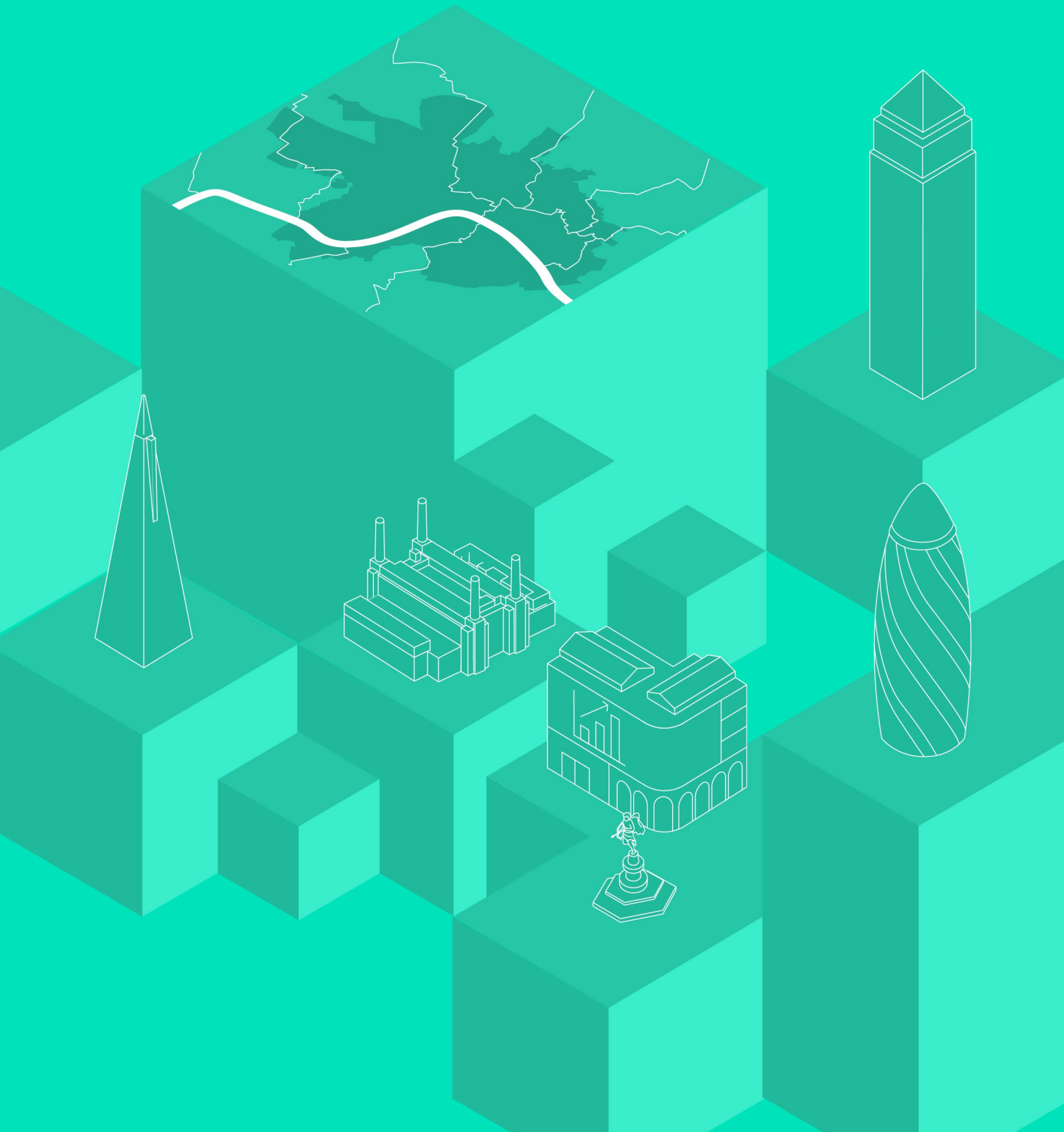


# Manifesto for Growth 2024

London Property Alliance  
**WPA** | **CPA**  
Westminster Property Association | City Property Association



# Manifesto for Growth

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London Property Alliance brings together London's leading property associations (WPA and CPA) to provide a unified voice for the leading owners, developers, investors and professional advisors of real estate across the City, West End and central London's commercial districts.

The Alliance calls on the next government to implement policies to grow the economic and social prosperity of London's Central Activities Zone (CAZ) in the interests of the capital and country, and the livelihoods dependent on its ongoing success as a global city.

## OUR FOUR KEY ASKS

# 1

### Growing the economy

Planning lies at the heart of powering economic growth across the country, particularly in London. We believe existing national planning guidelines can be quickly updated to support local decision-making. Greater clarity and certainty will in turn help drive investor confidence.

# 3

### Incentivising long-term investment

Business rates reform tied to rewarding local areas that support development, alongside additional levers to raise revenue for local improvements, is a win-win for investors and communities alike.

# 2

### Transitioning to Net Zero

Central London is one of the most sustainable places in the developed world to support economic activity thanks to its densification of activity, transport connections and the associated benefits of agglomeration. These, alongside the long-term carbon emissions of buildings, should be fully factored in when considering new development.

# 4

### Supporting London's global status

World cities require long-term strategic planning, underpinned by strong partnership, at local and national level. Resetting the national government's relationship with London to support its long-term transport and infrastructure needs will act as a catalyst for growth.

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## Our four key asks

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## 1

## Growing the economy

Planning lies at the heart of powering economic growth across the country, particularly in London. We believe existing national planning guidelines can be quickly updated to support local decision-making. Greater clarity and certainty will in turn help drive investor confidence.

## 1

Update national planning policy (National Planning Policy Framework) to provide local authorities and communities with the tools to properly assess the three enshrined objectives of sustainable development: economic, environmental and social prosperity.

## 2

Set practical planning guidance which balances the conservation of the historic environment with the need to decarbonise heritage assets and buildings within conservation areas.

## 3

Recognise the strategic importance of council planning departments by ringfencing income from planning performance agreements (PPA) and fees into planning services, supporting retention and expertise.

## 4

Tackling delays in decision-making, including at the Secretary of State level, and placing greater emphasis on the global functions of London's CAZ, should be priorities to support growth.



## 2

## Transitioning to Net Zero

Central London is one of the most sustainable places in the developed world to support economic activity thanks to its densification of activity, transport connections and the associated benefits of agglomeration. These, alongside the long-term carbon emissions of buildings, should be fully factored in when considering new development.



## 1

Adopt an approach to sustainability that protects our environment for future generations by encouraging the densification of city centres, alongside sustaining and providing additional high-quality public transport links.

## 2

Amend existing national Building Regulations to require the reporting of whole-life carbon emissions of buildings, using nationally agreed metrics.

## 3

Align UK government and GLA policies on mandatory operational energy disclosure for a consistent and comparable approach to energy performance measurement. The exchange of energy and carbon data between landlord and tenant should be mandated for all large commercial buildings.

## 4

Ensure individuals can acquire and refine the skills needed to design, develop, manage, and maintain Net Zero Carbon buildings. Adult education budgets should be used to direct funds towards practical 'green skills' development.

## 3

## Incentivising long-term investment

**Business rates reform tied to rewarding local areas that support development, alongside additional levers to raise revenue for local improvements, is a win-win for investors and communities alike.**

### 1

Ensuring more of the benefits of growth, particularly from business rates, can be re-invested locally will create a powerful incentive for long-term development and investment from which everyone can benefit.

### 2

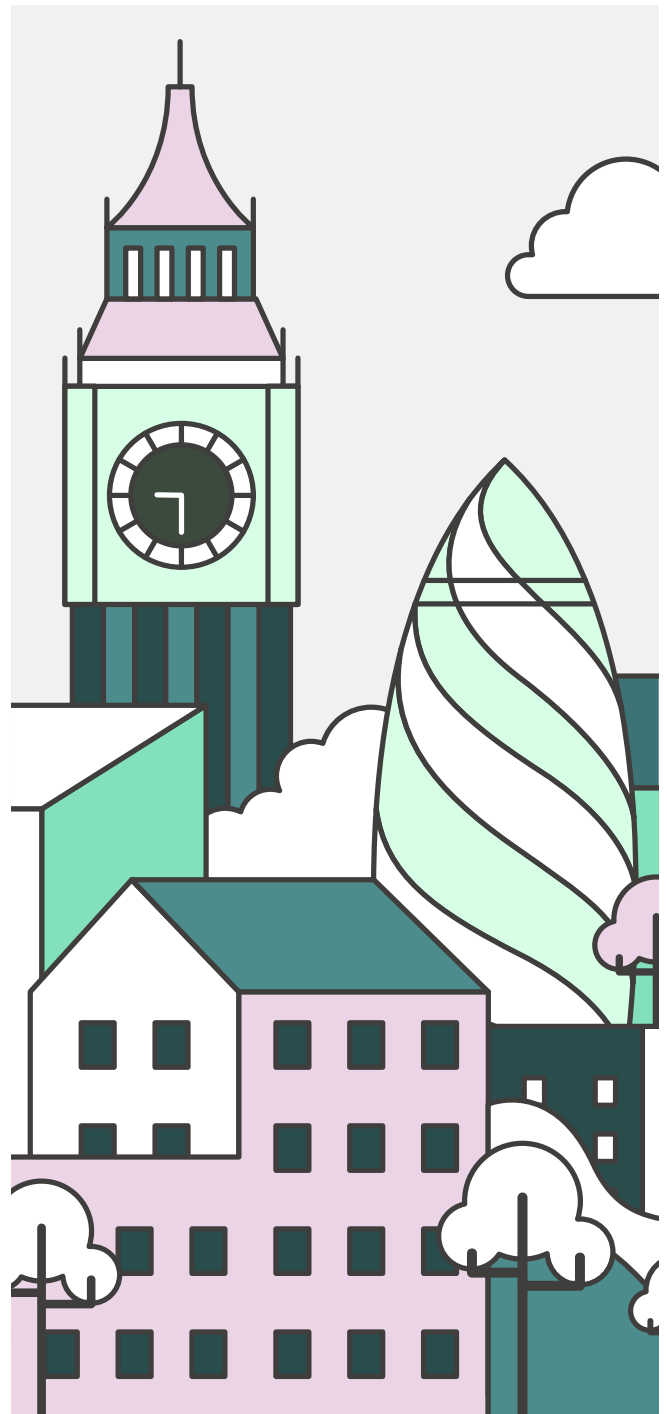
Expanding the use of Tax Increment Finance (TIF) style arrangements or Local Investment Zones (LIZs) linked to business rates growth would reward local government and private sector partners for investing in targeted improvements to the public realm.

### 3

Schemes of regional and national importance should form part of a National Transport Strategy, complementing the work of the National Infrastructure Commission and overseen by a cross-party strategic infrastructure group to drive them forward through election cycles.

### 4

Launch a rapid review of the London Finance Commission's recommendations to enable London's government to reform the taxes under its control and, for example, promote not only economic growth but a better functioning housing market.



## 4

## Supporting London's global status

World cities require long-term strategic planning, underpinned by strong partnership, at local and national level. Resetting the national government's relationship with London to support its long-term transport and infrastructure needs will act as a catalyst for growth.

## 1

A long-term funding settlement for Transport for London (TfL), finding a lasting solution for the delivery of HS2 and progressing development proposals for the Bakerloo line extension as well as Crossrail 2 should be priorities.

## 2

Prioritise improved relations with our largest trading partner, the EU, using the review of our EU-UK Trade and Co-operation Agreement scheduled for 2026 to support better access for financial and business services.

## 3

Reintroducing tax-free shopping for overseas visitors, in line with most other countries across Europe, would help to restore our competitive position as a destination for international visitors.

## 4

Devise a strategy to address the talent shortage in the life sciences market, one of the fastest-growing sectors. This includes an approach to ensuring that London remains attractive for global talent while also developing locally based talent pipelines.



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The details behind  
our asks

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## 1

## Growing the economy

Notwithstanding the impact of Covid, London's population has continued to grow. By 2025, it is estimated it will have reached 9.3 million – 1.1 million more than in 2011; an average annual increase of nearly 79,000 (Trust for London). At the same time housing completions have averaged 37,800 per annum over the last decade which is 40% or more below the 66,000 homes per annum that the Mayor considers should be built (Centre for London analysis for LPA's Global Cities Survey February 2024, GLA: London Plan, 2021). This is not only a major challenge for Londoners from a quality-of-life perspective; a lack of suitable and affordable housing is a major threat to London's success as a competitive world city. There is increasing evidence of the damaging impact the housing crisis is having on productivity and prosperity in London (Centre for Cities: *Capital losses: The role of London in the UK's Productivity Puzzle*, for EC BID, 2023). This in turn harms the UK economy as a whole.

Moreover, there is an urgent need to deliver more intermediate housing in central London. Often the workforce that services the capital's NHS, schools, theatres and restaurants does not qualify for social housing, but neither are their needs met by the market. This causes housing poverty and overcrowded properties (Dolphin Living, *Estimating the Value of Discounted Rental Accommodation for London's Squeezed Key Workers*, 2016).

The Government should use its policy levers to deliver more housing – including affordable units – across the capital. The public and private sectors should be incentivised to work more closely

together to increase the supply of homes for all Londoners. These incentives might take the form of allowing local authorities to retain more of the financial benefits associated with development.

**The LPA considers it vitally important that funding for planning departments is now ring-fenced, so that they can recruit and retain skilled staff and increase capacity for decision-making. By helping to speed up planning decisions and fairly funding planning departments, the Government will be supporting jobs and infrastructure for communities across the country. Tackling delays in decision-making (including at the Secretary of State level) is essential.**



## 2

## Transitioning to Net Zero

We fully support the UK's bold, ambitious target to cut carbon emissions to zero by 2050. With its low carbon intensity per job, central London is the most sustainable location to increase employment and economic growth in the country (Arup: *Good Growth for Central London, due to be published July 2024*; LPA in-house analysis of BRES and DESNZ data, 2024). Central London's property industry is ready to play its part in protecting our environment for future generations, not least by adopting a retrofit first approach to development where practical and viable. But planning policy, however well-intentioned, must not and cannot lead to damaging the long-term attractiveness of London as a place to work. In some CAZ boroughs, there is a real risk that major development will go elsewhere. This would lead to the economy and sustainability of central London being undermined.

Research by the LPA on the retrofit and redevelopment of 20<sup>th</sup> century buildings to deliver the UK's net zero ambitions (LPA: *Retrofit First*



*Not Retrofit Only, 2022*), as well as the challenges holding back the delivery of specialist life science research and associated workspace (LPA: *London's Knowledge Clusters: From Emerging to Maturing, 2023*), show that the under-resourcing of planning departments and a lack of national guidance especially in relation to the carbon impact of new buildings are preventing councils from making speedy, well-informed decisions to deliver the environmentally sustainable, quality workspaces required to attract and grow productive businesses.

**London and national government should acknowledge the strategically sustainable role that the central London economy performs and adopt an approach to sustainability that protects our environment for future generations by encouraging growth in city centres, including the CAZ. They must ensure that local planning policies do not inadvertently lead to a decline in investment in new, green commercial buildings.**

As noted elsewhere, we all recognise the importance of reducing the environmental impact of real estate development – especially in relation to carbon. But an overly “retrofit only” policy would be damaging to the long-term sustainability of our city centres. New buildings have a major role to play in securing the long-term future of central London's economy and sustaining the most environmentally friendly place in the country to create wealth and employment opportunities.

**Clear national guidance on how local authorities should assess the question of the whole life carbon impact of new buildings versus replacement should be a priority.**

## 3

## Incentivising long-term investment

The Alliance represents the property industry operating primarily in London's CAZ, which is home to more than 40% of Greater London's jobs (Arup: *Good Growth for Central London*, due to be published July 2024), with hundreds of thousands of people employed in the arts and creative industries; a vibrant financial and professional services sector; as well as world-leading tech and innovation sector.

London's CAZ generates more than 10% of the UK's economic output and around £5.5bn in business rates, of which over 80% was retained by the Treasury for distribution across the rest of the country. In 2022-23, local businesses in the City of London and the City of Westminster alone paid nearly £3bn in business rates, of which just approximately 94% was retained by the Treasury (analysis based on data kindly provided by Pixar Financial Consultants).

Whilst local government funding allocations for 2024-25 have provided, on average, a real increase of core spending power for councils of 4%, their overall resources remain under pressure and are as much as 15% lower in real terms compared to 2010. At the same time, London's population has increased by around 800,000 (data from London Councils). Westminster City Council has seen the largest cuts (Centre for London analysis); it is the local authority with the most significant gap between relative funding and relative need on a per person basis (IFS data).

The business rates system remains in need of significant reform. Imbalances in the taxation of different forms of retail activity need to be addressed. Policies to invigorate ground floor use of high streets in central London and up and down the country are needed urgently.

In addition to moving towards a system where there is an ambitious level of fiscal devolution of

property taxes, the Alliance considers that there are changes to the existing business rates system that should be made by an incoming government. These include annual revaluations to make business rates more reflective of market conditions and avoid "cliff edges" caused by lengthy periods between assessments. An online sales tax could also be given serious consideration.

**The London Property Alliance calls for the national Government to deliver greater fiscal devolution so that more of the benefits of growth, particularly from business rates, can be retained and invested locally. The compelling case for fiscal devolution was made by the London Finance Commission, which last reported in 2017. Since then, other cities in the UK have signed devolution deals. Now is the time for a more ambitious settlement to return powers to London government.**

To achieve Good Growth, it is imperative that a wider range of residents – of different genders, ethnicities and social backgrounds – are included in central London's highly productive and dynamic labour market, with access to affordable education and training to maximise their potential and future-proof our economy. Sustainable commercial built environment construction and renewal might need as many as 100,000 people to be recruited and upskilled to carry out work in central London alone (City of London Corporation: *Creating a Skilled Workforce for Central London's Sustainable Skyline*, 2023).

**We ask for much greater flexibility in the apprenticeship levy system so that employers have much greater discretion as to how and when they can use their levy contributions. London must also be able to attract and retain global talent and key workers. The LPA asks that the next government ensures it puts in place employment policies for construction workers to keep the capital building.**

## 4

## Supporting London's global status

Improving UK-wide transport and digital connectivity is essential for enabling regions to grow their own economies and capitalise on London's status as a global city (Centre for Cities, *International Lessons for Increasing Public Transport Ridership in UK Cities, 2023*; Business LDN, *Enhancing Digital Connectivity*, undated).

**We ask that government invests in infrastructure that 'pump primes' an inclusive economy, creating jobs and opportunities for the whole of society. This should include finding a long-term sustainable funding plan for Transport for London that has been sent from pillar to post since the start of the pandemic, a lasting solution for HS2 which has become a local and national embarrassment, and making urgent progress with the Bakerloo line extensions well as Crossrail 2, both of which will bring housing and regeneration benefits. Responsibility for suburban rail services in London and the South East should be devolved to London and regional government institutions.**

**Recognising the long procurement and delivery timetables for transport projects, the Government should take the necessary steps to move infrastructure delivery forward at pace to future-proof transport capacity for the next generation. This additional capacity is required to support the UK's continued population growth and also to accommodate a shift in transport modes in major cities away from cars.**

The visitor and entertainment sectors form an important component of London's economy. But since the UK left the EU, tax-free shopping (TFS) has largely been abolished. This has placed London at a competitive disadvantage when compared to many other world cities. It has also deprived us of the opportunity to offer TFS to EU residents.

**The government should move to reintroduce tax-free shopping or, at the very least, commission a comprehensive independent review of the evidence on how the abolition of TFS has affected the UK economy. The Alliance considers that the reintroduction of TFS would help to restore the country's competitive position as a destination for international visitors and open up a major new market opportunity with our EU neighbours.**

The long-term competitive position of London as an international centre of finance and professional services is crucial to the prosperity of the United Kingdom as a whole. These high value-adding components of the London economy are vital to the long-term success of the nation. In 2023, financial and related professional services contributed nearly £250bn to UK GVA, directly supporting 2.4 million jobs – one-third of which are in London (TheCityUK: *Key facts about UK-based financial and related professional services 2024*).

**As part of the five-yearly review of the EU-UK Trade and Co-operation Agreement scheduled for 2026, the next Government should look to secure improved access to European markets for our financial and professional services by agreeing a lasting deal on access and regulatory matters.**

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