Next-door Neighbours – collaborative working across the London boundary

Summary

London, the South East and East of England together account for just under half the UK’s economic output. Their economies and populations are highly integrated and interdependent, with commuting and supply chains binding them closely together. The three regions also share significant challenges – in meeting housing need, infrastructure for current and future growth, and providing a good quality of life for all residents.

As the new draft London Plan is published, politicians and council officers across the Wider South East are increasingly aware of the importance of collaboration in tackling shared problems. Enabling the Wider South East to meet its needs without compromising those of the rest of the UK will require stronger partnership arrangements; a clear shared understanding of evidence, challenges and opportunities; and central government support for devolution and collaborative working.
Introduction

Cities’ administrative boundaries are – almost by definition – wrong: they rarely match the extent of urbanisation, functional economic geography, or the perceptions and identities of citizens.

London is no exception. Since Greater London was established in 1965, there have been areas within the 33 boroughs that have resolutely clung to a “Kent”, “Essex” or “Surrey” identity, just as there have been towns on London’s fringes that feel far more like urban centres than county towns. The M25 and the Metropolitan Green Belt give London some spatial definition, but there are many districts surrounding the city that have more residents working in the capital than locally. At the same time, the capital's economy has become increasingly integrated with that of the rest of the Wider South East (WSE), which accounts for nearly half of the UK's economic output.1

London’s relationship with neighbouring regions has been reconfigured several times in the postwar period. The intentional policy of depopulation and economic decentralisation envisaged in the Abercrombie Plan (1943) was succeeded by a resurgence of regional planning from the mid-1960s, including the establishment of the South East Regional Planning Conference (SERPLAN)1. SERPLAN operated from 1965 till 2001, when it was wound up following the dispersal of strategic planning responsibilities between the Greater London Authority and the East of England and South East England Regional Assemblies, with Thames Gateway bringing the three regions back together.

At around the same time as the election of Ken Livingstone as Mayor of London in 2000, the capital’s population growth – which had been gradual since the mid-1980s – began to accelerate, placing more pressure on London's housing supply. The Mayor took the decision, followed by his successors to date, that London would not seek to divert growth, leapfrog the Green Belt or expand into it, but would “contribute to sustainable development by seeking to absorb the growth pressures that it generates” through a mixture of intensification and brownfield land development.2

The first London Plan, published in 2004, set a target of building 30,000 homes a year. Neither that target, nor the progressively higher targets set in subsequent years, has been met, despite a growing pipeline of approved sites. Reflecting on this persistent undersupply, the planning inspector appointed to review the 2014 alterations to the London Plan wrote:

“

“The evidence before me strongly suggests that the existing London Plan strategy will not deliver sufficient homes to meet objectively assessed need... In my view, the Mayor needs to explore options beyond the existing philosophy of the London Plan. That may, in the absence of a wider regional strategy to assess the options for growth and to plan and co-ordinate that growth, include engaging local planning authorities beyond the GLA’s boundaries in discussions regarding the evolution of our capital city.”3

In their response to the planning inspector’s report, the government was quick to quash proposals for formal cooperation. Planning Minister Brandon Lewis wrote:

“

“Authorities outside London face their own issues and challenges in meeting their own needs, which may impact on their ability to meet any of London’s unmet housing needs. This government abolished top-down Regional Strategies, which built up nothing but resentment and we have no intention of resurrecting SERPLAN or the South East Plan from the dead.”4
Local authorities in the South East and East of England are distinct and independent bodies, but they recognise their future is linked to that of London. They have mixed feelings about the capital. They acknowledge their shared interest in the economic success of the Wider South East, and the contribution made by their residents to that success. They also acknowledge their role in providing homes and infrastructure as part of the shared challenge of managing growth across the Wider South East.

However, as the Minister pointed out, the challenge of meeting housing need is a problem the South East and East of England share with London. Like London, most councils have failed to achieve targets in successive regional and local plans. This shortfall in delivery has meant they struggle to meet local need, a need which has in part been stimulated by the capital’s growth.

Many councils are also fearful that the growth of London will swamp them, destroying local distinctiveness and identity as they struggle with their own challenges in meeting housing demand and providing the infrastructure and services to support growth. Some are suspicious of their larger neighbour, sceptical about “regional planning”, and concerned that their needs may be overlooked or resources squeezed as government seeks to balance the interests of the capital with those of other major city-regions.

Nonetheless, local politicians on both sides of the M25 have seen the relationship between London and its neighbours deepen in recent years: as London has grown, its commuting reach is extending every year, as are the supply chains that bind the city-region economy together. There has been dialogue between administrations either side of the London boundary to help manage this developing relationship. Governance and partnership mechanisms have evolved in recent years: there is today a formal “Wider South East Political Steering Group” which brings together some key partners, alongside an increasing number of ad hoc partnerships. But it could be argued that formal structures do not yet reflect the strength of economic and demographic links, and have not enabled the type of city-regional devolution seen elsewhere in England.

This report, prepared jointly by Centre for London and the Southern Policy Centre, is based on desk research and interviews with politicians, officers and stakeholder organisations. It is intended to provoke debate and discussion about how to strengthen London’s partnership with its neighbours, as the new London Plan is issued for consultation. This report does not look at the relationship between the Wider South East and the rest of the UK, which is the subject of a forthcoming Centre for London research project.
Table 1. Geographies (2016)

<table>
<thead>
<tr>
<th>Area</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Greater London (residents)</td>
<td>8,800,000⁹</td>
</tr>
<tr>
<td>Greater London (daytime)</td>
<td>10,050,000⁴ (2014)</td>
</tr>
<tr>
<td>Oyster zone</td>
<td>9,400,000⁷</td>
</tr>
<tr>
<td>M25</td>
<td>9,650,000⁸</td>
</tr>
<tr>
<td>Travel-To-Work Areas (London and Slough-Heathrow)*</td>
<td>10,030,000⁸</td>
</tr>
<tr>
<td>Functional Urban Area**</td>
<td>15,000,000¹⁰</td>
</tr>
<tr>
<td>Wider South East</td>
<td>23,950,000¹¹</td>
</tr>
</tbody>
</table>

*ONS Travel-To-Work Areas are defined so that at least two-thirds of residents work in the area and two-thirds of people who work in the area also live in the area.

** The Functional Urban Area encompasses areas where at least 10 per cent of employed residents commute to a core area defined by job density.¹²

Map 1. Geographies

*10 per cent of residents commute to a core, defined by high employment density (>1813 employees per square mile)
Chapter 1
Connections and Challenges

Although Greater London was bounded by a green belt three times its size in order to prevent its expansion, the city exerts a strong influence across most of the Wider South East. Communities in Brighton, Basingstoke or Basildon may feel distinct from the capital, but their proximity to London is one of their principal defining features. Planners speak of London as a “city-region” – to describe these dense personal, social and business connections across the Wider South East. This chapter shows how these connections have multiplied and strengthened in recent years – presenting common challenges, but also opportunities to shape the future of the Wider South East.

Connections
In the last decade, London and the rest of the Wider South East have exhibited similar patterns of growth – notably higher growth in population, employment and property values than the UK average. So how is their relationship changing?

Commuting
Commuting is the most visible evidence that London has grown more connected to the rest of the Wider South East. This increased connectivity is partly thanks to rapid job growth in central London. In 2016, there were 900,000 people commuting into Greater London (a 30 per cent increase on 2004) and 300,000 making the reverse journey (a five per cent increase; see Table 2 on page 6).

This growth in commuting has matched job growth, so the proportion of commuters has remained the same: commuters hold 16 per cent of London’s jobs, and respectively 13 and 16 per cent of people living in the South East and East of England regions depend on London employment. London’s reliance on commuters is here to stay.

Commuting patterns are dominated by travel into London – but not all travel long distances, or into central London. 35 per cent of in-commuters work in Outer London, and orbital work trips have increased (although these are underestimated in the regional data in Table 2). Many Wider South East cities and towns are also major employment centres, generating commuting flows themselves, so dependencies go both ways. Indeed, the Gross Value Added (GVA) of the South East and East of England regions combined is greater than that of London.

As commuters cross the London boundary, they create large economic transfers: incomes earned in London are mostly spent outside, and vice-versa. To highlight some of these flows, we estimated the economic contribution that commuters make to the economies of Greater London, Hampshire and Surrey counties. 150,000 Hampshire and Surrey residents work in London – they represent about three per cent of London’s workforce. Using average workplace salaries, we estimate that wages earned in London by commuters from Hampshire and Surrey were worth £13bn in 2016, while the wages earned by Londoners commuting to Hampshire and Surrey totalled £5.5bn. Assuming similar average wages for those commuting into London from other counties, wages earned in London by commuters were worth £70bn in 2016.

The history of commuting across the London boundary also has deep cultural implications. Although communities inside and outside London express fears of being swallowed by London’s urbanisation, in many ways they are part of the metropolis. Maps of personal phone calls made on landlines show dense connections between communities across
the London commuter belt – partly because many Wider South East residents have family and friends in London, perhaps because they once lived there themselves: half of Brighton’s and Milton Keynes’ residents have lived in London, according to polling commissioned by Centre for London. The majority of residents polled in these cities viewed the impact of London on their local economy as positive – which was not the case in the rest of the country.

Table 2: Number and growth of main jobs by place of residence and place of work

<table>
<thead>
<tr>
<th>Type</th>
<th>Live</th>
<th>Work</th>
<th>2016</th>
<th>Change 2004-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inner London</td>
<td>Inner London</td>
<td>1,586,869</td>
<td>43%</td>
<td></td>
</tr>
<tr>
<td>Outer London</td>
<td>Inner London</td>
<td>969,650</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Inner London</td>
<td>Outer London</td>
<td>161,436</td>
<td>32%</td>
<td></td>
</tr>
<tr>
<td>Outer London</td>
<td>Outer London</td>
<td>1,316,108</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td><strong>Total internal London</strong></td>
<td></td>
<td><strong>4,034,063</strong></td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>South East</td>
<td>South East</td>
<td>3,685,456</td>
<td>6%</td>
<td></td>
</tr>
<tr>
<td>East of England</td>
<td>East of England</td>
<td>2,363,712</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td><strong>Into London</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East of England</td>
<td>Inner London</td>
<td>276,281</td>
<td>45%</td>
<td></td>
</tr>
<tr>
<td>South East</td>
<td>Inner London</td>
<td>277,885</td>
<td>37%</td>
<td></td>
</tr>
<tr>
<td>Outside London, East, South East</td>
<td>Inner London</td>
<td>54,624</td>
<td>70%</td>
<td></td>
</tr>
<tr>
<td>East of England</td>
<td>Outer London</td>
<td>106,945</td>
<td>3%</td>
<td></td>
</tr>
<tr>
<td>South East</td>
<td>Outer London</td>
<td>187,646</td>
<td>16%</td>
<td></td>
</tr>
<tr>
<td>Outside London, East, South East</td>
<td>Outer London</td>
<td>12,721</td>
<td>-7%</td>
<td></td>
</tr>
<tr>
<td><strong>Total in-commuters</strong></td>
<td></td>
<td><strong>916,102</strong></td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td><strong>Out of London</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Inner London</td>
<td>East of England</td>
<td>18,339</td>
<td>23%</td>
<td></td>
</tr>
<tr>
<td>Inner London</td>
<td>South East</td>
<td>40,354</td>
<td>41%</td>
<td></td>
</tr>
<tr>
<td>Inner London</td>
<td>Outside London, East, South East</td>
<td>18,248</td>
<td>-17%</td>
<td></td>
</tr>
<tr>
<td>Outer London</td>
<td>East of England</td>
<td>76,616</td>
<td>-2%</td>
<td></td>
</tr>
<tr>
<td>Outer London</td>
<td>South East</td>
<td>125,036</td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td>Outer London</td>
<td>Outside London, East, South East</td>
<td>26,690</td>
<td>2%</td>
<td></td>
</tr>
<tr>
<td><strong>Total out-commuters</strong></td>
<td></td>
<td><strong>305,283</strong></td>
<td>5%</td>
<td></td>
</tr>
<tr>
<td><strong>Orbital</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East of England</td>
<td>South East</td>
<td>68,733</td>
<td>36%</td>
<td></td>
</tr>
<tr>
<td>South East</td>
<td>East of England</td>
<td>49,244</td>
<td>16%</td>
<td></td>
</tr>
</tbody>
</table>

* includes Londoners commuting to other regions than South East and East of England
Business links

Live-work flows are not the only ties that bind London and its neighbours: cities and counties are also connected through leisure and shopping trips, trade, and capital movements, but these are more difficult to quantify. Estimates of inter-regional trade suggest that the South East and East of England regions together account for 40 per cent of London’s imports from the rest of the UK and half of London’s exports to the rest of the country. In a 2003-2006 Polynet study, the authors conducted interviews with 148 service firms and institutions that were part of eight knowledge-economy sectors in eight cities of South East England. Among the firms interviewed outside London, 72 per cent had links with a London office, and 58 per cent also had links with another office in South East England outside London. The analysis suggested that business interactions between branches, suppliers and clients across South East England have strengthened in the last two decades, as business service companies have opened offices in cities around London. Conversations with economic development professionals in councils on the edge of London attest to the permeability of the London boundary.
**Public services**

The users of public services also cross the London boundary. Patients living in London are seen in hospitals in Surrey or Kent (and vice-versa), and councils place social care clients in facilities in neighbouring administrative areas. Nearly 5 per cent of the school places offered by Surrey County Council for 2017-18 were to children living outside the County – many (though not all) of these will be resident in London. Similarly, 3.7 per cent of Surrey schoolchildren were offered places in neighbouring education authorities.26

London’s transport services do not stop at city limits (unlike, for example, the New York City Transit). Transport for London manages 70 bus routes across the London boundary,27 and currently runs train services outside London on five lines. Oyster cards can now be used at nearly 60 stations outside London, and that number is set to rise. And Transport for London is increasingly providing services for communities outside London – from 2019, Crossrail 1 will increase the number of people who are 45 minutes away from central London and Canary Wharf by 38 per cent, many of them outside London altogether.

Crossrail 2 plans four branches outside Greater London, and the opportunity for collaboration will be even greater if more rail operation franchises are transferred to Transport for London, as Centre for London recommended in 2016.28 This would give London government a stake in neighbouring communities, and an opportunity for all parties to plan for transport at a city-regional scale. On top of this, High-Speed Two will double morning peak arrivals at Euston and provide a new gateway into London at Old Oak Common, probably extending London’s commuter belt further north.

**Shared assets**

Some transport assets are fully regional. Most London airports are not located in London, but they serve passengers living either side of the M25: half (52 per cent) of airport passengers travelling to or from London use an airport outside London (see Table 3).

<table>
<thead>
<tr>
<th>Airport</th>
<th>% of passengers whose origin/destination is London</th>
<th>Passengers whose origin/destination is London</th>
</tr>
</thead>
<tbody>
<tr>
<td>City</td>
<td>94%</td>
<td>3,573,000</td>
</tr>
<tr>
<td>Stansted</td>
<td>88%</td>
<td>11,290,000</td>
</tr>
<tr>
<td>Heathrow</td>
<td>71%</td>
<td>25,713,000</td>
</tr>
<tr>
<td>Luton</td>
<td>69%</td>
<td>4,264,000</td>
</tr>
<tr>
<td>Gatwick</td>
<td>54%</td>
<td>16,218,000</td>
</tr>
<tr>
<td><strong>Total London-bound passengers</strong></td>
<td><strong>61,058,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Civil Aviation Authority (2015).29

Taking a broader view highlights the diversity and quality of shared amenities. Parks and open land outside the capital provide recreation opportunities, and huge environmental benefits such as biodiversity, flood control, and relief from air pollution and heat. London also offers cultural institutions, as well as a dense network of schools, universities and colleges,
complemented by surrounding cities. London’s boundaries are porous, and to many, invisible.

However, while the ties across the Wider South East have enabled economic success to be shared far beyond the M25, they have also given rise to common challenges, as the next section illustrates.

**Shared issues and opportunities**
The tight integration of London with the rest of the Wider South East means that housing markets around London have felt the heat of the capital’s growth (see Map 3): as land supply in the capital has tightened, demand for housing has “leap-frogged” the Green Belt.

**Map 3: Average house price, change from 2007/08 peak (November 2017)**

Source: Savills Research using HM Land Registry and Registers of Scotland (6 month smoothed)
Commuters help drive house price growth elsewhere, as they outbid people working locally, who are less able to afford the more expensive homes – and may be compelled in turn to move further out. Our research shows that the areas with the greatest increases in the numbers of residents commuting to London between 2002 and 2016 have also seen their housing market become less affordable for residents who work locally.30 The impacts of the housing affordability challenge are profound: housing costs push the London poverty rate from 14 to 27 per cent, the South East from 12 to 18 per cent, and East of England from 14 to 19 per cent.31

Problems with accessing housing are exacerbated by poor housebuilding rates: household growth has outpaced housing completions for several decades. Increasing housing supply has been a challenge throughout the Wider South East – especially in “affordable” housing. Because of this backlog, the challenge ahead is steeper: the assessment of housing need drafted by government, based on future population growth and current housing affordability, suggests that Wider South East local authorities will need to deliver over 150,000 homes every year of the next decade – 59 per cent of England’s assessed housing need (see Table 4). The Mayor of London’s draft London Plan sets a target of 65,000.

Table 4: Assessed housing need and average completions (dwellings per annum)

<table>
<thead>
<tr>
<th></th>
<th>Average supply (net additional dwellings) between 2007-08 and 2016-1733</th>
<th>Draft indicative government-assessed housing need 2016-2026</th>
</tr>
</thead>
<tbody>
<tr>
<td>East of England</td>
<td>20,386</td>
<td>35,259</td>
</tr>
<tr>
<td>London</td>
<td>28,102</td>
<td>72,407</td>
</tr>
<tr>
<td>South East</td>
<td>26,205</td>
<td>48,183</td>
</tr>
<tr>
<td>Total Wider South East</td>
<td>74,694</td>
<td>155,849</td>
</tr>
<tr>
<td>Rest of England</td>
<td>94,644</td>
<td>110,087</td>
</tr>
</tbody>
</table>

*where provided
Source: DCLG (14th September 2017).34

Local authorities throughout the Wider South East are also struggling to fund transport, environmental and social infrastructure – needed not only to accommodate growth sustainably and mitigate the effects of climate change, but also to improve the life chances of their deprived residents. Many Wider South East residents do not share in its prosperity: in 43 local authorities (most of them on the edge of the Wider South East), median weekly pay for employee jobs was below the UK average in 2016.35

Essex, Kent, West Sussex and Surrey are facing infrastructure funding shortages ranging from 30 per cent (Kent) to 60 per cent (Surrey) – totalling £10bn by the 2030s.36 In London, Crossrail 2 was budgeted at £30bn in 2014 prices, and only made up a small proportion of the infrastructure funding gap estimated in Mayor Johnson’s London Infrastructure Plan 2050.37

Central government still allocates most local funding, including that for infrastructure, and decides on projects with regional implications, such as airport capacity or rail investment.38 However, government has been slow to move on several major infrastructure projects, calling into question its willingness to provide political leadership for the Wider South East – but also opening up opportunities for Wider South East authorities to take on that role.

On top of this, Brexit – and especially leaving the Single Market – will...
be a greater shock to the Wider South East economy, which is more reliant on service trade and EU migration than the rest of the UK. 39

London and its neighbours are facing common challenges in managing the city-region’s growth – challenges that can pit communities against each other. The next section looks at how these challenges are perceived by local authorities from either side of the M25, the relationships they are forging, and the areas where cooperative working is most needed.

Chapter 2
Perceptions, Collaboration and Partnerships

Background
Centre for London and the Southern Policy Centre interviewed 20 officers and elected members from councils and representative bodies to understand their perceptions of the relationships and partnerships that operate across London’s administrative boundary. A full list of organisations we met with is acknowledged at the end of the report. This chapter summarises those interviews.

Perceptions of Cross-Boundary Relationships
All those we spoke to recognised that the Wider South East is growing, and agreed that growth must be managed collectively. The GLA say they are taking collaboration with their neighbours “far more seriously than before”, recognising the challenge of accommodating the city’s growth.

County and district councils outside London face the same challenges in managing growth. Most acknowledge and accept that the impact of London’s growth needs to be part of their thinking, and will play their part in accommodating the necessary housing, business space and infrastructure. However, some are more cautious about what they see as providing for “London’s overspill”.

Shire councils recognise services don’t stop at administrative boundaries, and that the public do not expect the boundary to be a barrier. They also recognise the benefits of being next to London: statements that “there are more upsides than downsides in being near to London” (a non-London officer) or “being next to London makes [our county] what it is” (a non-London member) reflect a generally positive attitude. Many see economic opportunities in their proximity to the capital. Some even see themselves as part of London as a world city – “London wouldn’t be a global city without its hinterland – it’s more than the sum of its parts” (a non-London officer).

However, some communities immediately adjacent to the capital fear that they may be overwhelmed by development as London grows. That perception often leads to local political opposition to development, a desire to “hold back” the growth of London. Political nervousness of their big neighbour may be the reason for what some characterised as a tense relationship, described by one non-London officer as being a “love-hate relationship”.

Those in London boroughs and the GLA acknowledge the importance of people, infrastructure and services in their neighbouring counties and districts, to the capital and its economy. They are committed to co-operation, recognising it as an essential part of planning for growth. They also see a challenge in dealing with the diversity of views across county and district councils – some seeking growth, others resisting
change – and recognise it can be difficult to get a consistent view from all their neighbours.

On one point there was universal agreement. All interviewees spoke of an emerging recognition by political leaders on both sides of the boundary that the challenges facing the Wider South East cannot be solved by WSE councils alone, and that failure to solve them will be to everyone’s disadvantage.

**Existing Cross-Boundary Relationships**

Since the demise of SERPLAN there has been no strong tradition of formal liaison across the London boundary. Most cross-boundary relationships tend to be ad hoc, driven by specific issues or particular projects. Informal relationships can often be the trigger for more formal collaboration, but few interviewees felt that such relationships were widespread. One London borough officer said they knew their opposite numbers on the other side of the capital better than their neighbouring county or district colleagues. A non-London officer said “I have more contact with the American embassy than any London borough or the GLA”.

However, there are also many instances of good practice. Many mentioned the Heathrow Partnership as an example of working effectively across the London boundary. The London-Stansted-Cambridge Consortium is a voluntary grouping of London boroughs and other non-London councils with a shared commitment to support business and infrastructure investment. They have proved an effective partnership in driving collaborative working. A number of other examples of bi- or tri-lateral relationships between councils either side of the London boundary were mentioned.

Also mentioned were initiatives such as the developing relationship between the regional transport body – Transport for the South East – and Transport for London, as well as the shared work programme on infrastructure and other strategic matters under consideration by the GLA and Essex County Council. A joint letter to ministers by boroughs, counties and districts advocating for Crossrail 2 was also cited. These individual examples were suggested as offering a base to build on: several interviewees saw small area- or topic-based partnerships as the building blocks of a more substantive strategic relationship.

Those working in economic development see the boundary as far less of a barrier. Businesses move staff and supplies seamlessly across it, often occupying multiple sites inside and outside of the capital. Some felt there is a better cross-boundary dialogue on inward investment, brokered by the Department for International Trade. Enterprise M3 LEP have identified their relationship with London as a key issue in the refresh of their Strategic Economic Plan. However, one interviewee thought that the economic development strategies of some non-London councils were still catching up with this broader perspective, and were too often based on a narrow, local sense of place or “brand”.

The position was succinctly expressed by one London interviewee, recognising that strategic collaboration across London’s boundary is important, but that it “is nobody’s official day job – and the risk of failure is high since there are so many players”. Without clear responsibility and accountability, and without sufficient incentive, it may be difficult to move beyond the ad hoc to the strategic.

**The Wider South East Political Steering Group**

The only current forum for dialogue between London and its neighbours that seeks to be inclusive of all councils in and around London is the Wider South East Political Steering Group (WSE Group). It is a voluntary grouping established to improve collaboration, as recommended by the
Outer London Commission. It comprises representatives from the GLA and London Councils (who share five seats), East of England Local Government Association (five seats) and South East England Councils (SEEC – five seats). The WSE Group meets three or four times a year and is supported by a “technical” Officer Group. They hold an annual Summit, which is open to all council leaders and LEPs.

Those involved see the WSE Group as providing opportunities for creating greater understanding, sharing data and building trust amongst elected members. It also offers the opportunity for London and her neighbours to make unified, constructive representations to ministers on matters of shared interest and concern. Many recognised that it has built good relationships and facilitated useful debate and dialogue in a relatively short period of time. However, they also recognise that building those relationships is a slow business, and that not all councils inside or outside the capital take part – indeed some outside London are actively opposed, seeing it as a move to recreate a regional body sitting above local councils. It is proceeding as what one interviewee described as a “coalition of the willing”.

The WSE Group is a relatively new body, and is still building the political trust amongst its members so important to closer collaboration. Because some councils inside and outside London are unwilling to engage, it is not always easy for the WSE Group to offer a fully representative view. Participation can be complex for SEEC and the East of England LGA since their members immediately adjacent to London will place more importance on their relationship with the capital, whilst others may question the level of resources that should be devoted to that dialogue.

Furthermore, some interviewees were not aware of the WSE Group, and others did not appreciate its role. There is clearly still a job to be done in raising awareness and establishing effective communication mechanisms. The Group also suffers from a disparity in the resources available to each partner: SEEC, for example, is less well resourced than London Councils (let alone the GLA), and depends more on the voluntary contributions of its members.

Shared Visions and Joint Planning

There are many different facets to collaboration. As London and surrounding areas deal with their growth, local authorities will need to work together to deliver effective transport systems, provide the housing and community facilities the city region needs, support economic growth, and protect the local environment.

The spatial planning process is the mechanism by which councils can identify and accommodate such needs. Responsibilities for strategic spatial planning across the Wider South East are fragmented, with the GLA being required to produce a London-wide spatial development strategy (the “London Plan”), while boroughs and councils outside London prepare local plans. The government’s consultation in September 2017 on a methodology for determining housing need shows an awareness of the need for a common evidence base for local plans, though the method used to assess need was controversial.

Mayor Sadiq Khan’s draft London Plan was published in late November 2017, following a full review. While undertaking this review, the GLA sought to engage with county and district councils, particularly on housing and infrastructure. The Plan’s review has been a regular agenda item for the WSE Group. County and district councils have welcomed this willingness to engage, although some question whether it is “too little, too late”, asking whether their comments had been sought early enough in the process to make a difference. One officer working outside London suggested: “Dialogue is more reactive – they tell us what they want.” The GLA is
also aware that effective engagement is difficult and patchy, with some councils more willing than others to get involved.

Whilst it is only one facet of the relationship between London and her neighbours, the new London Plan has become for many outside the capital a litmus test of the GLA’s approach to engagement. They will be looking closely to see how their comments are taken into account. That cuts both ways: for the GLA, the new London Plan is a test of the attitude of county and district councils to the capital and their role in its growth. They will be looking for a willingness to cooperate to realise a shared future.

Case Studies

London’s competitors are also thinking of different ways to plan for growth and collaborate across administrative boundaries. These case studies give two examples of cross-boundary collaboration in other global city-regions.

Métropole du Grand Paris

Paris Ile-de-France, the Paris city-region – with its 1,267 communes, directly elected mayors and planning departments – is in some ways more fragmented than the Wider South East. In the last ten years, governments have seen this as a barrier to building a more competitive and inclusive city and country, seeking to address these challenges through heavy transport investment – a €35bn orbital rail scheme42 – and by setting up a Greater Paris government, the Métropole du Grand Paris (MGP).

The MGP’s establishment reveals government struggles to find both a geography and an authority suited for Greater Paris. It was designed as a council and executive authority for the densely built core of the region – the City of Paris and the surrounding 130 communes, together making up 7 million residents and 25 per cent of France’s GDP. The French government established the MGP as a weak body in 2016, but scheduled an incremental transfer of powers and resources from other local government tiers, and a direct election from 2020.

However, the reform is challenged by some of the existing local government tiers, who have little incentive to transfer resources to a weak institution. The Région Ile-de-France – a directly elected authority with powers over strategic planning, transport and economic development – sees itself as a more appropriate structure for a Greater Paris government, since it matches the functional urban area well.43 They also note that the MGP has a low profile, because it was set up without community engagement or a strong executive.

Some, including Macron, consider the Région too large to represent urban interests,44 others argue that collaborative working takes time, and that the new MGP structure may strengthen collaboration in the inner core as communes fulfil a new duty to produce joint development plans.

But President Macron has already signalled to local authorities his willingness to make further changes:

The Greater Paris idea deserves better than what we collectively did of it […] If we want Greater Paris to compete successfully on the international stage, if we want to produce wealth, to then spread it harmoniously across the country, we need to drastically simplify its structures.45

The MGP experiment may be short-lived, but it shows that national government sees cross-boundary collaboration as decisive to the future of Paris and France; it also demonstrates the importance of securing local government support.

Greater Sydney Commission

The government of New South Wales, Australia, has taken promising steps to address the challenge of planning for growth in Greater Sydney.

While there have been state-led strategies for the Sydney city-region, Greater Sydney has lacked an overarching strategy endorsed by local government at a time of renewed and sprawling growth. In 2014, there was cross-party support for a structure that would improve collaboration between transport and planning state departments and three tiers of local government – and enable the city-region to achieve the state’s sustainable development goals.46

Legislation passed in 2015 set up an independent state agency – the Greater Sydney Commission (GSC) – which was asked to prepare a draft strategic plan for Greater Sydney. The commissioners were shortlisted by local government and selected by the state minister. The Act specified that the Commission should promote housing supply and sustainable development, integrate the state infrastructure strategy with land-use planning, and engage local government and civil society. The order also defines a geography for Greater Sydney.47

The Commission published its draft plan – a metropolis of three cities – in October 2017, and has been commended for its ambitious objectives and exemplary engagement by the city’s think tank, the Committee for Sydney. The
document outlines a 20-year plan and 40-year vision to strengthen the city’s global profile, improve connections within the city-region, and rebalance growth and employment opportunities across Greater Sydney. The draft plan is also underpinned by strong metrics such as affordable rental housing targets and the concept of the “30-minute city”. The Commission is also promoting “collaboration areas” in the districts expected to accommodate the fastest growth. So far, these have been set up as working groups led by local government, bringing together state agencies and large institutions such as hospitals, universities or airports, in order to agree on a set of objectives – “a place strategy” – and to identify the infrastructure needed to shape growth.

The draft plan is not currently policy. If it is adopted by state government, the plan will also be delivered and monitored in partnership with the GSC.

Conclusions and Recommendations

The London City Region

London is a global city. Its reach and influence depends on an economy and a population that is not limited to the London boroughs. Major transport infrastructure and business centres lie across the Wider South East. Business transactions and supply chains cross the city’s administrative boundary, people cross it (in both directions) to travel to work, visit family and friends, or for leisure and recreation. As one interviewee said: “London wouldn’t be a global city without its hinterland.”

All local administrations answer first to their own electorate. However, local and city government in London and beyond recognise they must collaborate if they are to plan successfully for growth and maintain the economic success they all share in, whilst also protecting and enhancing citizens’ quality of life and their own distinct identities. They also recognise the need to speak to ministers with a unified voice, in order to balance the increasingly effective lobby for support, powers and responsibilities from city regions such as Greater Manchester or the West Midlands.

The relationship is recognised as important, but can be nervous and fragile. There is some political mistrust, driven in part by nervousness from some suburban and rural communities about being “swallowed up” by London, but also by a legacy of historic disagreements on strategic planning. Both London and Shire local government can too easily look inwards, and give cross-boundary working a relatively low priority. That fragility may lead to needless confrontation – challenging a neighbour’s Local Plan, for example – and missed opportunities, such as the lack of support for growing the London Overground network.

A Shared Vision

At the heart of any effective collaboration lies a sense of shared purpose, a shared vision for a common future. This provides a template for managing growth together and an important tool for securing government support and resources in the face of growing competition from Mayor-led combined authorities. The current lack of a shared picture of the future may help explain the tension in the cross-boundary relationship.
That vision should be a clear declaration of how those involved see the future, rooted in consistent evidence and a shared understanding of the Wider South East’s challenges. The London Plan and neighbouring districts’ Local plans are important documents, as are transport strategies and the many other plans and strategies prepared by local authorities. They provide a good starting point, and the work done to date as part of the review of the London Plan will be particularly valuable. But a holistic picture for the growth of the Wider South East can provide a context for all those documents.

**Recommendation 1:** London and its neighbouring regions should develop a vision for the future, a shared understanding of the challenges they face in sustainably accommodating growth, and a strategy for joint action, using the London Plan consultation process to frame this understanding. This should guide a more integrated approach to meeting the housing, infrastructure and economic investment needs of the area.

**Collaboration and cooperation**

In producing their spatial strategies, local authorities either side of the London boundary already have an obligation to work with their neighbours. The GLA is required to “consult and inform” neighbouring areas in the preparation of the London Plan, whilst Local Planning Authorities must “cooperate” with their neighbours. The GLA’s approach to the review of the London Plan shows they take their duties seriously, as do many of the Local Planning Authorities on the London boundary. Whilst there is much good practice, not all have confidence in what has been done to date, and some local plans have been rejected by the Planning Inspectorate on the basis of failure to fulfil the “Duty to Cooperate”. There is still work to be done to ensure that consultation is thorough and credible with all, based on shared assumptions and projections where possible.

Collaboration, cooperation and partnership are inevitably fraught processes and need to be managed carefully. London and its neighbours need to decide what sort of cross-boundary governance mechanism can overcome existing tensions and promote joint working. They need to consider whether the current voluntary approach is sufficient to shape and drive forward a shared vision for the future, or whether a more robust mechanism is necessary to facilitate a mature strategic dialogue across their whole geography, and to provide a coherent voice with which to articulate their shared interests.

At present most cross-boundary collaboration is localised, carrying the risk that dialogue is patchy and inconsistent. Strategic liaison through the WSE Group is still at an early stage, has yet to establish the political trust and mutual confidence needed to shape a shared vision, and does not include other stakeholders such as LEPs or the emerging regional transport bodies. The Group should nevertheless be the nucleus of a more robust governance mechanism, and should seek to secure buy-in from all those in the Wider South East – though members may need to refine that geography over time.

The WSE Group recognises it is still evolving. If it is to continue to be credible and effective it needs to review its remit, membership, communications and support arrangements, whilst acknowledging a widespread desire to avoid creating an unwieldy, un-democratic bureaucracy.
Recommendation 2: The WSE Group, along with other key stakeholders such as LEPs and other partnerships, should explore how best they can strengthen the Wider South East strategic partnership as a forum for dialogue and a vehicle for articulating shared interests and a shared vision. They should consider, inter alia, the geographic scope of that partnership, its membership, and arrangements for its governance.

The View from Whitehall

Central government has in the past recognised the importance of a sub-national perspective in guiding growth. Since the mid-1990s, successive administrations have pursued various models for devolution of funding, powers and responsibilities to countries, regions and cities within the UK: indeed, the London mayoralty and GLA were created at the beginning of this process. More recent moves for devolution outside London have been based on combined authorities, which generally cover a number of closely linked administrative areas. Most combined authorities are city regions of national or even international importance, though only one has been established in the Wider South East to date, and the legislation specifically excludes London boroughs from forming them.

Local and national politicians may wish to consider the case for forming combined authorities in the long term. But these should not be a prerequisite for the government to recognise the importance of a coherent view of policymaking across the Wider South East (the 2017 Budget made a welcome acknowledgement of the importance of “strategic and zonal planning approaches” to meeting the region’s housing need). Rather, it is for ministers to consider how best to manage their dialogue with London and its neighbours.

Recommendation 3: The government should recognise the need to address the Wider South East challenges comprehensively; consider how best to gauge the impact of policies on the region; and take steps to support the Wider South East vision – potentially through replacing the Minister for London with a new senior portfolio charged with taking an overview of the Wider South East.

Funding and Finance

England’s local government funding regime is heavily centralised, and limits the opportunity for the GLA, London boroughs, counties and districts to invest jointly in growth and infrastructure. Need-based formulas and bidding processes do not encourage collaboration, and it can be hard to fund projects that straddle borough or LEP boundaries.

There are also different governance systems in place in London and the Wider South East, with a different financial regime and more extensive devolution – including full business rates retention from 2018/19 – within the capital. More extensive devolution, as recommended by the London Finance Commission, could unlock more capacity for investment, growth and partnership across the Wider South East, without diverting funding from other areas of the UK.

There are also examples of a more flexible, area-wide approach to funding. Combined authorities have taken a holistic view of the need for investment in skills and infrastructure, unconstrained by administrative boundaries, and Transport for the South East is a promising collaboration. Allocations are made on a more strategic basis to reflect the whole area’s needs, with the added advantage of having local control over spending priorities. There is no mechanism to encourage or support such strategic investment in the Wider South East.
London and the rest of the Wider South East are the heart of the UK economy. As their economies and populations grow, and the challenges of Brexit loom, shared objectives and integrated action are needed to enable growth, enhance prosperity and support other UK regions. Consultation on the 2017 Draft London Plan creates an opportunity and a platform to strengthen joint working, and to work towards a genuinely strategic partnership.

**Recommendation 4:** The government should consider how national infrastructure decisions, the local government finance system and other funding mechanisms can take better account of the needs of the Wider South East. This should include a consideration of how to support joint bids for infrastructure funding to meet current and future needs.
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Endnotes

i. In this report we have adopted a geography that considers London together with the former South East and East of England administrative regions as the Wider South East.

ii. The Polynet study used a larger geography than the Wider South East.


7. Centre for London estimations.


11. See note 6.


20. Southern Policy Centre research.


26. Surrey County Council data.


30. Southern Policy Centre research.


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