

# CORE VALUES: THE FUTURE OF CENTRAL LONDON

*Jack Brown, Sara Gariban,  
Erica Belcher and Mario  
Washington-Ihieme*

Central London is a global economic hub that punches way above its geographic weight, generating 10 per cent of UK economic output within an area that covers just 0.01 per cent of its landmass.

But central London is many things to many people. Its population is growing even faster than its economy, and its world-class attractions and business centres are attracting growing numbers of tourists, workers and students. Whilst this diversity of purpose and user groups is a key part of central London's appeal, growth can also bring challenges.

This report looks at the recent past, present and future of central London, asking what challenges it is likely to face, and how to ensure the best possible future for this vital district.

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# Summary

Central London is a global economic hub that punches way above its geographic weight, generating 10 per cent of the UK's economic output and attracting millions of tourists, workers and students. In addition, a growing number of Londoners live in the area – and while this diversity is a key part of central London's appeal, it also comes with some significant challenges.

This report focuses primarily on the Central Activities Zone (CAZ) and its satellite at the Northern Isle of Dogs (NIOd), looking at their recent past, current challenges, and possible futures. It then makes recommendations on how we can help ensure that London's renowned centre continues to succeed as a place to live, work and visit.

### Central London is the heart of London's economy...

- Despite covering just 2.19 per cent of Greater London, the CAZ and NIOd are responsible for 45 per cent of the capital's total Gross Value Added (GVA), 40 per cent of London's total employment, and a quarter of London's total businesses.
- The CAZ/NIOd also plays an outsized role in the UK economy, housing five per cent of the UK's businesses, seven per cent of the nation's employment, and 10 per cent of national GVA within a physical area that covers just 0.01 per cent of the UK.
- The district is also home to world-class clusters of business specialisms across a wide range of sectors, hosting 86 per cent of London's total finance and insurance jobs, 61 per cent of the capital's professional, scientific and technical employment, and over half of its information and communication jobs.
- Previous Centre for London research has demonstrated the extent to which taxes raised in London are vital in paying for public services elsewhere in nation,<sup>1</sup> and that the capital plays a 'world city' role as a hub for head offices of multinational corporations that competes with other 'world cities', rather than those across the UK.<sup>2</sup>

### ... and it is seeing rapid growth in jobs, residents and visitors.

- Employment in the CAZ/NIOd grew by an average of two per cent annually between 2011 and 2018 – but the district’s population grew at twice that rate.
- Central London’s population swells by as much as 80 per cent each day, as commuters, tourists and other visitors join the capital’s residents in an increasingly busy city centre.
- Numbers of commuters have grown, and tourist numbers are forecast to grow substantially in the coming years.

### Poverty and wealth live side by side in the CAZ...

- If the CAZ/NIOd were a local authority in its own right, it would have the third-highest average house prices in the capital.
- However, 37 per cent of dwellings in the CAZ10 boroughs are local authority homes (compared to 8 per cent in London’s other 23 boroughs) – and despite progress in recent years the CAZ/NIOd still contains some of the most deprived neighbourhoods in the country.

### ... and there is a gap in terms of middle-income Londoners and long-term residents.

- Central London suffers from a lack of intermediate housing, and risks becoming a place increasingly divided between affluent residents and small pockets of social housing tenants.
- Stable, long-term communities play an important “stewardship” role in ensuring that city centres thrive. However, the number of single-person households, short-term residents and young adults living in the CAZ is higher than the London averages, suggesting that the affluent parts of its population are more transient than in the rest of the capital.

## Employer needs and employment patterns are evolving...

- The geography of employment is not static, with new clusters emerging around areas of significant redevelopment and renewal, and a “remixing” of sectors in London, with employment growth across the city centre and outside traditional clusters.
- Office space needs are also changing: employers are moving towards flexible workspaces (which trebled in floorspace between 2007 and 2018) and an emphasis on blended work and lifestyle space.
- An increasing number of workers now commute to their main workplace in central London from elsewhere (rising from 1.4 million in 2007 to 2 million in 2018).

## ... but growing numbers of workers and tourists can put a strain on infrastructure – and on relations with residents.

- Whilst there has been a marked increase in the number of commuters, growth has mostly been accommodated outside of peak hours. This reflects changing working patterns, but also suggests that public transport overcrowding and long commutes into the centre of the city are having an impact.
- While the opening of Crossrail will increase capacity on the network, the sheer number of commuters is likely to put a strain on infrastructure and services.
- Tourists and night-time visitors can also create pressures. While these groups contribute to the district’s economy and vibrancy, there are also pressures related to antisocial behaviour, additional policing requirements, and housing supply.
- Other areas of tension range from pedestrianisation schemes to the management of night-time deliveries.

## Challenges for the CAZ include pressures on space...

- Market forces have incentivised residential development over commercial in recent years, though falling residential values are bringing commercial development back to the fore.
- Despite this recent turnaround, office space availability is tight and the development pipeline remains limited.
- The online marketplace for visitor accommodation has also been growing rapidly, with Airbnb listings quadrupling between 2015 and 2018. Listings in central London boroughs are much more likely to be for whole properties rather than single rooms, thereby taking property away from long-term residential occupation.

## ... as well as issues around environmental quality, inclusive growth and complex governance.

- Air quality, congestion and antisocial behaviour have an impact on residents, workers and tourists alike.
- Local entrepreneurs have trouble finding affordable workspaces, and local shops and other amenities can be squeezed.
- The CAZ contains parts of 10 boroughs which each have different policy frameworks, (alongside joint working through partnerships such as Central London Forward).
- Policy positions (from housing targets to the management of services) can still vary between boroughs; developers and employers report finding it easier to work with some boroughs than others in the city centre.

## Recommendations

In order to ensure that central London continues to thrive as the economic hub and the heartland of national life, its elected authorities, and community and business leaders must come together to plan for a future based on four key principles:

- **Embrace change.** The combination of continued growth and changing requirements means that change is inevitable in the capital's historic core – if not always easy. A flexible, innovative approach to the use of limited space is essential.
- **Think strategically.** A shared vision and co-ordinated action across the CAZ and NIOd is needed in order to ensure that the area's population growth produces stable, long-term communities; that employment growth continues; and that rising numbers of visitors can be welcomed.
- **Ensure all voices are heard.** Given the unusual and particular stakeholder mix in the CAZ/NIOd, an ever more collaborative culture must be nurtured between London-wide government, local authorities, employers and residents.
- **Convince central government to invest and devolve.** Central government remains in charge of a great deal of central London life, and the success of central London remains essential to the success of the nation. Central London's user groups must work together to make the case for central London, to advocate for more control over the district's fate and finances in the long term – and for more investment from central government to ensure its continued success.

This report also makes three key recommendations on how to apply these principles, with the extent of implementation depending upon feasibility and practicality:

1. **The CAZ10 boroughs, Greater London Authority (GLA) and central London's Business Improvement Districts (BIDs) must work increasingly closely together to develop a clear CAZ/NIoD-wide strategy** – from working together to revise the GLA's strategic guidance for the district, to forming a joint committee to implement and monitor change at a cross-CAZ/ NIoD level.
2. **These groups must also consider ways to strengthen the role of other central London user groups in forming future plans for the CAZ/NIoD.** This could include enhancing the involvement of central London's BIDs and neighbourhood forums in plan-making; improving transparency in S106/CIL payments; and considering ways for users other than residents and employers to contribute to the district's upkeep and improvement.
3. **All groups must make the case for central London, advocating to central government for more devolution in the long term and for investment in the meantime.** Increased joint working will provide the opportunity to speak with a united "central London" voice.



**1.**

# Central London today

## Central London today

Central London plays many simultaneous roles in the city, and matters to a wide range of different user groups. It is a home for thousands of Londoners, a workplace for many more, and a national and international tourist destination. Central London also hosts world-class clusters of business specialisms across a wide range of sectors; thriving retail districts; numerous national cultural and tourist attractions; heritage sites and bustling nightlife hotspots; world-renowned universities; parks and green spaces; national and city-wide government; and the monarchy.

This incredible diversity of function is what makes London's city centre so successful and special. Its economic role is multifaceted and its attractions are numerous. The district's clusters of innovation and highly productive economic activity are hugely important to both national and citywide economies. Both nation and city are governed primarily from central London, making it a centre for moments of national unity as well as protest and disorder. Much of national and international importance occurs here, and yet for many it is simply home.

Balancing the needs of these various user groups with the international, national and local roles of central London is essential. However, as these interests are sometimes complementary and sometimes clashing, this is often a challenge. This report looks at the recent past, current trends, and likely future of London's city centre, and asks what should be done to ensure that this vital district not only survives, but thrives.

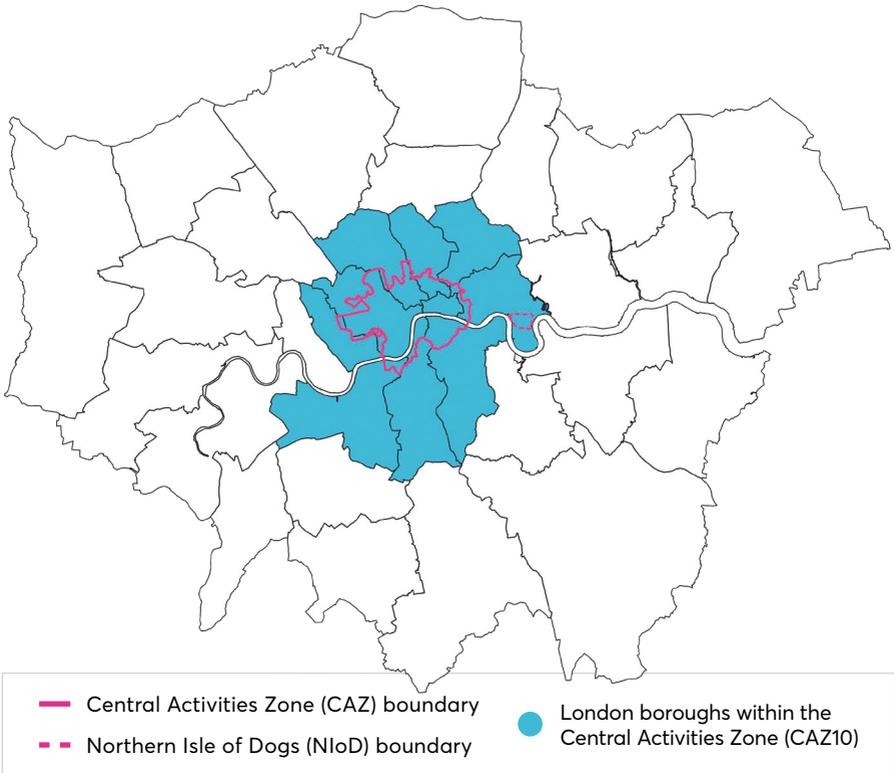
## **Defining central London**

Defining London's city centre is difficult. Unlike some world cities, London remains primarily the result of thousands of years of often unplanned growth. It does not have a disciplined grid structure, or particularly organised zones of activity. There are surely as many different views on what constitutes "central London" as there are residents and visitors to the district: is it London Underground Zone 1? The West End and the City? Or the area within a specific distance of the statue of Charles I at Charing Cross – the historic "centre of London"?

The Central Activities Zone (CAZ) as defined in the London Plan – alongside its "satellite" at the northern part of the Isle of Dogs (NIoD) – has been chosen as the focus of this report, though many of its findings will apply equally to other conceptions of "central London". Pictured in Figure 1, its asymmetric, messy shape represents an attempt to draw a line around the part of the city centre that houses London's strategic functions (including its central business districts) and various institutions, organisations and attractions of national significance. Its boundaries are imperfect and porous, with CAZ-like activity found in smaller clusters elsewhere nearby and across London, and it contains many localities of extremely varying character and purpose within it. The most recent draft London Plan even identified Stratford and Old Oak Park Royal as potential "reserve locations for CAZ functions." That said, the CAZ/NIoD have remained the focus of business growth (as policy intends), and its diverse places share a balance between commercial and residential uses that distinguishes them from the rest of the capital.

Ten London local authorities include a part of the CAZ/NIoD. The City of London is alone in being entirely contained within the CAZ/NIoD; the other boroughs contain areas outside the district, and in many cases, these areas are extremely different to the part of the borough that lies within the CAZ/NIoD. For example, Camden's portion of the CAZ contains King's Cross and parts of the West End, but the borough also comprises Hampstead and Highgate; similarly, the borough of Southwark covers London Bridge and Elephant & Castle, but also includes Dulwich Village and Peckham Rye. On occasions where data is available only at a borough-wide level, this report will refer to these boroughs as the "CAZ10". "Central London" is sometimes used to make wider observations about the area without drawing a precise boundary.

**Figure 1: Defining central London**



### **Constant change**

As recently as the 1980s, the population of London's city centre was in decline.<sup>3</sup> Today, however, its population is growing once again, alongside a strong economy, and substantial redevelopments are underway from King's Cross to Nine Elms. London's population growth is putting increasing pressure on housing, and the citywide challenge of ensuring affordability is particularly acute in the city centre. More and more people are working in central London, with an evolving mix of specialisms and workspaces. Crossrail is set to dramatically increase transport capacity but the status of Crossrail 2 remains uncertain, and more tourists are expected in the coming years.

The district has managed to adapt to major shifts in use at several stages in its history. But central London's past resilience does not automatically guarantee its continued adaptability to technologically driven changes such as the automation of city centre jobs and the advent of short-term residential lettings. The sectoral makeup and scale of businesses in the district are changing, with a related transformation of office space; and land in the city centre remains both precious and finite.

Despite the number of employees greatly outstripping the number of residents in the Central Activities Zone and the Northern Isle of Dogs (CAZ/NIoD), central London retains an impressive mix of uses. There is a widespread consensus that a city centre that balances the interests and needs of residents, businesses and visitors is desirable. Research by Arup has highlighted the importance of the "stewardship role" played by local residents in ensuring thriving commercial and retail districts in successful city centres around the world.<sup>4</sup>

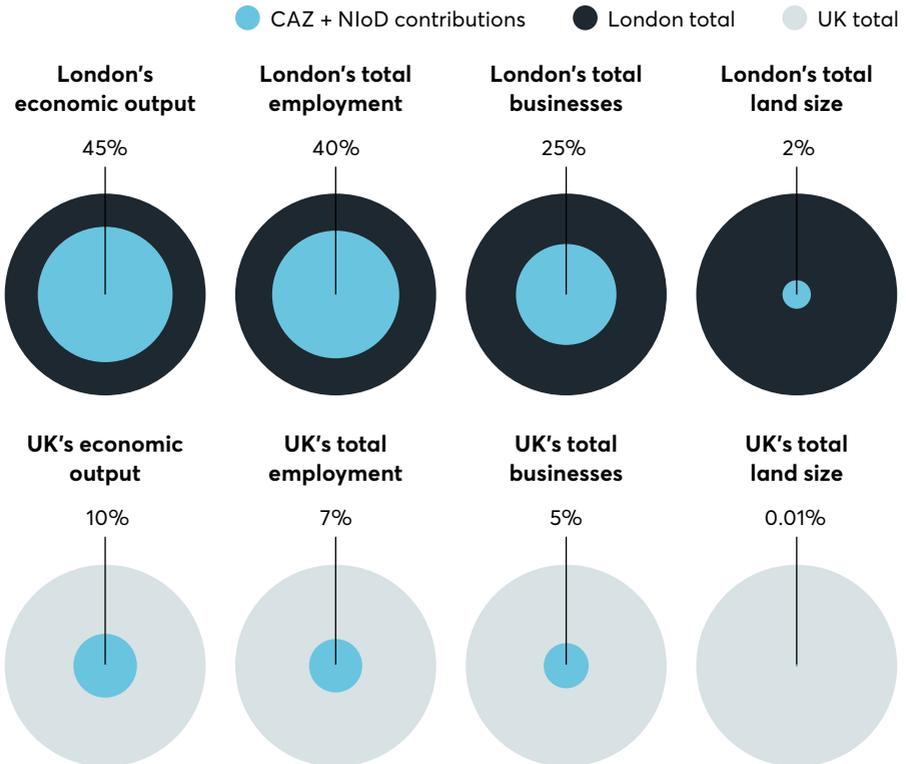
But at a time when much of central London's built environment requires renewal, trust between residents and developers appears at an all-time low, and residents often tend to view the impacts of new development negatively.<sup>5</sup> Yet limited supply against a backdrop of rising demand is pushing up property prices and living costs for residents, and the cost of doing business in central London for employers remains

high. There is a need to grow and a need to adapt. Whilst there are many areas in which the interests of residents, business and visitors align, clashes persist, and cohabitation requires delicate management.

### Economic powerhouse

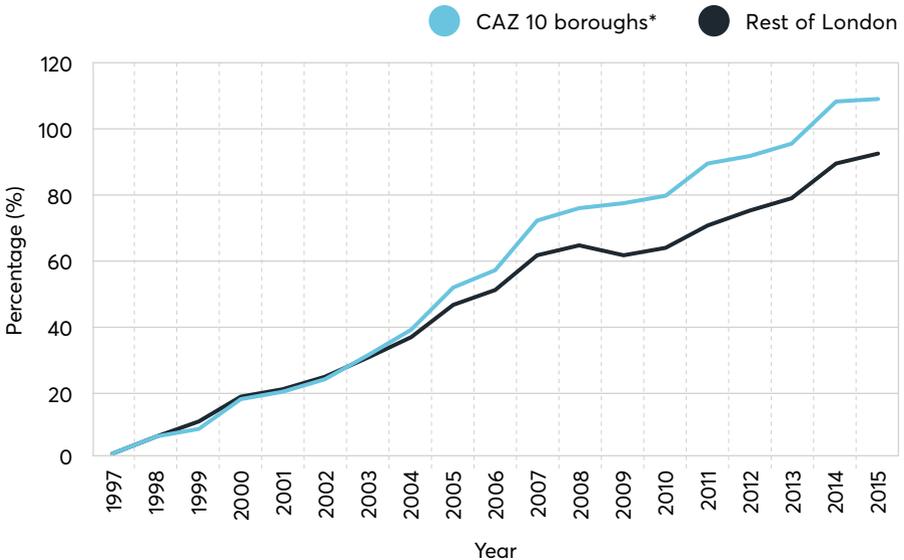
Central London is the engine that powers the city's economy. In 2016, the Greater London Authority (GLA) found that the CAZ was home to over one-third of London's jobs, and responsible for 10 per cent of the UK's economic output.<sup>6</sup> The latest available figures indicate that the CAZ and NIoD host over two million jobs, 40 per cent of London's total employment,<sup>7</sup> and a quarter of the capital's businesses.<sup>8</sup>

**Figure 2: The CAZ/NIoD's outsized economic contribution to capital and country**



Although the CAZ and NIoD covers just 2.19 per cent of Greater London's total land area (or 0.014 per cent of the total UK), this geographically tiny area punches significantly above its weight in economic terms. Its contribution to the national and citywide economy is hugely outsized. This amounts to roughly seven per cent of the UK's total jobs and five per cent of the nation's total business units. The CAZ10 boroughs are also outperforming their counterparts: output per head began to pull away from the London average in the mid-2000s, and their share of London's GVA has been gradually increasing throughout this century, as Figures and 4 show.

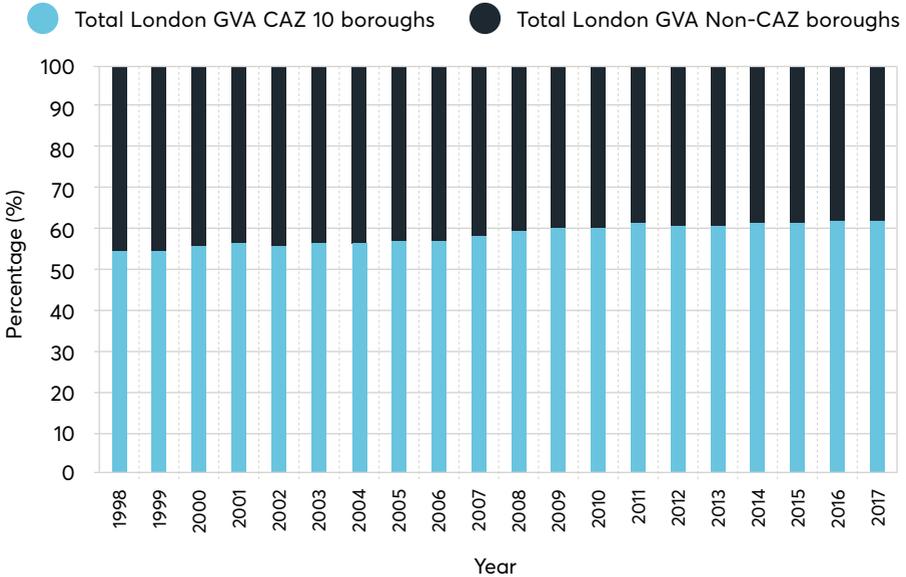
**Figure 3: Growth in GVA per head of population since 1997 (current prices)**



\*The 10 Central London boroughs that contain part of the Central Activities Zone, as defined by the London Plan.

Source: Regional Gross Value Added (Income Approach) by Local Authority in the UK 1997-2015, ONS

**Figure 4: CAZ10 boroughs' share of London's GVA**



Source: Regional gross value added (balanced) local authority by NUTS 1 region: UK1 London, 1998-2017, ONS

But the “centre of the centre” is even more impressive. The CAZ and NIOd are responsible for 45 per cent of London’s total GVA. If a one km fringe around both areas is included, this figure rises to over 52 per cent.<sup>9</sup> This demonstrates the porous nature of the CAZ/NIOd boundaries, with some economic activity spilling out to their fringes. However, this should be kept in perspective. The “fringe” area adds relatively little to the district’s share of London’s GVA – despite covering a larger geographical area – but includes more than twice as many residents.<sup>10</sup>

London performs roles as a world city that cannot be undertaken readily in other parts of the country; roles that are disproportionately carried out in the city’s centre. Furthermore, in performing those roles, the capital aids and strengthens the wider economy of the country; ensuring that investment, head offices and wealth generation take place in the UK, that would otherwise end up in other world cities.<sup>11</sup>

Central London's success is thus vital to the future prosperity of the nation as a whole. However, there are concerns that "levelling up" may come at the expense of investment in the capital.<sup>12</sup> Progress on devolution has been limited to date, constraining London's capacity to mitigate the challenges that come with its successes. Central London has declined before: in a time of technological and political change, continued success cannot be taken for granted.

### **A place to live and visit**

Central London is home to a significant number of Londoners. Whilst the CAZ and NIOD combined contained just over a quarter of a million residents at the time of the last census,<sup>13</sup> the CAZ10 boroughs are home to nearly 10 times as many Londoners.<sup>14</sup> The number of central London residents also appears to be rapidly increasing: the GLA's LSOA-level mid-year estimates suggest that by 2018 as many as 330,000 people lived in the CAZ/NIOD, an increase of nearly 30 per cent in just seven years.<sup>15</sup>

Life is constantly on the move in central London. Each day, the capital "inhales", drawing in commuters, tourists, shoppers and other visitors from across the city and beyond. In 2011, the daytime workday population of the CAZ10 boroughs was estimated at 3.3 million – equivalent to an increase of 50 per cent on the district's residential population.<sup>16</sup> The GLA's updated 2014 estimates suggested a daytime population of 4.2 million, 80 per cent more than the residential population. This includes over half a million overseas and domestic tourists and 1.25 million commuters.<sup>17</sup> Analysis by Arup suggests that the opening of two new Crossrail stations (Tottenham Court Road and Bond Street) could support at least 80,000 additional commuters travelling to the West End, and the introduction of Crossrail 2 would bring this figure to 120,000.<sup>18</sup>

Tourist numbers are also predicted to increase significantly, with 2016's 31.2 million overseas and domestic visitors predicted to increase to 40.4 million by 2025.<sup>19</sup> And just three central London local authorities

(City of London, City of Westminster, and Kensington & Chelsea) are responsible for more than three-quarters of London's tourist spending.<sup>20</sup> The number of retail jobs – one measure of the strength of the sector's performance – increased by 16 per cent across the Greater London region from 2011-18, bucking the national trend.<sup>21</sup> A record-breaking 57 international brands opened their first ever London site in 2019, beating the previous year's 55, itself a new peak.<sup>22</sup>

Visits to central London are far from limited to the daytime. Three-quarters of night-time visitors to the capital head to central London, and journeys in and out of the city centre make up a higher percentage of London's total journeys at night than they do by day.<sup>23</sup> Alongside this growth in both jobs and residents, it seems highly likely that the number of people regularly visiting central London will continue to increase.

### **Business first?**

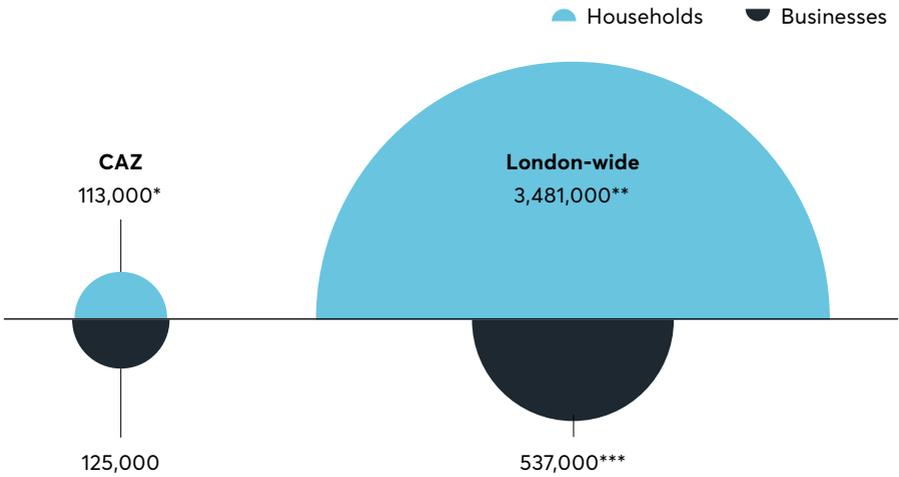
The sheer scale of central London's economic activity makes it different from the rest of the city, as the comparison in Figure 5 between the number of businesses and the number of households in 2016 demonstrates.

The CAZ/NIOD has seen significant employment growth in recent years, but has experienced an even steeper rise in its residential population. Employment in the CAZ/NIOD grew by an average of two per cent per year between 2011 and 2018,<sup>24</sup> but the area's residential population grew by an average of four per cent annually over the same period.<sup>25</sup>

Despite this growth, the CAZ/NIOD remains a mainly commercial district, home to six times as many jobs as residents (see Figure 6). This district, however, sits within and is governed primarily by the CAZ10 boroughs, which are on the whole much more residential entities.

The London Plan underlines the special nature of the CAZ and NIOD, defining them as locations where office functions should be “supported and enhanced” and strategic functions “promoted and enhanced”. By way of contrast, “locally oriented uses” such as housing

**Figure 5: Number of businesses relative to number of households**

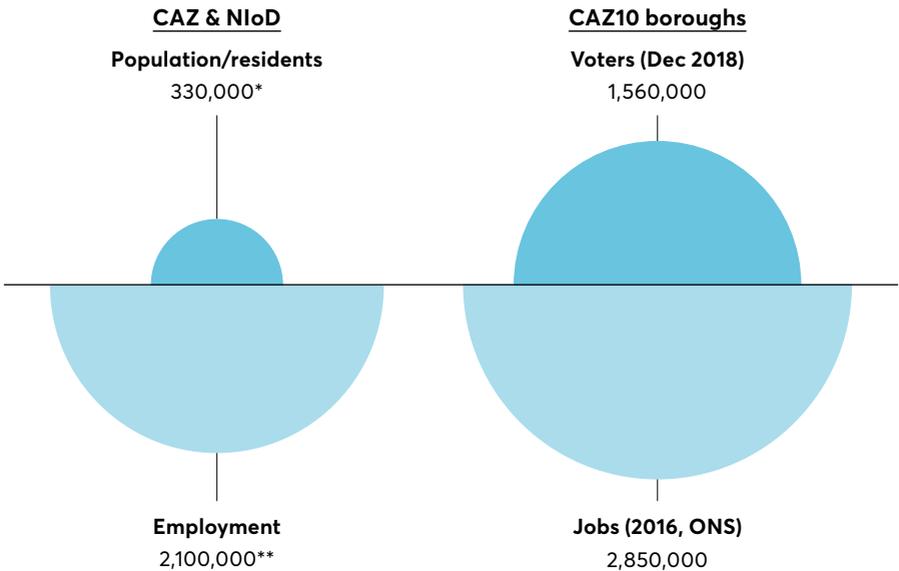


\*Mayor of London, Central Activities Zone: Supplementary Planning Guidance, March 2016

\*\*ONS, Household projections, 2016

\*\*\*ONS, BRES, Local units by employment, 2016

**Figure 6: Balance of employment/residential population, CAZ/NIoD and CAZ10 boroughs**



Source: \*Centre for London analysis of 2018 mid-year population estimates, ONS

\*\* Centre for London analysis of Business Register and Employment Statistics (BRES) 2018, ONS

and social infrastructure should be “conserved”. However, at a time when some world cities are seeing a hollowing out of their centres,<sup>26</sup> central London’s residential population has been growing at twice the rate of the area’s employment, driven by a revival of interest in mixed-use and city-centre living from both policymakers and citizens.

### **Who’s in charge?**

Like its built form, London’s governance has accumulated in layers over the years rather than being planned as a unitary whole. As a result, governance is complex and arguably convoluted – especially so in the case of central London.

The CAZ/NIOD contains parts of 10 separate boroughs, each of which delivers local services and sets its own planning policies. The potential for policy divergence between boroughs in such an economically important district led to proposals for one large “Central London” borough in the early 1960s, but the use of boroughs merged from the pre-1965 metropolitan boroughs was preferred. Related proposals to make the citywide Greater London Council the sole planning authority for a small central area were endorsed by professional bodies such as RIBA and the TPI, as well as Conservative MP Sir Hugh Lucas-Tooth, Liberal MP Eric Lubbock, and several members of the House of Lords. Yet they too were ultimately rejected in favour of the principle that the boroughs should be the primary unit of local government for London.<sup>27</sup>

Without an amalgamated, single central London borough, it has been left to the boroughs to coordinate their activities and policies amongst themselves. Central London Forward (CLF), established in 2007, is a voluntary grouping of self-defining “central London” local authorities, made up of the CAZ10 boroughs and the two associate member boroughs of Haringey and Lewisham. Its purpose is to provide a collective voice for these boroughs and their residents.<sup>28</sup> Central London Forward was preceded by Central London Partnership, which brought eight boroughs (the CAZ10, minus

Hackney and Tower Hamlets) together with citywide public bodies and private enterprises prior to 2007.

Despite steps towards joint working across a range of policy areas, each borough's policies and overall direction can still differ substantially from others. For example, Westminster's City Plan 2019-2040 states that "Westminster is not generally suitable for tall buildings",<sup>29</sup> yet Tower Hamlets has 84 new tall buildings in the "pipeline", the most of any London borough.<sup>30</sup> Westminster's City Plan 2019-2040 has also set higher housing targets than the GLA's citywide London Plan.<sup>31</sup> As Professor Tony Travers has observed, neighbouring boroughs can have very different approaches to the provision of car parking spaces in new developments, or levels of new housing completion. Hanging baskets in Westminster's part of Fitzrovia, but not Camden's, are perhaps a trivial but nonetheless visible sign of borough divergence.<sup>32</sup> And developers, employers and Business Improvement Districts (BIDs) report varying experiences of working with the different boroughs, with good relations often down to productive personal relationships with individual councillors or officials.<sup>33</sup>

The GLA was established in 2000 and sets London's strategic planning policy through the London Plan. Through Transport for London, it also manages the capital's public transport services, as well as many of its roads. This has added another tier of governance – albeit one that has largely drawn powers down from Whitehall.

Nonetheless, central government remains directly involved in many aspects of central London life, from the NHS and education to skills policy and the welfare system. In recent years BIDs, elected and funded primarily by local employers of a certain size, have acted as a voice and service provider for business districts. 16 of these BIDs cover land inside the CAZ/NIoD.<sup>34</sup> Some produce their own strategy documents, and they can play a role in driving forward infrastructure and public realm projects. As business-led organisations, BIDs go some way towards allowing local employers a say in how central London develops.

The distinct electoral system of the City of London, where the disparity between the number of jobs and residents is particularly acute, also addresses this issue directly. With over 60 times more daily commuters than residents,<sup>35</sup> the City allows employers to nominate voters to vote on their behalf alongside the area's residents (according to the number of people employed). However, this is the exception amongst London local authorities rather than the rule.

There are also increasing numbers of Neighbourhood Planning areas across central London that attempt to give local residents a greater say.<sup>36</sup> Some of central London's landowners (including "the great estates") also produce their own "visions" and plans.<sup>37</sup> In 2013, the West End Partnership was established to provide strategic oversight for the West End, bringing together interested parties from the public and private sectors alongside academics and representatives of local residents' groups. Across a wider geographical area, Cross River Partnership is a voluntary organisation of bodies from across central London that has worked to improve the district on a project-by-project basis for 25 years.

Within this complex matrix of organisations and partnerships, there is no dedicated strategic body for the CAZ/NIoD alone. The system still allows for great diversity between boroughs, even within the CAZ. This can be a strength – but it also creates the potential for divergence and even conflict across boundaries.



**2.**

# **Central London in focus**

As we have already highlighted, central London does not have one single function or purpose. Each year, the area accommodates a growing and changing mix of residents, businesses and visitors. This chapter will explore the demographics of the CAZ/NIOD's growing population, interrogate trends in employment by sector, geographic spread and business size, and look in greater detail at the makeup of the growing number of visitors to the district.

## Part 1: A home for Londoners

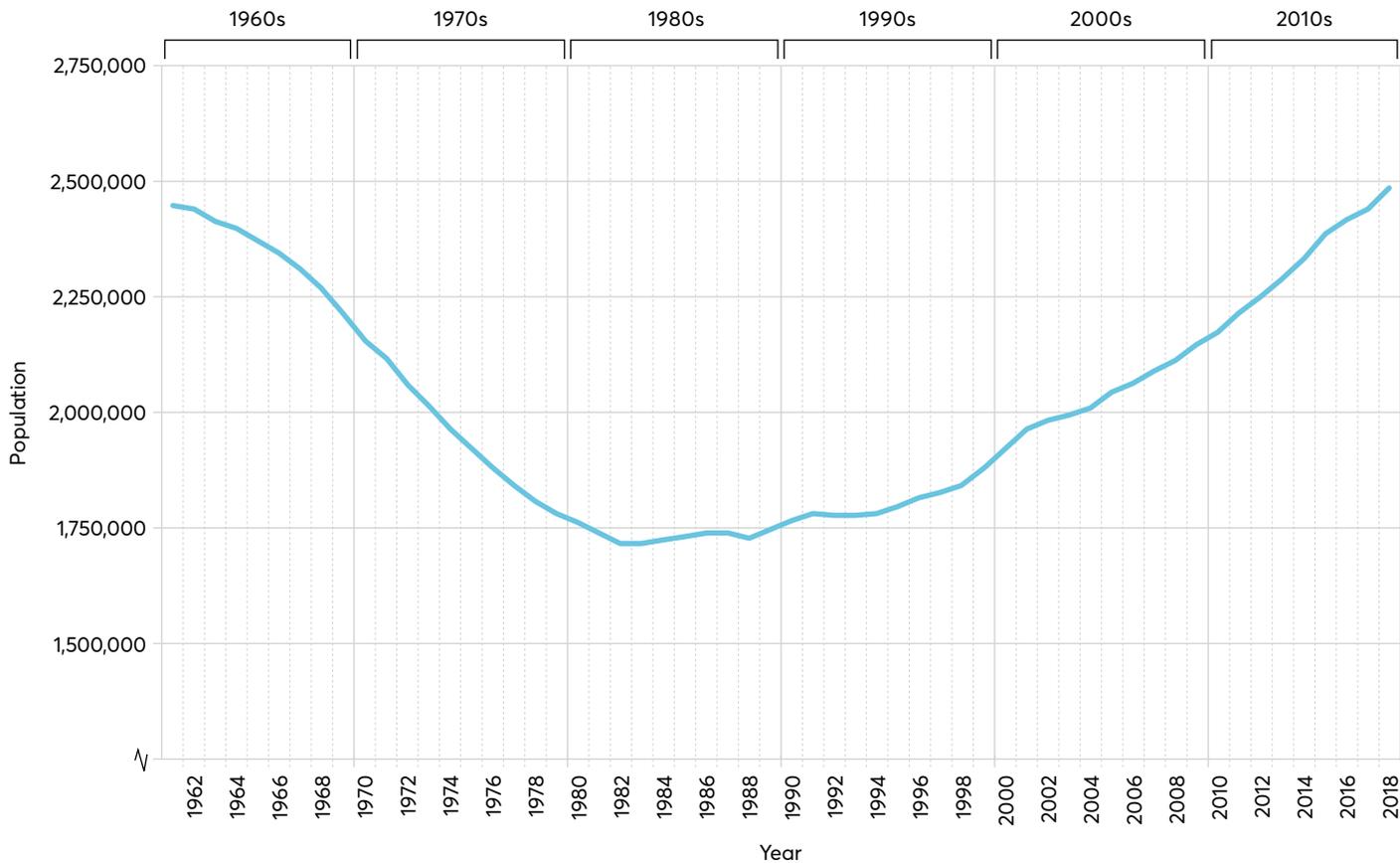
### Population

For decades, central London faced a major decline in population. Between 1961 and 1983, the residential population of the CAZ10 boroughs fell from 2.5 to 1.7 million. It began to recover from the late 1980s, reaching 2.5 million once again in 2018.<sup>38</sup>

At the borough level the estimated resident population has been growing across the CAZ10 over the last decade. Increases in resident numbers have been highest in Tower Hamlets (37 per cent), Camden (25 per cent) and Islington (25 per cent), while only Kensington & Chelsea saw a decrease (of four per cent).<sup>39</sup>

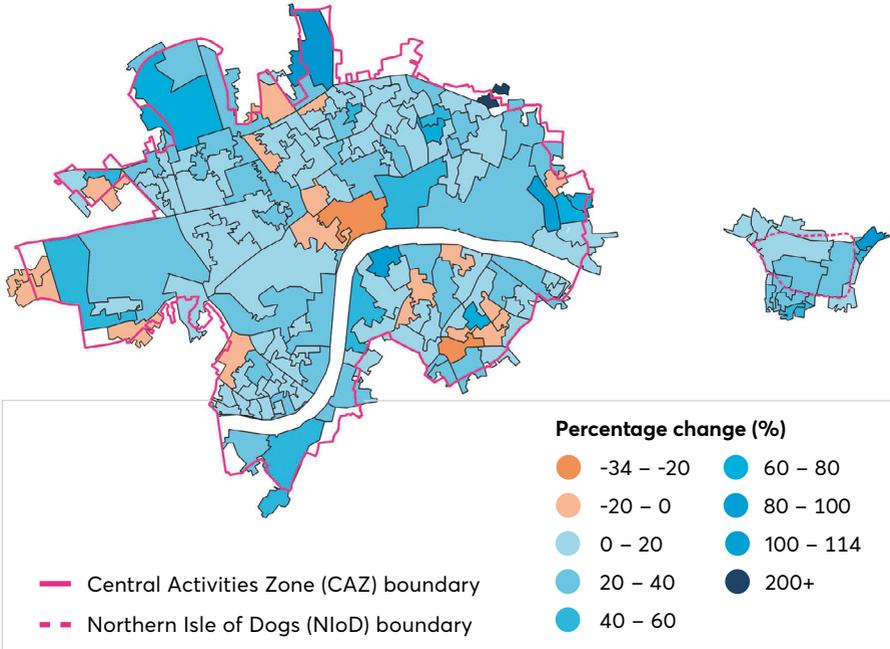
Between 2012 and 2018, the highest population growth in the CAZ/NIOD has been in the Hoxton area (around 200 per cent) and around King's Cross (140-160 per cent), both sites of significant urban change, albeit of very differing natures. Elsewhere, population has grown steadily across most of the CAZ and NIOD, with some small decreases in parts of Southwark and Westminster.

**Figure 7: Total population in CAZ boroughs, 1961 to 2018**



Source: Population Estimates, Borough and Ward, 2017. ONS

**Figure 8: Population change between mid-2012 and mid-2018 (%)**



Source: Mid-year Population Estimates for Lower Layer Super Output Areas in England and Wales by Single Year of Age and Sex, mid-2012 to mid-2018. ONS

### Housing costs and deprivation

Central London – like the city as a whole – is a very unequal place. Some of the district’s growing population is accommodated in some of the most expensive housing in the country. The “central London premium” on property is clear at borough level: between 2012 and 2018, average house prices in the CAZ10 grew by 7.6 per cent, compared to a Greater London average of 6.2 per cent. Furthermore, as of November 2019, the average house price across the CAZ10 boroughs was £130,000 higher than the Greater London average.<sup>40</sup> Kensington & Chelsea – at the extreme end of the spectrum – has the highest average house price of any local authority in England.<sup>41</sup> But the latest data available at Lower Super Output Area level (LSOAs - spatial units comprising

an average of 1,500 residents) reveals that, were it a local authority in its own right, the CAZ/NIOD would also be one of the most expensive in the nation. As of September 2017 (before a nationwide decline in overall house prices), the average house price in the CAZ/NIOD was £1.013 million, with only Kensington & Chelsea and Westminster having higher average prices in the capital.<sup>42</sup>

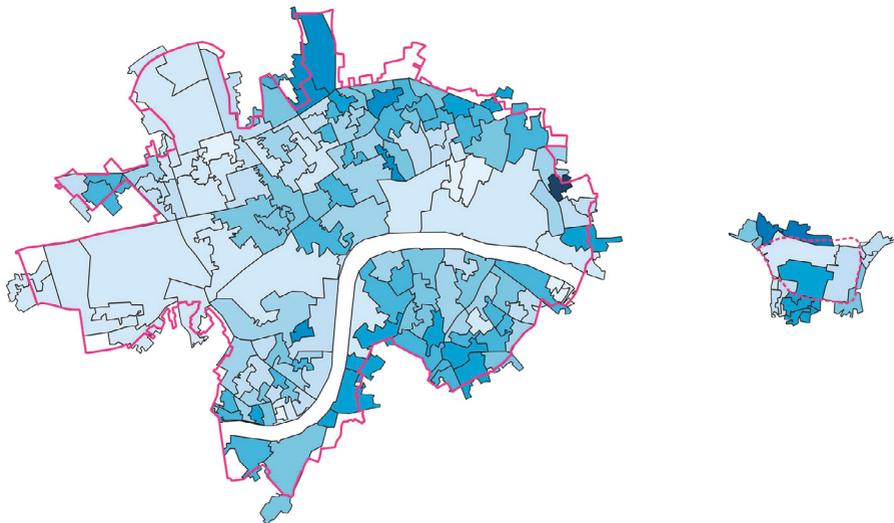
The CAZ10 boroughs are also home to a significant proportion of London's social housing stock. In the CAZ10, 37 per cent of all dwellings are local authority housing stock, compared to just eight per cent in the other 23 boroughs,<sup>43</sup> with the highest levels of social housing found in Southwark, Lambeth and Tower Hamlets.<sup>44</sup> However, these boroughs are grappling with extensive decreases in stock: for instance, Tower Hamlets has lost 60 per cent since 2000.<sup>45</sup> Central London therefore has concentrations of both high-cost and social housing (even if the latter is decreasing). Alongside a shortage of affordable market housing, this may be creating increasingly polarised communities.

Figure 9 shows relative deprivation at neighbourhood (LSOA) level within the CAZ/NIOD. Despite a decrease in relative deprivation levels across London boroughs between 2015 and 2019,<sup>46</sup> there is still great poverty across parts of the capital, including the CAZ/NIOD.

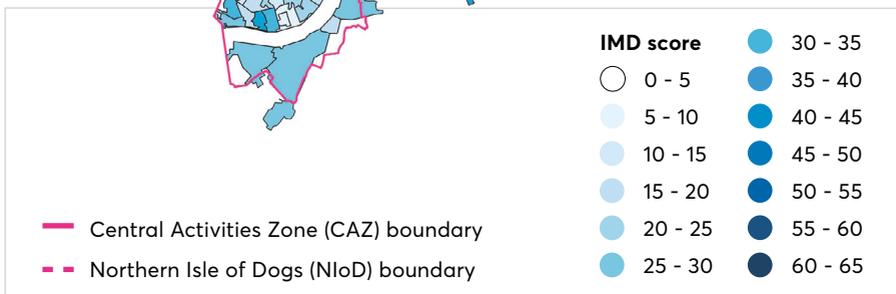
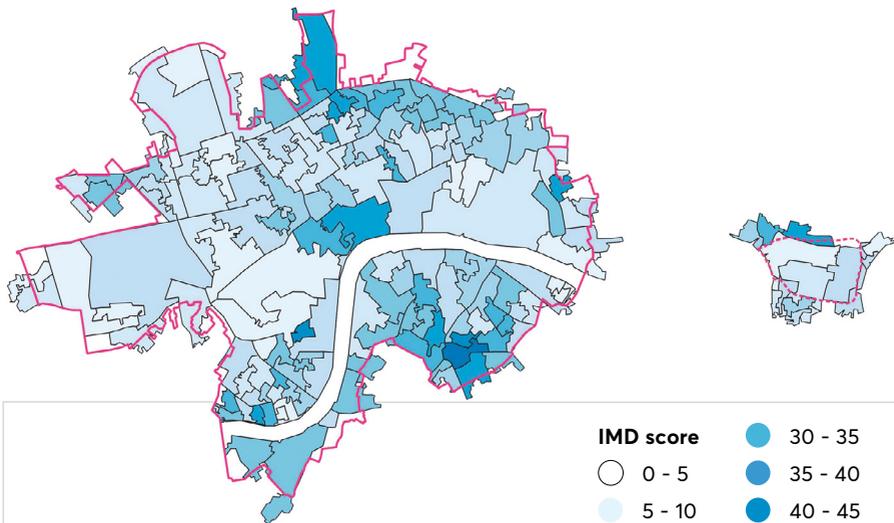
One of the central district's LSOAs is amongst the 10 per cent most deprived in the country (the area around Elephant and Castle), and several are amongst the 20 per cent most deprived.<sup>47</sup> There is evidence that the pattern of poverty has been changing in London in recent years, becoming more concentrated in the outskirts of the city.<sup>48</sup> However, it is clear that central London also remains a place of significant inequality.

## Figure 9: Index of Multiple Deprivation

i. **IMD Score 2010** - adjustments to align scores with 2011 boundaries for LSOAs



ii. **IMD Score 2019**



\* Higher IMD scores = Higher levels of deprivation

Source: Ministry of Housing, Communities and Local Government (MHCLG).

### **A short-term population?**

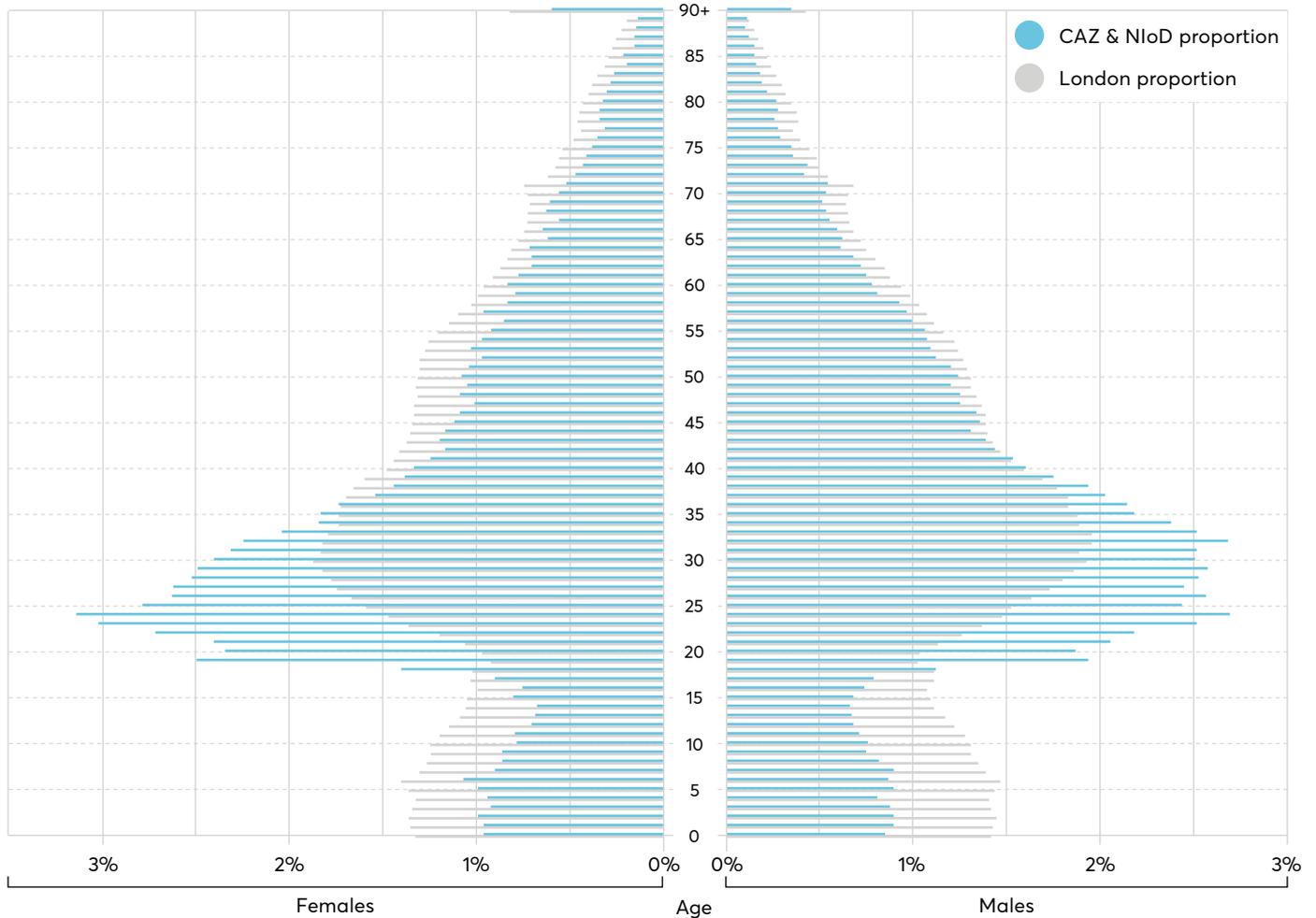
Central London's residents are demographically different to those of the wider city. As Figure 10 shows, compared to the London average the CAZ/NIoD is home to fewer children and teenagers, more adults aged 20-35, and fewer adults over 35.<sup>49</sup>

These demographic differences are also reflected in household formation. The average household size for London was 2.47 in 2011 – the largest of any region in England and Wales.<sup>50</sup> However, there are significant variations within the capital, which includes local authorities with some of the lowest and highest average household sizes in the UK. For instance, the City of London and Kensington & Chelsea (both in the CAZ10) were the only two local authorities in England and Wales where there were, on average, fewer than two residents per household.<sup>51</sup> In line with this, the majority of the CAZ10 boroughs have household sizes below the national average.

The large number of younger people and single-person households in central London suggests that many live in the area for a relatively brief period of time (as students or at the start of their career) then moving out in pursuit of more space and lower housing costs, perhaps when moving in with a partner or starting a family.

Data on longevity of residence support this analysis. 11 per cent of residents have lived in the CAZ/NIoD for less than two years, compared to five per cent London-wide.<sup>52</sup> Research conducted by the ONS found that the City of London and Westminster are the local authorities with the highest ratios of short-term residents (someone born outside the UK intending to stay in the UK for a period of between three and twelve months) to permanent residents in England.<sup>53</sup> Despite the area's relatively small size, around half (49 per cent) of London's short-term residents live in the CAZ10 boroughs.<sup>54</sup>

Figure 10: Mid-year population estimates by single year of age and sex, mid-2012 to mid-2018



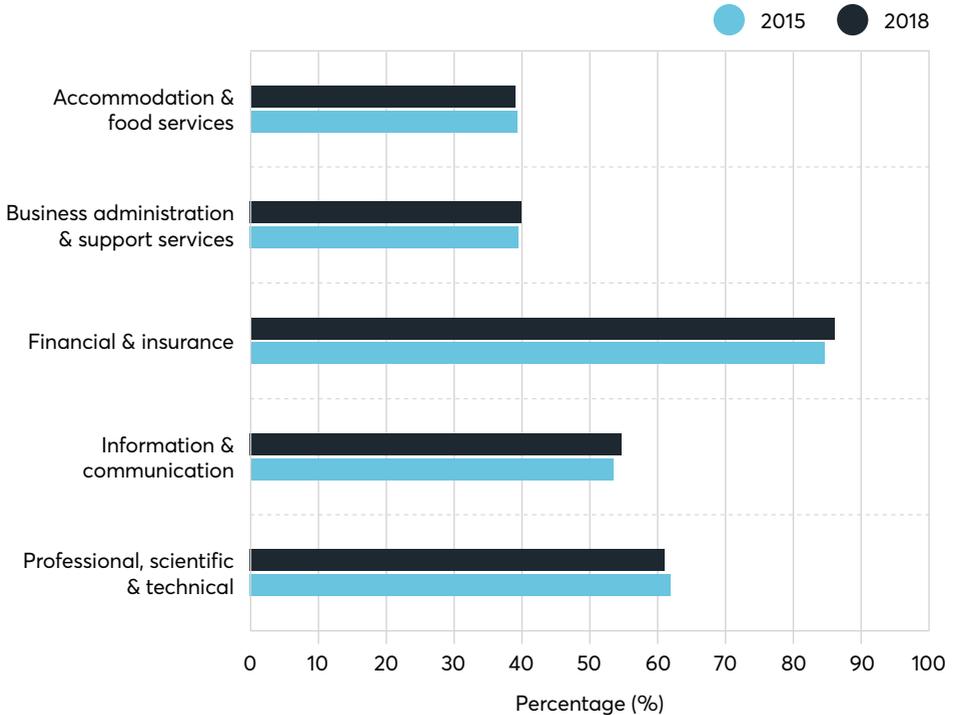
Source: Mid-year Population Estimates for Lower Layer Super Output Areas in England and Wales by Single Year of Age and Sex, mid-2012 to mid-2018, ONS

## Part 2: An engine of the economy

### Citywide importance

We have already seen how employment is concentrated – and growing – in the CAZ/NIoD. Figure 11 shows the dominance of specialist clusters within the district. In 2018, the CAZ/NIoD accounted for 86 per cent of London’s total employment in the finance and insurance sector. The district was also home to 61 per cent of the capital’s professional, scientific and technical sector employment, and 55 per cent of its jobs in information and communication.

**Figure 11: Employment in the CAZ and NIoD as a proportion of London total, by broad industrial sector and year**



Source: Business Register and Employment Survey, by Lower Super Output Area. ONS

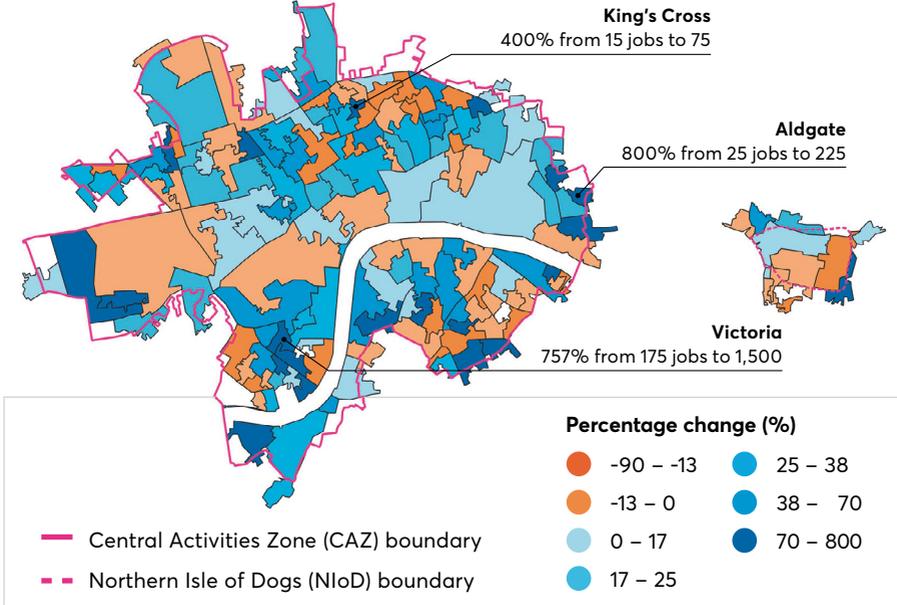
### **Growth and “remixing”?**

While a few sectors have seen more growth outside the CAZ/NIOD, most became more concentrated within the district between 2015 and 2018. Employment has increased particularly rapidly in some sectors and locations: food and accommodation services have grown significantly around Aldgate and Victoria, while finance and insurance has increased markedly in King’s Cross and particularly to the immediate east of Canary Wharf. Information and communication employment has increased substantially at Paddington, and also at Canary Wharf. It is no coincidence that these areas have also seen significant redevelopment in recent years, whether driven primarily by private or public investment. This has effectively established new clusters within the CAZ/NIOD.

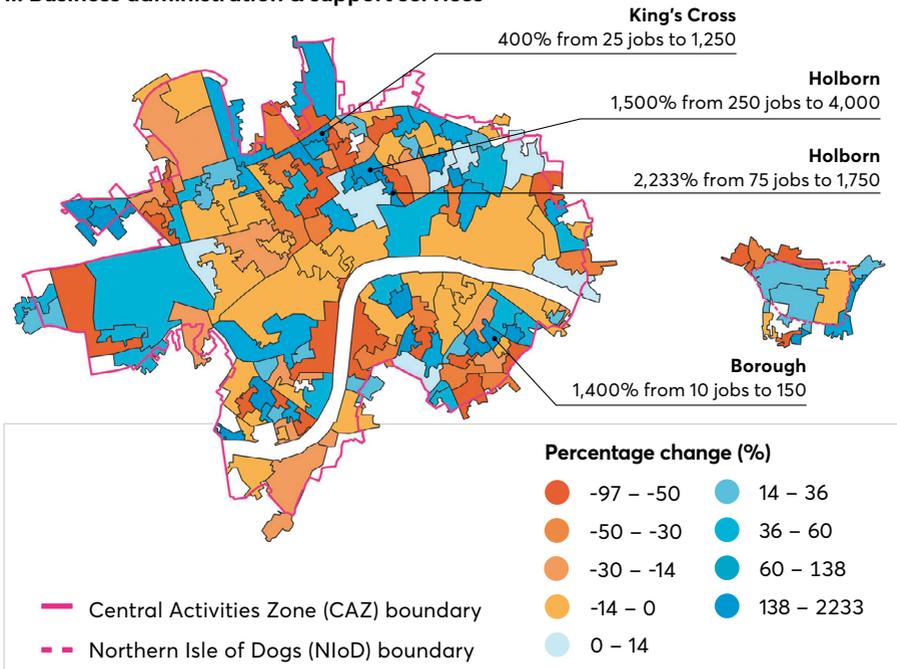
On the other hand, there has also been growth in each of the “top five” central London sectors (by total employment figures) outside their traditional clusters, with professional services moving into the City of London, IT moving into the West End, and financial services growing in Fitzrovia (see Figure 12). Our interviewees in the property sector also suggested that businesses were beginning to move away from demanding specific locations within traditional sector-based clusters, instead becoming increasingly open to other city centre areas – with the CAZ/NIOD effectively becoming a catch-all “business” cluster.

**Figure 12: Percentage change in employment 2015 – 2018 (%)\***

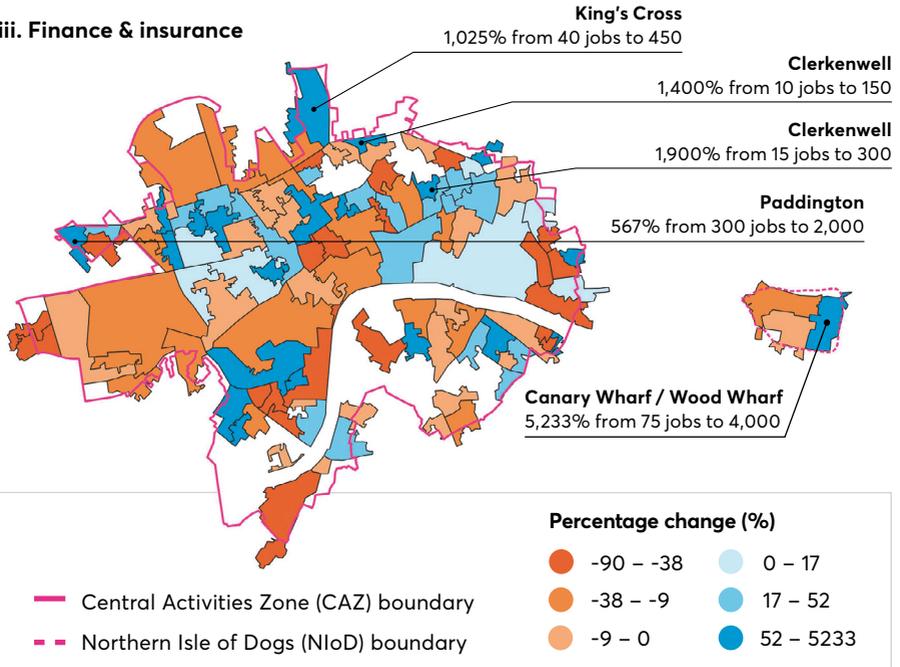
**i. Accommodation & food services**



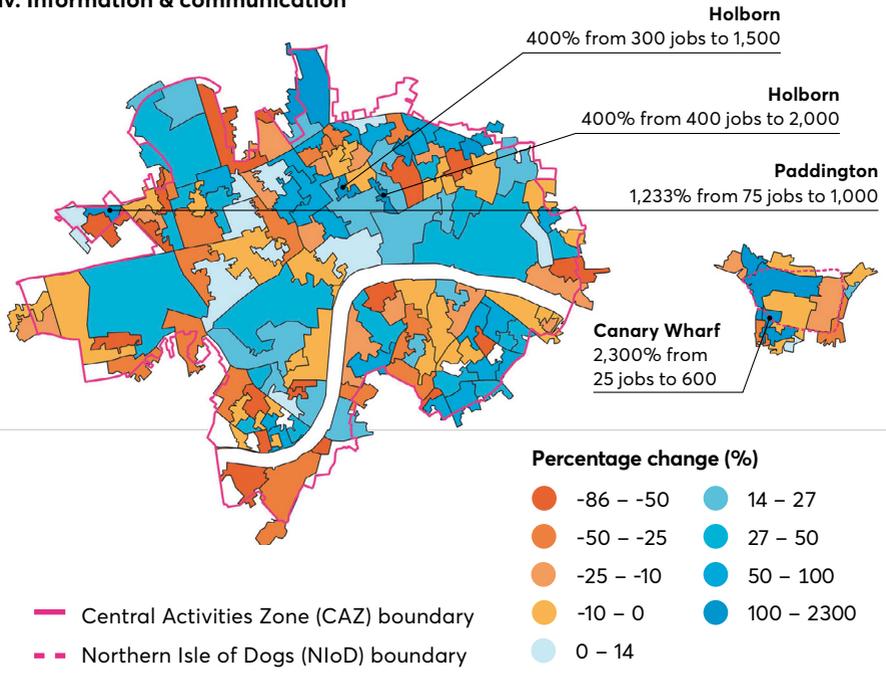
**ii. Business administration & support services**



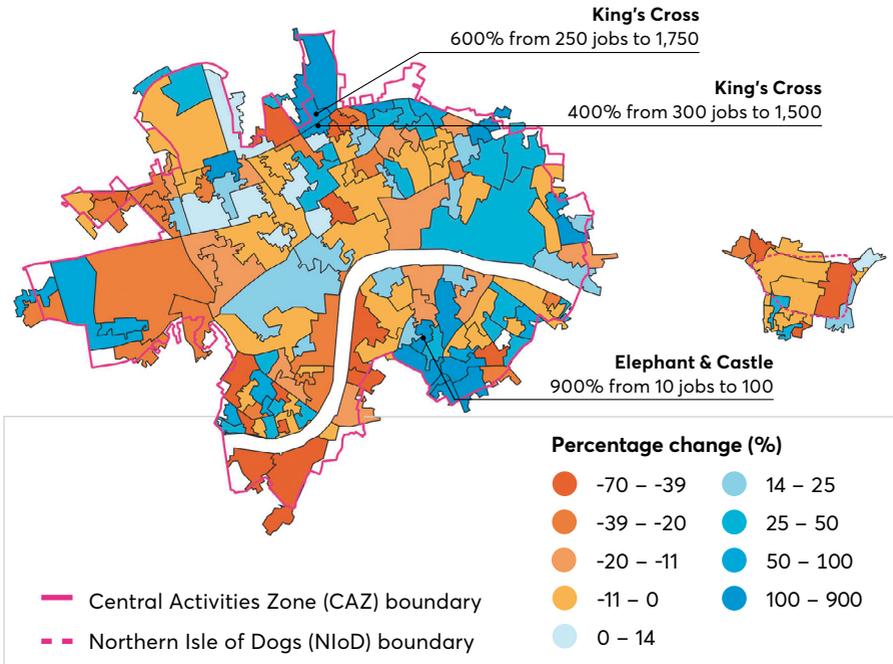
### iii. Finance & insurance



### iv. Information & communication



**v. Professional, scientific & technical**



\* See Appendix One: Methodology'

Source: Centre for London analysis of Business Register and Employment Statistics (BRES) 2015 - 2018, ONS

**Demands on space**

With space limited in the CAZ/NIoD, land values are exceptionally high. This can make buying central London property a tough proposition, and often prices new entrants out of the market. There are also specific issues around the balance between residential and commercial uses. The CAZ was previously exempt from government’s “permitted development” policies, in place since 2013, which allow office space to be converted to residential without planning permission. This central government exemption expired at the end of May 2019, but the CAZ10 boroughs issued planning directions to continue the policy across the CAZ. Whilst these policies have helped to protect business functions

in the CAZ from extensive residential development, some concerns remain about the levels of available (and appropriate) office space in the area.

In part, these concerns stem from the fact that residential property commanded a significantly higher price than commercial property across much of the CAZ in the years following the 2008 financial crash. After 2008, the price of residential land in central London grew at a significantly higher rate than land for office or hotel developments, incentivising non-commercial development. This pattern continued until at least mid-2014, when residential land values were around 30 per cent higher than pre-crash, while office and hotel values were still notably below pre-crash levels.<sup>55</sup>

There is some evidence that the trend towards residential values exceeding commercial may now be reversing as London's housing market cools. In the year to March 2019, residential land values in central London fell by 5.4 per cent, while office land values remained unchanged.<sup>56</sup> However, the effects appear to have been spatially uneven, and have not necessarily reversed the relative value of office and residential development across the CAZ/NIoD. The point remains that market pressures can incentivise development that is not in the strategic interests of the CAZ/NIoD.<sup>57</sup>

Additionally, there are concerns about whether the amount of new office development will meet demand. For a few years, supply relative to demand in central London has been tight. During 2015, availability rates (space being marketed or available for marketing)<sup>58</sup> were just three per cent in the West End<sup>59</sup> – the lowest level since the 1980s.<sup>60</sup> From late 2015, availability started rising again, probably owing to a mild slowdown in the London economy and uncertainty around Brexit.<sup>61</sup> Yet by 2018 this trend had reversed, and availability had begun to fall again.<sup>62</sup>

Compounding this, there is a limited development pipeline – less than four million sq ft set to complete before 2020 – meaning that vacancy rates are likely to stay low for the foreseeable future.<sup>63</sup> This has the potential to put pressure on the market and undermine

the appeal of the CAZ as a business location. Such concerns about the supply of office space are not new: indeed, similar concerns in the 1980s contributed to the development of Canary Wharf at the NIoD. New development opportunities – including some outside the CAZ/NIoD – may help meet demand, though this is unlikely to be at a comparable scale.

### **Employer size**

The size of employers in the CAZ/NIoD is different to the rest of London, and has also shifted in recent years. The smallest business units (employment size band 0-4) occupy the highest share of overall units in the CAZ, although the largest employers employ more people overall. Between 2016 and 2019, growth in the CAZ/NIoD has been highest amongst both the smallest and largest business units (0-4 and 1000+), as Table 1 shows. However, at a citywide level, the number of business units employing 0-4 people grew by five per cent between 2016 and 2019, while numbers of all other unit sizes fell considerably (by up to 39 per cent). A London-wide decline of two per cent in business units of over 250 employees also contrasts with the positive growth rates in larger business units in the CAZ/NIoD shown below. This highlights the continued dominance of larger units in the district, alongside the faster-than-average growth in the smallest business units.<sup>64</sup>

This changing “business demography” has been accompanied by changes in typologies and tenures of office space. Space has increasingly been provided on flexible terms in serviced offices or flexible workspaces, which tend to favour hot-desking and more efficient office design.<sup>65</sup> This trend should be seen within the context of a wider fall in space per worker: on average, each worker is now allocated 79 sq ft in the capital – one-fifth less than 20 years ago.<sup>66</sup> Meanwhile, flexible workspace in central London has more than trebled – from 1.5 per cent of total stock in 2007 to 4.8 per cent in 2018.<sup>67</sup> In part, this may be related to growing and changing needs: more companies are blending work and lifestyle space, and growing numbers of larger

**Table 1: Local units by employment size band, CAZ and NioD, MSOA**

	<b>0 to 4</b>	<b>5 to 9</b>	<b>10 to 19</b>	<b>20 to 49</b>	<b>50 to 99</b>	<b>100 to 249</b>	<b>250 to 499</b>	<b>500 to 999</b>	<b>1000+</b>	<b>Total</b>
<b>2016</b>	87,660	18,175	12,610	7,970	2,990	1,775	635	320	205	<b>132,335</b>
<b>2017</b>	92,375	18,810	12,940	8,240	3,075	1,795	665	325	210	<b>138,425</b>
<b>2018</b>	93,830	19,345	13,515	8,450	3,250	1,855	670	320	220	<b>141,455</b>
<b>2019</b>	98,195	19,910	13,975	8,695	3,305	1,940	695	330	235	<b>147,275</b>
<b>% change 2016- 2019</b>	12%	10%	11%	9%	11%	9%	9%	3%	15%	<b>11%</b>

Source: UK Business Counts - local units by industry and employment size band, by Middle Layer Super Output Area (MSOA). ONS

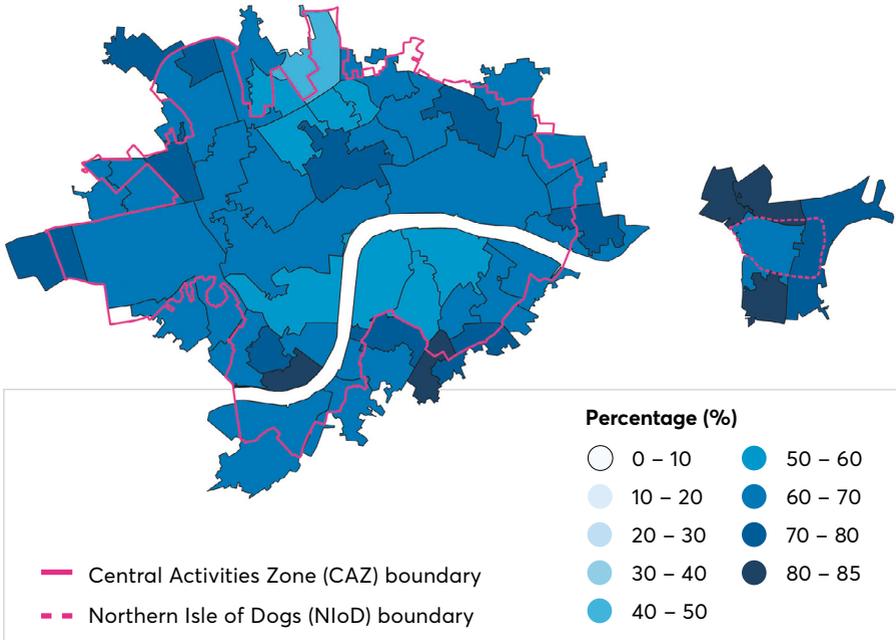
companies now lease flexible workspace for some elements of their operations.

As can be seen in Figure 13, there is a relatively even spread of the percentage of business units in the smallest size band (0-4 employees) across the CAZ, with these units making up a slightly larger proportion of the business population in areas near the boundaries of the CAZ/NIOd. On the other hand, there are some more marked differences with businesses in the 5-9 employee size band. The areas around Temple, Soho, the West End and the Strand have the highest proportion of these small businesses, which include many shops, restaurants, bars and professional services firms. Bigger employers of over 500 employees are more likely to dominate in more recently redeveloped areas such as Waterloo, Canary Wharf, Victoria and King's Cross, reflecting the dominance of big public sector, financial, educational and cultural institutions in these places. The City of London has a fairly high proportion of each size of unit. If current trends towards flexible space continue, however, these patterns have potential to change.

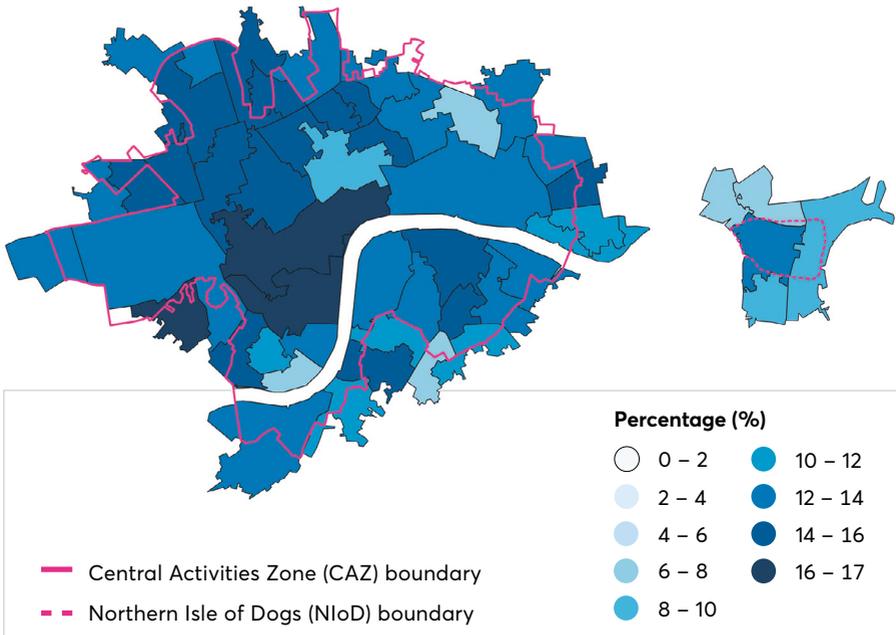
When we compare this picture to that of 2014, the proportion of employment in different size bands tends to follow similar geographic patterns. There are some notable exceptions: in 2014, the highest proportion of 0-4 sized businesses were based near the edge of the CAZ, but the most recent data shows that this gap is closing as more small business space is provided in central areas.<sup>68</sup>

**Figure 13: Percentage of business units in the CAZ and NIoD MSOAs, 2019\***

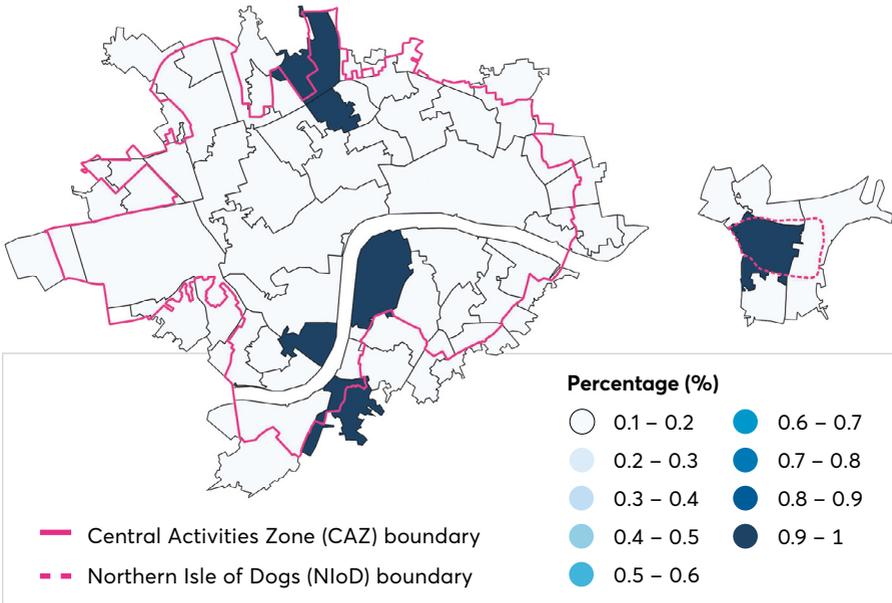
**i. Employment size band 0 to 4**



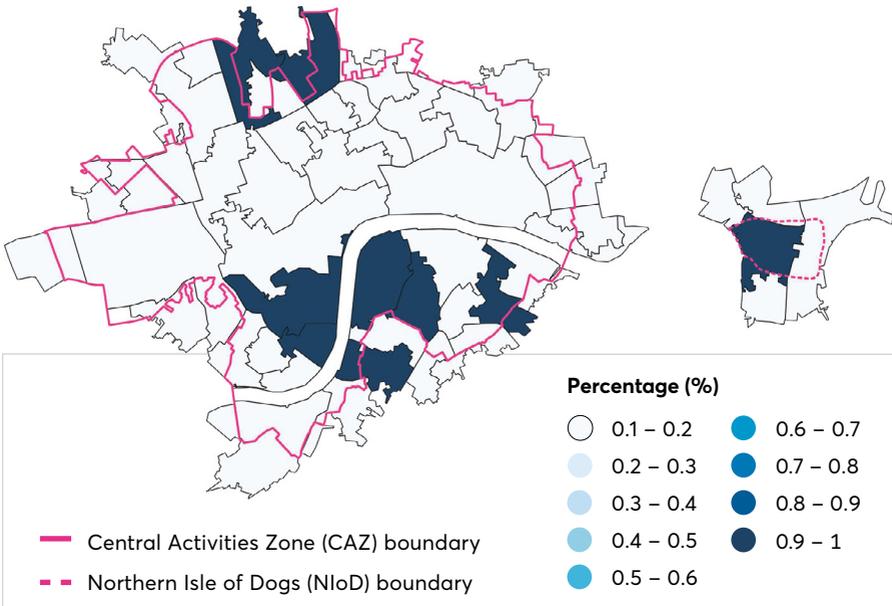
**ii. Employment size band 5 to 9**



### iii. Employment size band 500 to 999



### iv. Employment size band 1000+



\* See Appendix One: Methodology

Source: UK Business Counts - local units by industry and employment size band, by Middle Layer Super Output Area (MSOA). ONS

## Part 3: A hub for visitors

Central London also welcomes millions of visitors each day – people commuting for work, going on a shopping trip, taking in a show, or sightseeing.

### **Tourism**

Visitor numbers to London have grown significantly over the last decade – from 14.8 million in 2008 to a peak of 19.8 million in 2017. Numbers fell back slightly in 2018, but the longer-term trend towards substantial growth is predicted to continue: London’s overall tourist numbers are expected to increase by up to 30 per cent by 2025.<sup>69</sup>

Many of London’s main visitor attractions, such as the Tate Modern and the British Museum, are located in central London. Attractions in Transport for London (TfL) Zone 1 (the best fit for “central London” given available data) drew over 50 million visits in 2018, compared with fewer than nine million visits to attractions in the rest of London. While tourist numbers grew significantly between 2008 and 2018, visits to attractions have remained stable – falling slightly in Zone 1 between 2015 and 2017, then rising again in 2018.<sup>70</sup>

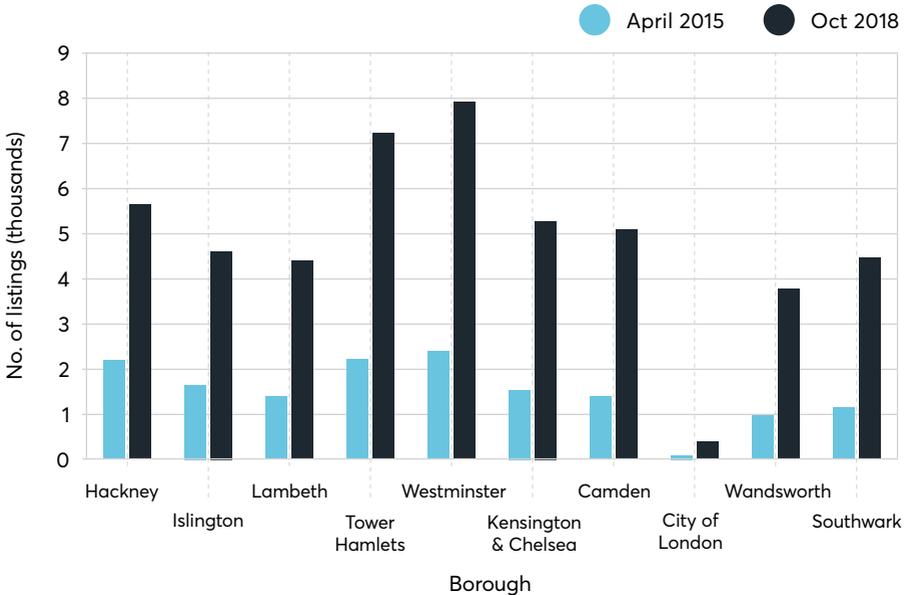
### **Changes in types of accommodation**

The supply of visitor accommodation in London has been growing since the late 1990s, but stock is still tight and the capital has the highest occupancy rate across major European cities.<sup>71</sup> The majority of bedrooms in hotels and other serviced accommodation are based in the CAZ boroughs (70 per cent).<sup>72</sup> Within these boroughs, a quarter of the total properties are based in Westminster (26 per cent), followed by Camden (11 per cent) and Kensington & Chelsea (10 per cent). The distribution of serviced accommodation throughout the capital has also changed in the last decade, with Southwark, the City of London and Newham adding the most to supply between 2011 and 2015.<sup>73</sup> While the CAZ retains the majority of accommodation, the pattern of supply is changing, with notable growth in east London (an area traditionally attracting fewer tourists).

However, there have also been considerable changes in the types of accommodation that tourists use. The online marketplace for booking short-let accommodation has seen huge growth in recent years, with Airbnb listings quadrupling in London between 2015 and 2018.<sup>74</sup>

Specifically, every borough in the CAZ10 apart from Islington and Hackney – which already have some of the highest numbers of listings in the capital – has seen growth of over 200 per cent in the number of Airbnb listings over this period (see Figure 14).<sup>75</sup> This demonstrates a marked change in the way that tourists visit London.

**Figure 14: Airbnb listing in CAZ10 boroughs, April 2015 vs October 2018**



Source: Guilbourg, C. & Peachey, K. (2019, April 25). What the Airbnb surge means for cities. BBC News.

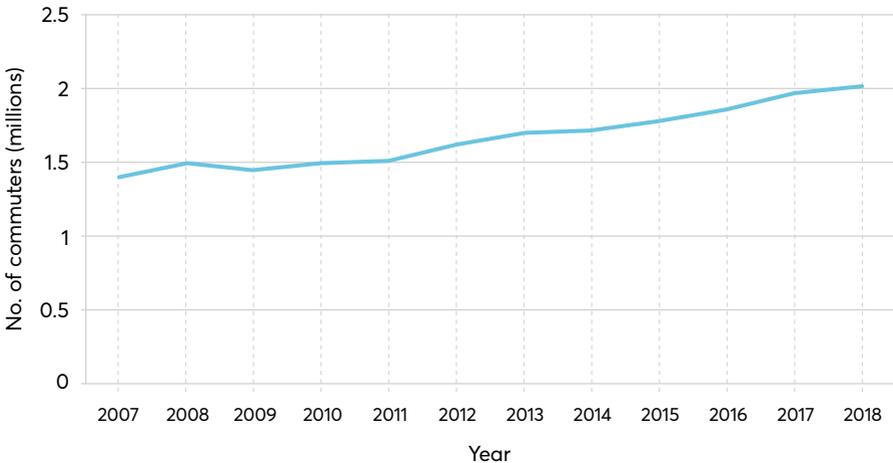
Importantly, however, the types of properties on offer in the CAZ10 are very different to those in other parts of the capital. 74 per cent of Airbnb properties in Westminster (and 65 per cent in Camden) are entire houses or apartments;<sup>76</sup> in other boroughs this sector of the market tends to be a lot smaller, with a higher

proportion of private rooms on offer. This suggests that homeowners outside the centre may be taking on short-term guests to make some extra income. In the CAZ, however, entire properties are being taken out of the housing market for short-term visitor accommodation, further diminishing the CAZ's limited housing supply and highlighting tensions between different needs in the district.

### Commuters

The number of commuters to central London has also risen over the last decade. The number of people travelling to a main workplace in central London from all regions of the UK (including other parts of London)<sup>77</sup> rose from 1.4 million in 2007 to two million in 2018, representing growth of 43 per cent over the period (see Figure 15).<sup>78</sup>

**Figure 15: Commuters to central London, 2007-2018**



Source: Place of Residence by Place of Work, Region, ONS

Of these, around 1.2 million people enter central London<sup>79</sup> during the weekday morning peak.<sup>80</sup> Over the last 20 years, the number entering at this time has remained relatively stable (between 1 and 1.2 million), while, as outlined above, the overall number

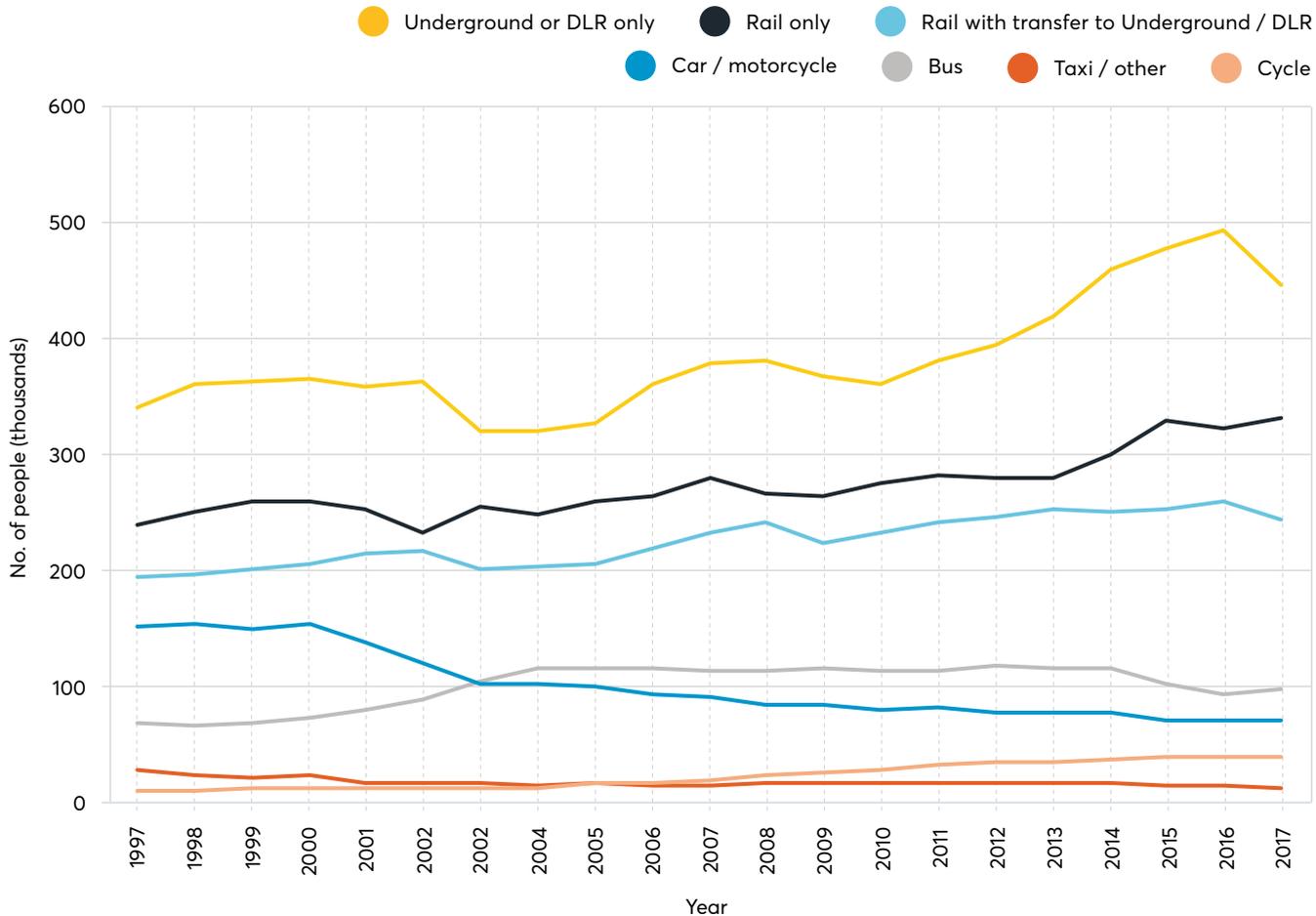
of commuters to central London has increased more sharply.<sup>81</sup> This divergence may result from a rise in flexible working patterns, which are more common in London than in the rest of England.<sup>82</sup> Such changes are driven in turn by longer commutes, overcrowded public transport and a changing relationship to work.

Most commuters to central London come from London itself (70 per cent in 2018). Another 13 per cent come from the South East and 11 per cent from the East of England, with fewer than two per cent coming from other regions of the UK.<sup>83</sup> Despite the fact that many commuters to central London come from London, time spent commuting remains high for people working in the CAZ. Indeed, at an average commute time of 54 minutes, those working in central London face longer commutes than anywhere else in the UK<sup>84</sup> – almost double the English average and nearly 20 minutes more than those working in outer London.

Over time, this disparity between central London and other regions has been consistent: in 2002 the average commute time to central London was 56 minutes. Long commute times to London's central zone may be related to a lack of affordable and intermediate housing options in this area, particularly for people looking for larger homes. Research suggests that long commutes can have a negative impact on health outcomes, creating additional stress and reducing the time available for more enjoyable activities such as socialising with family or friends.<sup>85</sup>

Unsurprisingly, commuters travelling to work in central London are unlikely to travel by car: only 9 per cent report doing so, compared with 67 per cent in England and 57 per cent in outer London. Policies such as the congestion charge are designed to deter commuters from travelling by car into central London, and the proportion of commuters entering central London by car during the weekday morning peak has been falling since 2001 (before the charge was introduced).<sup>86</sup> Despite these falls, central London's congestion problems persist: in Q1 2017/18 average traffic speeds for the 12 hours between 07:00 and 19:00 across central London were 7.4mph, a 0.2mph (3.2%) decrease year-on-year.<sup>87</sup>

**Figure 16: Number of people entering central London in the weekday morning peak, by transport mode, 1997 - 2017**



Source: Travel in London: Report 11. Transport for London



**3.**

# **The future of central London**

Central London is a busy place and it is getting busier. The CAZ/NIOD is a workplace for millions of employees, and over 150,000 employers of all sectors and sizes. The numbers of both employers and employees are growing. Alongside this, central London is home to a resident population growing faster than the London average. It also welcomes over a million commuters each day, and hosts more than 50 million visits to museums, galleries and other attractions each year.<sup>88</sup>

In many cases, the needs of these groups are aligned – all benefit from central London having safe and clean streets, good public services, a range of shops and other amenities such as parks, playgrounds and piazzas. And international reviews tell us that the best city centres are those that can harmoniously accommodate a blend of residents, businesses and visitors.<sup>89</sup>

However, juggling these interests is not always straightforward. What is best for residents is not always best for businesses, tourists or commuters, and vice versa. Late-night bars, early morning deliveries, and contractors working evenings and weekends can all trigger tensions and highlight differing interests. Although the CAZ/NIOD is London's leading business location, its governance is split between the GLA, central government, and 10 different local authorities. Over 85 per cent of the residents that these local authorities are accountable to live outside of the CAZ/NIOD. This can make it hard for employers, commuters and tourists to contribute to discussions about central London's development, even though they all have a stake in its future.

The research for this report has involved case studies and data analysis alongside roundtables with local government figures, business leaders and property sector professionals. In this chapter, we identify 12 key areas of concern for central London's future, using case studies to demonstrate how these issues are unfolding both in London and other world city centres. We then lay out a potential decline scenario for central London – which could occur if nothing is done to address specific concerns – before painting a picture of a more positive

future and outlining recommendations to achieve this in Chapter 4.

### **Issue 1: Pressure on space**

Space is at an absolute premium in the city centre, and demand is bordering on insatiable. Large sites with development potential are hard to come by, and much of London's historic core is protected for heritage reasons: for instance, almost three-quarters of the Royal Borough of Kensington & Chelsea is in a conservation area, and Westminster is home to 56 such areas.<sup>90</sup> This can make densification difficult. Additionally, some boroughs are wary of further tall building developments, even outside conservation areas. With space so limited, and much of it protected, central London may increasingly struggle to provide enough space – or respond to rapid changes in the type of space sought by businesses.

### **Issue 2: Pressure on use**

Until recently, the value of residential land in central London has been increasing much faster than land for offices or hotels, incentivising residential construction and conversion over commercial development.<sup>91</sup> The London Plan has given strategic priority to office space in the CAZ/NIoD for some time. Protection from “permitted development” changes of use from offices to homes has limited the scope for conversions, and a recent drop-off in city centre residential values (particularly in prime/luxury developments) may be resetting the balance (see case study below).

However, given that resident numbers have been growing at a faster rate than jobs in the CAZ/NIoD, close monitoring is required to ensure that the district's strategic economic function is maintained and enhanced in future. The rate of decline in industrial land in and around the city centre – which has created pressure on space for freight consolidation, logistics and other related support activities – demonstrates the importance of taking a strategic, cross-district view of pressures on land use in the city centre.<sup>92</sup>

### **Case study: Shifting incentives for use**

The rebalancing viability of residential and commercial uses can be seen in schemes such as Battersea Power Station. In January 2020, plans for 250 apartments in the development were put on hold, with developers proposing that the building in question should be used for office space instead. Later in the year, Wandsworth Council will decide whether to approve these plans to bring an additional 200,000 sq ft of office space to the area.

The prime residential market has been slowing in central London, while demand for office space has remained high. These factors are likely to have contributed to the proposed change, which the Battersea Development Company say would provide “a better balance” between residential and commercial needs. Furthermore, the Northern line extension to Battersea is set to complete in 2021, so better connectivity and capacity will support more commuting to the scheme.

### **Issue 3: Changing nature of work**

The rise of coworking spaces has been notable in central London in recent years. But the nature of office-based work is also changing more broadly, particularly in some of central London’s biggest sectors. Ultimately, despite the rise of flexible hours and remote working, office demands in CAZ/NIoD are likely to be “more, but different”.<sup>93</sup> Trends towards open-plan, flexible space and breakout areas offer the potential to intensify use of office space – and with microbusinesses and startups on the rise, there is also growing demand for affordable and coworking space. However, central London’s historic built environment, much of which is either formally or informally treated as a heritage asset, can make adaptation of this space challenging.

### **Issue 4: A short-term population**

Central London has a higher-than-average proportion of single-person households, short-term residents, and people in their 20s and 30s. With demand for primary school places set to decline in coming years,<sup>94</sup> central London could become increasingly polarised between affluent, childless adults and significantly less affluent families in social housing. The challenges of finding mechanisms to make intermediate or key worker housing

viable in the city centre risks accentuating this trend, as does the decline in social housing units (albeit from a comparatively high base). A rise in whole-home short-term rentals is also adding pressure to housing supply. There is a risk that long-term residents, who play an important “stewardship” role in central London, could be replaced by more transient residents who have less of a stake in the area’s continued success.

### **Case study: Dolphin Square Foundation – providing key worker and intermediate housing in central London<sup>95</sup>**

In 2017, Dolphin Square Foundation developed 31 intermediate homes for rent at One Church Square in Pimlico. Tenancies are for three years initially, and the required minimum household income to rent a one-bedroom flat is £35,000 (maximum income for eligibility is £65,533).

The development is designed to provide homes for people who work in central London, in organisations that are essential to the capital and its economy, but who may not be able to afford high rents in the area. Analysis of the Dolphin development shows that, while residents work across a number of sectors, there are a high number of public sector workers. For instance, at the Dolphin development teachers make up five per cent of all residents, compared to only 1.67 per cent across Inner London as a whole.

In interviews for this report, employers often raised concerns about the impact of housing costs on the retention of staff, especially those at mid-level. Providing intermediate housing for and ensuring the retention of talented workers in the capital is crucial to maintaining London’s diverse skills pool.

### **Case study: Paris and short-let accommodation**

Paris’s four central districts are the least populated areas of the city, representing only 4.5 per cent of the population and mainly comprised of young adults with high incomes.<sup>96</sup> The city is ranked the joint-most expensive to live in globally (alongside Singapore and Hong Kong),<sup>97</sup> and like London, housing affordability is a major concern. This is true particularly in central Paris, where high prices have been driven by the short-term leasing of private properties: Paris is Airbnb’s second largest market, listing 60,000 apartments.<sup>98</sup> The Mayor of Paris has linked Airbnb’s rise to a shortage of affordable properties available for long-term renting, demanding registration of properties with City Hall as well as a cap of 120 nights a year for Airbnb owners (even going so far as to threaten a total ban in parts of central Paris).<sup>99, 100</sup> Legislation to lower the cap to 60 nights appears to be on the way, despite controversy.<sup>101</sup>

### **Issue 5: Inequality and inclusive growth**

Several of the challenges mentioned above are related to the relatively high price of land and property in central London. Although land values have been falling since late 2015, it has been difficult to ensure that affordable workspace and intermediate housing are provided in meaningful quantities in and around the city centre. This in turn creates the risk that pockets of social housing across central London will become increasingly isolated in terms of their surrounding retail and service offering, thereby harming social cohesion. The persistence of deprivation within the CAZ/NLoD suggests that residents are unable to access the opportunities provided by the district's growing economy. Providing affordable office and commercial space for startups and small businesses in the city centre is a continual challenge, but doing so can help residents to access opportunities and share in growth. However, beyond encouraging new jobs, more must also be done to help residents access existing employment opportunities.

### **Case study: Affordable workspace to benefit small businesses and residents in Islington**

In Islington, the council has identified inequality as a major priority. Although Islington is ranked the fourth most prosperous local authority in England, levels of unemployment and poverty are higher than the London average.<sup>102</sup> As part of a programme to address inequality, Islington Council launched its Affordable Workspace Strategy in 2018. This provides small businesses with high-quality office space at very low rents: in return, businesses must provide social-value outputs for local people such as mentoring or employability programmes. Through Section 106 agreements that raise funds to mitigate the impact of development on a local community, the council has secured nearly 4,000 sq m of office and workshop space in commercial developments.<sup>103</sup> In doing so, Islington Council is working collaboratively to benefit both small businesses and residents – with the ultimate goal of ensuring that wealth and resources stay within the borough and benefit local people.

## **Issue 6: Environment and sustainability**

The largely historic built environment of the CAZ/NIOd can make adaptation to modern or environmentally friendly standards expensive and difficult. There has been some progress on “green roofing” the CAZ, a target set in the London Plan,<sup>104</sup> but successive measures have failed to substantially address central London’s serious issues with traffic congestion and air quality. Industrial land for freight consolidation has been lost at a faster-than-planned rate in and around the CAZ. This means that freight often has to travel further to central London, contributing to congestion and making consolidation of deliveries more difficult.

### **Case study: Finding new ways to deliver freight at Liverpool Street**

Heavy Goods Vehicles that fall short of Ultra Low Emissions Zone (ULEZ) standards are currently required to pay £100 for each trip into the zone.<sup>105</sup> At present, the ULEZ charge area mirrors the Congestion Charge zone, but from April 2021, this will extend to cover the area within the North and South Circular roads.

From May 2020 London’s Liverpool Street station will operate as a freight hub, receiving goods directly from London Gateway Port (in South Essex). This scheme will enable hauliers to avoid the ULEZ and Congestion Charge by bringing goods into central London by rail. There are currently plans to run three round-trip services per day outside peak hours, and estimates suggest that each carriage will be able to carry roughly the same amount as a heavy truck.<sup>106</sup> Once the deliveries arrive by train at Liverpool Street they will be taken to their destination by electric van or cargo bike.

### **Case study: Working locally to tackle global issues in BEE Midtown**

In July 2019, the BEE Midtown BID, which represents an area containing 14,000 businesses, outlined a programme to support sustainability in the area.<sup>107</sup> As a starting point, the BID has adopted some of the United Nations Sustainable Development Goals (SDGs)<sup>108</sup> and partnered with UK Stakeholders for Sustainable Development (UKSSD), a network seeking to accelerate progress on these goals.<sup>109</sup>

As part of this programme, BEE Midtown has been working with both businesses and local authorities to improve sustainability in the area. For instance, they have been working with local offices, bars and restaurants to find biodegradable alternatives to plastics, and with local authorities to introduce public

water fountains.<sup>110</sup> Through local action on a global issue, BEE Midtown is seeking to evolve from a service organisation to a leadership body for the area.<sup>111</sup>

### **Issue 7: Building an appealing place**

Road congestion and air quality are environmental problems, but they also harm central London's competitiveness as a place to both live and work. In this respect, many of the district's challenges are of shared interest to businesses, residents and visitors alike. For instance, rough sleeping has been a growing social ill in the capital, with a reported 18 per cent rise in 2018/19.<sup>112</sup> Several other areas of clear mutual interest between user groups also exist, albeit for different reasons: antisocial behaviour and noise pollution affect businesses and residents alike, and public realm improvements are in the interests of everyone. Ultimately, all of central London's user groups seek a vibrant, clean, accessible, and affordable city centre – but the mechanisms to achieve this can still cause great controversy.

### **Case study: The pedestrianisation of Oxford Street – balancing the needs of residents and visitors**

The pedestrianisation of Oxford Street was a flagship policy for Sadiq Khan in the 2016 mayoral election. After winning the election, these proposals were backed by public consultation and initially supported by Westminster City Council.<sup>113</sup> The Mayor argued that, with the changing face of retail, the continued success of Oxford Street could not be guaranteed. Ultimately, air pollution, poor-quality public realm and overcrowding may deter visitors and damage London's competitiveness on the national and international stage.<sup>114</sup>

However, it became clear that that some residents opposed the plans for pedestrianisation, and Westminster withdrew its support. For instance, the West End Community Network (WECN) – which represents 10 residents' organisations and thousands of residents – opposed the plans on the grounds that buses would be rerouted to more residential areas, which would simply displace congestion and pollution from Oxford Street shoppers to residents.<sup>115</sup> Yet others highlight that there has been a significant reduction in the number of buses on Oxford Street (40 per cent between 2016 and 2018)<sup>116</sup> through the rationalisation and cutting of some routes – not through diversion to residential streets.

In October 2018, Westminster City Council published an alternative plan that included proposals to reduce the number of buses and potentially ban taxis and cars at peak times. The council noted that any changes causing significant disruption to the local area should not be allowed,<sup>117</sup> with the Mayor countering that the council's proposal simply outlines small cosmetic changes.<sup>118</sup>

### **Case study: The Northbank BID – Strand/Aldwych**

The Northbank BID has been lobbying for the redevelopment of the Strand/Aldwych area since 2014. As part of these redevelopment plans, traffic will be removed along a 200-metre stretch to create a new piece of public realm – which will in turn improve air pollution, encourage walking and cycling, and help support education and cultural activities in the area.

As part of the lobbying effort, the Northbank BID invested in some initial modelling and vision work which showed the possible improvements and scale of change. After this, the project was picked up by London First and is now being led by Westminster Council, with the Northbank BID acting as a partner.

A public consultation on the redevelopment plans ran for six weeks in early 2019. As part of the consultation, an online survey was conducted which found that 73 per cent of respondents supported the scheme.<sup>119</sup> Of the 1,400 respondents, the majority were visitors or local workers, with some input from residents and businesses.<sup>120</sup> The project is now fully funded and the planning application could be submitted later this year.

### **Issue 8: Sharing the load with central London's visitors**

An increasing number of tourists are expected across London – and despite a slight recent drop-off in visits to central London's attractions, the capital's core remains the centre of its tourism offer in terms of overnight stays and tourist spend. The night-time economy is also largely concentrated in central London. Whilst both visitor groups contribute substantially to the district's economy, their presence can also bring challenges – including increased strain on infrastructure, antisocial behaviour (especially in residential areas) and increased policing costs. This is particularly true for late-night visitors to central London's bars, clubs and pubs, whereby the associated costs are currently borne primarily by employers and residents within the district. The rise of Airbnb presents further challenges in the housing market, leading to an inefficient use of space where it is

already short. In addition, commuters and other regular visitors do not have any formal say in central London's governance or future.

### **Case study: The Late Night Levy – helping the industry to thrive while protecting residents?**

All local authorities have the power to enforce a Late Night Levy on businesses where alcohol is served between midnight and 6am. This contributes to the costs of mitigating the potential negative impacts of late-night drinking, such as increased crime and disorder. The amount of the levy is set at a national level and the charge is calculated according to rateable value. The levy ranges from £299 to £1,493 each year, depending on rateable value, with higher levies for premises that serve alcohol.<sup>121</sup>

In London, six boroughs have introduced a levy (all in the CAZ) – the City of London, Camden, Islington, Hackney, Tower Hamlets, and most recently, Southwark.<sup>122</sup> However, the levy is not enforced in the same way across boroughs. In some like Camden,<sup>123</sup> many premises qualify for a 30 per cent levy reduction – including small businesses and premises that are members of local BID's or are involved in business-led best practice schemes. In other boroughs such as Hackney<sup>124</sup> and Southwark<sup>125</sup> there is no reduction available.

In Southwark, the introduction of the levy in September 2019 caused tension between residents, local politicians and the business community. The three BID's operating in the area opposed the levy, arguing that they already fund extra police in the area and provide training to businesses to minimise late-night nuisances.<sup>126</sup> Indeed, UK Hospitality, the leading trade association for the hospitality industry, argues that hospitality businesses have boosted regeneration in the area, and that the levy will threaten the industry in Southwark.<sup>127</sup>

### **Case study: Amsterdam and tourism**

Tourism is at an all-time high in Amsterdam, one of the most popular travel destinations in Europe. It is particularly concentrated in the central area of the city: in 2017, this area saw 16 million hotel overnight stays, compared to five million in the rest of the Amsterdam Metropolitan Area.<sup>128</sup> However, the scale of Amsterdam's mass tourism – and increasing concern amongst the city's residents about the reasons that visitors were coming – has led to calls for a change of focus. Concerns such as antisocial behaviour, over-concentration of public space use and private investors driving up property prices are seen as a threat.<sup>129</sup> The city has launched an "Enjoy and Respect" campaign, which attempts to combat antisocial behaviour, and is experimenting with using technology to promote Amsterdam's lesser-known attractions and steer visitors away from particularly

overcrowded “hotspots”. The implementation of a tourist tax also seeks to mitigate the pressures that can accompany high-density tourism.<sup>130</sup>

### **Issue 9: Changing skills, retail and technological environment**

Renegotiating the UK's relationship with the European Union is a national issue, but is likely to have specific impacts on central London. Businesses in the central district are more likely to employ foreign nationality staff, and are more concerned about the impact of leaving the EU than those throughout the rest of the capital.<sup>131</sup> Important central London support sectors such as construction and hospitality are also more reliant on EU workers than the national average, and retail is also likely to see significant change as a result of automation.<sup>132</sup> Central London's retail offering has proved comparatively resilient, but automation and the growth of online shopping could still prove disruptive.<sup>133</sup>

### **Issue 10: Fragmented governance**

The CAZ/NIoD contains parts of 10 separate boroughs, each of which have different approaches across a wide range of policy areas. These include (but are not limited to) freight consolidation, waste management, policing, roadworks, dealing with homelessness, and some aspects of planning policy. Central London's BIDs are varied in their purpose and generally reflect their members' priorities; some interviewees suggested that they have yet to find a meaningful way to work together on shared issues and advocate collectively for the district. A lack of cross-district coordination, beyond the general guidance provided by the GLA and the London Plan, can mean that individual borough policies differ significantly within the CAZ/NIoD – something that several interviewees mentioned could prove challenging for employers and developers.

### **Case study: Central London's BIDs**

Initially, most London BIDs were focused on town centre retail areas,<sup>134</sup> but today there is significantly more variety in the types of BIDs active. For instance, there are property owner BIDs, where the levy is paid by owners (not occupiers) of commercial premises, potentially giving them a longer-term perspective. Other examples include tourism BIDs focused on tourism businesses in a specific area.<sup>135</sup>

The number of BIDs varies considerably by borough. Westminster has the most, with eight: these include the Piccadilly and St James BIDs, representing both business and property owners, as well as others like Marble Arch BID that are purely focused on businesses. Lambeth has the next highest number of BIDs, with six. Together, Westminster and Lambeth contain a quarter of London's BIDs, while 17 boroughs have none at all. Whilst much of this distribution reflects the concentration of businesses of a certain size in particular localities across the capital, the emergence and subsequent success of BIDs in central London is also influenced by the relationship between boroughs and BIDs, which is often a function of individuals' capacity to build positive relationships rather than formal structures to involve BIDs in local decision making.<sup>136</sup> With BIDs designed to be explicitly local in their remit, there is also little working across central London – and whilst much of the CAZ/NIOd is now served by a BID, there are still areas without.

### **Issue 11: Trust and local opposition**

Central London's residential population is growing, even in the CAZ/NIOd. However, trust between residents and developers is poor, and new developments are rarely welcomed by local residents in an area. A complicated planning system – and a lack of transparency in how and where Section 106/CIL contributions are spent – means that some residents remain unconvinced that the benefits of new development outweigh the negatives and inconveniences. On the other hand, businesses and commuters who rely on central London have an interest in, but little influence over, the district's evolution.

### **Issue 12: Funding and powers**

Despite all of the above issues, London government is limited in its ability to act. London's local authorities have been hit disproportionately hard by central

government cuts since the financial crisis a decade ago,<sup>137</sup> relying increasingly on developer contributions for public space improvements and other public goods.<sup>138</sup> London government also controls little of the resources that the city raises.<sup>139</sup> Despite the importance of central London to the national economy, Transport for London is now one of the only transport authorities in the world that receives no central government grant for running costs.<sup>140</sup> Although increasing numbers of commuters, tourists and other visitors are expected, London's government is unable to raise taxes to manage and sustain this growth.

### **The risks: a central London decline scenario**

If poorly managed, a combination of the challenges outlined above could foreseeably lead to a situation of relative decline for London's city centre. Such a scenario is outlined below, before the following chapter sets out a contrasting positive scenario and some recommendations for getting there.

Market forces, planning restrictions and too much residential development lead to constraints on business space, undermining agglomeration benefits. A lack of affordable workspace makes it difficult for startups and smaller businesses to develop, further damaging the CAZ/NIoD "ecosystem" and leading to a decline in the variety of shops, restaurants and other businesses. An inability to adapt central London's historic core to the needs of modern businesses – with conservationist concerns to navigate as well as limited space – sees businesses begin to look elsewhere.

This is accentuated by a failure to tackle congestion and pollution, homelessness and other major cross-central London challenges. Businesses start to look elsewhere for relations or expansion, perhaps encouraged by other factors such as more difficult trading conditions following Brexit. At the same time, a narrowing range of retail and services means that London begins to lose out in terms of its buzz and its attractiveness to workers, residents, and domestic and international tourists. Living in London remains unaffordable for key workers like teachers or nurses, and commuting from outside the capital becomes increasingly unappealing, putting a strain on these essential services. Central government is unwilling to grant London's government the ability to implement measures to raise additional revenue to mitigate the impact of increasing numbers.

Social housing stock continues to decline, and that which remains becomes increasingly isolated, with nearby services catering only for those on medium- to-high incomes. A lack of intermediate housing further accentuates this trend, hollowing out the social structure of the city centre. Both these factors lead to an already young, relatively wealthy, single and temporary population becoming even more so. This short-term population is less likely to play the important “stewardship role” played by residents in successful world cities. Meanwhile, central London’s more deprived communities suffer the negative consequences of growth and real estate development, but are excluded from the benefits. Governance mechanisms to mitigate or remedy this are too weak or lack co-ordination across the CAZ/NIOD; there is a lack of transparency around the process of change, and alienation continues to grow.

Central London does not decline absolutely, but relatively, compared to the centres and Central Business Districts of other world cities. The amount of tax generated in the district is not as high as it would otherwise have been, and the amount that is redistributed around the UK therefore also declines.



**4.**

# **Recommendations**

This chapter envisages an alternative future for central London. It outlines a potential “success scenario” for the district, before laying out some key principles and recommendations to help achieve this scenario and address the issues highlighted in the previous chapter.

### **The opportunity: a central London success scenario**

Growth and change in the city centre are accepted and welcomed by those responsible for managing it. Space in the CAZ/NIOD is used flexibly and intelligently by businesses and developers, guided by a joined-up, CAZ-wide vision developed by boroughs and other London stakeholders that gives a voice to a full range of central London’s diverse user groups. This allows local interests to be heard and improves trust at a neighbourhood level, but also ensures a strategic, CAZ-wide approach to investment and new development.

Challenges – from congestion and pollution to homelessness and public realm improvements – are dealt with strategically across existing boundaries, and with openness to innovation. The district’s physical environment is improved, and its impact on climate change reduced through improved sustainability measures across the built environment. Intermediate housing provision encourages the growth of stable, long-term communities, and start-ups can find flexible and affordable workspace in and around the city centre. Development is optimally dense if not always tall.

Central government is convinced of central London’s importance, but also its vulnerability to decline, acknowledging the need for investment and devolution. The district maintains its diversity of function, mitigating some use clashes and focusing on areas of common cause between user groups. These factors enable central London to thrive in the coming years and create a strong foundation for continued success.

## What is needed: Four key principles

**Embrace change.** While the CAZ/NIOD remains the core of central London, the mix of uses and pressures in and around the area is shifting. Continuing change is inevitable, despite the city centre’s historic physical environment, so its leaders and their policies must be flexible and receptive to innovation. Arup analysis for the 2018 report *West End Good Growth* shows that there is potential for significant densification in the West End without an explosion in the number or size of tall buildings.<sup>141</sup> Comprehensive analysis of the potential of the wider CAZ/NIOD area should be undertaken to examine the potential for such intensification.

Space – and a flexible attitude to its use – is hugely important. Central London must be willing to experiment with and adopt more innovative ideas – from new governance approaches and fiscal mechanisms, to new ways of managing traffic and making the most of existing space. Challenges such as the changing nature of retail and the rise of short-term residential letting must be addressed; at the same time, measures to improve air quality and enhance the district’s sustainability are becoming ever more vital.

**Think strategically.** A clear vision and stronger co-ordination is needed, given the 10 separate boroughs and other layers of governance, and building on the work of Central London Forward. This area is different to most of London in its purpose, function, and the balance between residents, employment and visitors. Amidst growing residential numbers, it is important to ensure that the district’s more affluent population doesn’t become so transient that its “stewardship” role is lost. It is equally vital that its more deprived communities are not left isolated, and that intermediate housing can be provided for key workers.

Ways to provide affordable homes for stable, long-term communities must be found across the CAZ/NIOD, and affordable space for small businesses and

local residents is also needed in and around the district. Ultimately, planning decisions should be based on more detailed CAZ/NIOd-wide analysis of both need and potential for development within the district, rather than on borough-wide policies that focus mainly on the borough and its part of the CAZ/NIOd.

**Ensure all voices are heard.** Despite its particular stakeholder mix – high numbers of commuters and visitors alongside smaller but growing resident numbers and a strong business presence – much CAZ/NIOd-wide policy is currently set primarily at borough level, across 10 different but mainly residential boroughs. The number of people who work in the CAZ/NIOd significantly outnumber those who live there, and yet only the latter have a direct say in the district’s future. BIDs can help to ensure that CAZ/NIOd-based employers have a voice – although this is not necessarily the same thing as giving their employees a say. Community groups must continue to be heard locally, particularly at neighbourhood level, and more transparency is needed across the whole development process to help build trust between local authorities, developers and local communities.

But London’s core is unusual in that many of its assets are of national importance: no one group owns them, and their impact reaches far beyond the boundaries of the CAZ/NIOd. Central London’s councils should work with each other and with employers to navigate “crunch points” that can occur between different uses, and to ensure the district itself continues to thrive. Alongside ensuring that a wider range of voices are heard, and strengthening the offer to visitors, this should also include seeking new ways for visitors and other users to contribute to the area’s maintenance, for example through a levy on overnight stays.

### **Convince central government to invest and devolve.**

Central London is at the heart of the UK's economy and cultural life, but it can sometimes seem politically marginalised. Central London's boroughs and the GLA often lack sufficient powers and resources to address the challenges they face. Investment is needed in the city centre's transport infrastructure and built environment; it is also required to address quality of life and cost of living issues from air quality to housing provision. As is the case across both capital and country, central government currently holds the reins over too much of central London life, from taxation to transport. It must be convinced to let go and devolve power, and central London's various user groups need to speak with one voice in advocating for this.

In the meantime, central government must be convinced to continue to invest in the capital's core, in order to ensure that the district can continue to generate the taxes that sustain public spending across much of the nation. National government must be reminded to ensure that its laudable aim to "level up" the rest of the country does not come at the expense of the capital's success.

## **Recommendations**

Central London's resilience and strength lies in the diversity of its functions and user groups, and its governance understandably reflects this complexity. However, the unique balance between visitors, employees and residents in the CAZ/NIOD, and the potential for clashes requiring delicate management, mean that it is worth considering possibilities for strengthening the governance of this vital district.

Continued growth – with an increasing residential population matched by ever-higher numbers of commuters and tourists – is likely to place further strain on pressure points. And emerging challenges include everything from managing the effects of the growing online market for short lettings and the need to improve air quality by removing vehicles from some parts of the CAZ. These new challenges have

the potential to make clashes between interest groups more frequent. The recent shift in national political discourse and focus, away from cities, but particularly away from London and the South East, also means it is even more important that those with an interest in the UK's primary economic engine speak with a united voice externally, and focus laser-like on the challenges that central London faces internally.

There is a long tradition of joint working and partnership in central London, most recently through the work of Central London Forward. This forms a powerful foundation for concerted action to ready central London for the challenges it faces today and tomorrow. The CAZ10 boroughs and Central London Forward, including its two associate members have interests that extend far beyond the CAZ/NIOD. However this should not obscure the fact that there are common issues and concerns across central London, and scope for the boroughs to work more closely to address these together, and to refine the vision and strategy for London's core.

This process should also involve London's metropolitan government. The former Mayor of London issued his supplementary planning guidance for the CAZ in 2016.<sup>142</sup> This must be due early revision, and its development would provide an opportunity for the Mayor and CAZ boroughs to work together, alongside BIDs and other partners, in the way that the Mayor has already worked with smaller borough groupings on Opportunity Area planning frameworks across London.

There is an ongoing need to strengthen cross-district strategic action, involve more voices, and advocate collectively for the CAZ/NIoD:

**1. The CAZ10 boroughs, the Greater London Authority and central London's Business Improvement Districts must work together to develop a clear CAZ/NIoD-wide strategy on:**

- Encouraging stable long-term communities, particularly through the provision of appropriate housing, shops and other amenities.
- Ensuring a mixed-use district with increasingly inclusive growth.
- Finding ways to provide inclusive, affordable workspace in and around the district without overburdening developers alone.
- Monitoring the rise in whole-property online short lettings, and mitigating negative effects on the availability of housing.
- Dealing with road congestion across the district, particularly in relation to freight, and the associated air quality challenges.
- Continuing to make public realm and environmental improvements.
- Improving coordination of service provision and planning policies across boroughs.
- Making the case for the district to central government.

**2. These groups must also consider ways to strengthen the role of other central London user groups in forming future plans for the CAZ/NIoD.**

- Considering an enhanced role for the district's BIDs (and where possible, other major employers who are not members of existing BIDs) in producing and implementing the CAZ/NIoD-wide strategy.
- Embracing and encouraging neighbourhood forums and plans where possible.

- Improving mechanisms for liaising with residents locally – including brokering with communities via BIDs, neighbourhood forums and other partnership organisations where appropriate.
- Improving transparency of Section 106 and CIL payments, allowing residents to better understand who is contributing, where money is being spent, and on what.
- Considering mechanisms to allow those who use the district but live elsewhere – such as tourists and night-time visitors – to contribute financially to its upkeep where reasonable.
- Sharing best practice with one another and making the case for central London to central government.

**3. All groups must make the case for central London, advocating to central government for more devolution in the long term – and for investment in the meantime.**

- Ultimately, London-wide government needs more power to make the decisions that closely affect it: this is equally true of the boroughs and their sub-regional groupings.
- The CAZ/NLoD is home to concentrated economic activity and clusters of business specialism across multiple sectors: its continued success is vital to the UK economy.
- Fiscal devolution – from the retention of business rates to incentivise boroughs to grow their tax bases, to the ability to raise a visitor levy in central London – is particularly desirable in order to achieve this (although neither should end the nationwide principle of redistribution).
- Until such powers are devolved, the groups mentioned above must strengthen their joint working to provide a more coherent, louder and more diverse voice for continued investment in central London – particularly (but not exclusively) in transport infrastructure.

Central London remains a dynamic and creative city centre, but needs to respond not only to the challenges it faces today but to those ahead too. There is a strong bedrock on which to build. However, central London's capacity to respond nimbly and coherently could be boosted by stronger collaboration. In the short term, this could involve joint work on supplementary planning guidance as suggested above, with the GLA ensuring that the CAZ10 boroughs are brought more fully into the process (perhaps through Central London Forward), alongside the district's 16 (current) BIDs and community groups, using the issues outlined above as a starting point for debate.

In the longer term, the establishment of a formal joint committee of the CAZ10 boroughs (or Central London Forward), alongside representatives of the GLA, the district's BIDs, and community groups, might be considered, building on existing arrangements and sharpening focus on the CAZ/NIoD. This would enable regular monitoring of key trends in employment, inclusion, demographics and the use of space, strengthening the capacity to act. Such a structure would also provide a forum for collectively advocating for the district and making representations to central government.

New governance arrangements can be costly in terms of time and resources, both of which are in short supply. So we recommend an approach that strengthens existing partnership operation, before considering the more fundamental changes needed to sustain central London as a place to live, work and welcome visitors from across the nation and the world.



# Appendix: Methodology note

### Methodology for central London mapping

The CAZ and NIOd constitute non-standard geographies and as such no official statistics are produced on their population or characteristics. Data must therefore be created for the areas by aggregating from smaller geographies.

This report uses Lower Super Output Areas (LSOAs) and Major Super Output Areas (MSOAs). Business Register and Employment Survey (BRES), and population data are available at the LSOA level, IDBR data are available at the MSOA level.

Centre for London downloaded and analysed data from the BRES to map employment density. Employment data was used as opposed to employee data as the former includes both employees and working owners. The data include full, part-time, and self-employed workers as long as they are registered for VAT or Pay-As-You-Earn (PAYE) schemes. Working owners are typically sole traders, sole proprietors or partners who receive a profit share.

Centre for London also downloaded and analysed data extracted from the Inter Departmental Business Register (IDBR), which record the number of local units that were live in March of the year data were collected. Estimates are broken down by detailed industry. A local unit is defined as an individual site (for example, a shop) associated with an enterprise. It can also be referred to as a workplace, and there can be multiple units operating under the same enterprise (for example, multiple shops of one supermarket chain).

The method used to define the CAZ and NIOd area was twofold. LSOAs were allocated to the CAZ and NIOd if 0.5 or more of their total area fell within the London Plan area boundaries when modelled. MSOAs were then derived from the formulated list of LSOAs.

The CAZ and NIOd boundaries displayed on the maps are intended for illustrative purposes only.

# LSOA11CD

1. E01000001	41. E01002727	83. E01004660	125. E01004753
2. E01000002	42. E01002728	84. E01004661	126. E01004761
3. E01000003	43. E01002729	85. E01004662	127. E01004762
4. E01000005	44. E01002819	86. E01004663	128. E01004763
5. E01000850	45. E01002824	87. E01004665	129. E01004765
6. E01000851	46. E01002826	88. E01004668	130. E01032582
7. E01000852	47. E01003013	89. E01004669	131. E01032583
8. E01000853	48. E01003014	90. E01004681	132. E01032584
9. E01000854	49. E01003016	91. E01004688	133. E01032637
10. E01000855	50. E01003017	92. E01004689	134. E01032639
11. E01000914	51. E01003109	93. E01004691	135. E01032640
12. E01000915	52. E01003112	94. E01004692	136. E01032646
13. E01000916	53. E01003927	95. E01004712	137. E01032719
14. E01000917	54. E01003929	96. E01004713	138. E01032720
15. E01000918	55. E01003930	97. E01004714	139. E01032722
16. E01000919	56. E01003932	98. E01004715	140. E01032739
17. E01000920	57. E01003933	99. E01004716	141. E01032740
18. E01000936	58. E01003934	100. E01004717	142. E01032766
19. E01000937	59. E01003935	101. E01004727	143. E01032767
20. E01000938	60. E01003936	102. E01004730	144. E01032770
21. E01000939	61. E01003937	103. E01004731	145. E01032771
22. E01000940	62. E01003938	104. E01004732	146. E01032772
23. E01000941	63. E01003939	105. E01004733	147. E01032773
24. E01000942	64. E01003940	106. E01004734	148. E01032776
25. E01000943	65. E01003941	107. E01004735	149. E01032779
26. E01000945	66. E01003942	108. E01004736	150. E01032780
27. E01000946	67. E01003943	109. E01004737	151. E01032781
28. E01000953	68. E01003960	110. E01004738	152. E01032782
29. E01000954	69. E01003981	111. E01004739	153. E01032803
30. E01000956	70. E01004027	112. E01004740	154. E01032834
31. E01002701	71. E01004221	113. E01004741	155. E01033132
32. E01002702	72. E01004255	114. E01004742	156. E01033208
33. E01002703	73. E01004256	115. E01004743	157. E01033489
34. E01002704	74. E01004258	116. E01004744	158. E01033490
35. E01002706	75. E01004277	117. E01004745	159. E01033593
36. E01002707	76. E01004293	118. E01004746	160. E01033594
37. E01002723	77. E01004294	119. E01004747	161. E01033595
38. E01002724	78. E01004307	120. E01004748	162. E01033596
39. E01002725	79. E01004310	121. E01004749	163. E01033597
40. E01002726	80. E01004562	122. E01004750	164. E01033599
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