Climate Economy Working Paper.

<http://newclimateeconomy.report/workingpapers/workingpaper/the-economic-case-for-low-carbon-cities-2/>

⁶ Benefits of Climate Action: <http://www.c40.org/researches/measuring-benefits>

⁷ See also Floater, Graham and Heeckt, Catarina and Uiterino, Matthew and Mackie, Lisa and Rode, Philipp and Bhardwaj, Ankit and Carvalho, Maria and Gill, Darren and Bailey, Thomas and Huxley, Rachel (2016) Co-benefits of urban climate action: a framework for cities. The London School of Economics and Political Science, London, UK, London, UK.

⁸ Gouldson, A., Colenbrander, S., McAnulla, F., Sudmant, A., Kerr, N., Sakai, P., Hall, S. and Kuylenstierna, J. C. I., 2014. Exploring the Economic Case for Low-Carbon Cities.

What follows is the LSCDC's list of suggestions that we feel are pertinent to the growth of London as a leading cleantech city.

1. We need positive policy biases to drive the growth of cleantech in London. We would include:
 - a. Use of GLA group purchasing power to lead the way on cutting edge cleantech innovation being used/trialled/demonstrated.
 - b. Getting a strong low carbon strategy into the LEAP should be a priority. We lack any clarity from this direction and it is needed.
 - c. To promote cleantech, a reduction in business rates for start-ups in this domain would be a great fillip.
 - d. Support for access to affordable workspace for start-ups is great news – critical for cleantech.
2. Cleantech innovation has a strong requirement for STEM skilled staff. Currently, many EU nationals are employed to fill the UK STEM-skills shortage in start-ups. Since cleantech start-ups are preponderantly founded in London this is a challenge and an opportunity for the capital. The GLA might consider dual courses of action:
 - a. Short term action to facilitate STEM-skilled, non-UK nationals to continue to come to London and start-up or support start-up activities (in particular for cleantech).
 - b. Longer term action to support education and training in STEM skills in London.
3. The proposal to support the development of a Cleantech Innovation Cluster is key to London owning and shaping the future low-carbon economy. London is already the leading cleantech city in the UK. It develops and exports cleantech businesses to the rest of the UK (and world), but it can do this even better. The GLA might consider how the growth of such a cluster can be coupled to the growth of allied clusters in the UK and abroad. There is a role here for the GLA to:
 - a. Drive international investment in cleantech innovation to London
 - b. Enable growth of its cleantech businesses outside London through UK and global partnership.
 - c. Provide a stimulus to cleantech across the UK and a global window onto that growth through London.
 - d. Engage with National government to support a network of UK cleantech innovation clusters.

- **Integrated systems approach**

The EDS should draw upon this opportunity to provide a genuine strategy to link up all the environment, social and economic objectives for the city. There is a need to set a clearer and more ambitious vision for London as a sustainable city. A more integrated systems approach to the design, construction, operation, maintenance and through-life development of new infrastructure should be advocated for areas of major change and development.

It is considered that the EDS could do more to encourage and highlight the benefits of an integrated approach to the design of development and infrastructure in key areas of change and the importance of future proofing London's infrastructure against future change.

System-of-Systems (SoS) planning is a departure from traditional development planning methods where energy, water, waste, communications and transport systems within a

community are each planned and implemented individually. Instead, these systems are considered together, allowing planners, policy officers and developers to identify and utilize the synergies between each component. This integrated approach to system planning allows consumers and the environment to capitalise on benefits including:

1. reduced total investment cost
2. lowered resource consumption (e.g. decreased energy and water use)
3. less through-life disruption
4. improved flexibility of the community's infrastructure, allowing it to support future system evolution (i.e. "future proofing")

The LSDC also suggests that the EDS needs to highlight key projects that are emblems of joined up thinking – e.g. OPDC and the Cleantech Innovation cluster. The EDS would benefit from showcasing and championing these examples of the direction that London's sustainable economic development needs to be heading.

- **Resilience and Risk management**

The LSDC would like to see a greater focus on resilience and risk management issues in the strategy. There is little mention of potential issues that might derail or negatively affect London's future economy e.g. climate change, artificial intelligence, new technologies, changing employment practices such as the gig economy, Brexit, regulation of financial services, creating a just transition to a new economy etc.

For example, BREXIT has created an enormous amount of uncertainty across the country as to how this will unfold and the impacts it will have on both citizens and businesses. It is clear the British people did not vote for a weaker economy, worsening living standards or a less competitive environment for trade, investment and industry or a watering down of environmental protection.

The question we face is how to construct a new relationship with the EU and the wider world that best serves our national interest, and also ensures London's continued economic activity in it. We have to strike a deal that safeguards London's position as the best city in the world to do business and this includes maintaining the best possible access to the single market and retaining our ability to attract talent from Europe and around the world.

In conclusion, the LSDC also recommends that the EDS along with all the other Mayoral strategies should:

- (a) provide an overall description of how sustainability is the central organising principle of all strategies;
- (b) the strategies to be pulled back together down the line in to an integrated Strategic/Sustainable Plan for London (noting the "A City for All Londoners" was the political vision statement spawning the individual strategies);
- (c) the limits of powers in London should be made clear and a conversation started as to the new powers that London should be given;
- (d) renewed focus should be given to restructuring/improving London's governance.

Thank you again for the opportunity to comment on the Draft EDS. The commission looks forward to the opportunity to work with the EDS team and contribute further as the strategy is developed and finalised.

Yours sincerely,

A handwritten signature in black ink, appearing to read "ASinh". The letters are fluid and connected, with a small mark above the 'i'.

Ashok Sinha
Chair, London Sustainable Development Commission

Appendix 1 – LONDON SUSTAINABLE DEVELOPMENT COMMISSION

The London Sustainable Development Commission (LSDC) was established in 2002 to provide independent advice to the Mayor of London on ways to make London a sustainable, world-class city. The commission is an independent body, challenging policymakers to promote a better quality of life for all Londoners, both now and in the future, whilst also considering London's wider global impacts.

The commission is made up of individual experts from the economic, social, environmental and London governance sectors. Commissioners give their time voluntarily, promoting sustainable development, embedding sustainability into London-wide strategies, and helping make sustainability a meaningful and understandable concept for all Londoners.

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