

The London Project

Background

1. London dominates economically, culturally and politically more than any other Western capital city. However, despite its success, it also faces acute problems: such as high levels of deprivation and social exclusion; strained infrastructure; uneven performance in public services; and problems of recruitment and retention of key workers.
2. The Mayor of London published his *London Plan* in June 2002. The *London Plan* is concerned primarily with spatial development and recognises the need for Central Government and locally elected bodies to co-operate in ensuring London's success.
3. London is very different from other parts of the country:
 - **Demographics:** London's population has increased by some 350,000 over the past 10 years. Compared to the rest of the UK, London has fewer older people, substantial over-representation of young adults (20-44) and slight over-representation of children.
 - **Ethnicity:** London is much more ethnically diverse than the rest of the country. One in four Londoners is from an ethnic minority. There are some 300 different first languages spoken in London.
 - **Economy:** London is a major economy in its own right, with approximately 18% of the UK's GDP. The London financial services industry on its own accounts for about 6.5% of UK GDP.
 - **Disparities:** There are huge disparities of wealth across London, and London has the second highest unemployment rate among England's regions and the largest number of unemployed people of any region.
 - **World City Status:** London is a global hub in finance, business, travel and communications, rivalling cities such as New York and Tokyo.
4. London's growing population poses challenges. The capital's population is expected to increase by some 700,000 to reach about 7.9 million by 2016. This is in contrast to most other major urban areas in the UK.

Key issues for London

5. London's global city role is crucial. London has a powerful competitive advantage in finance and business services. London is important to the UK economy but the two-way links with the economy of the rest of the country are not well understood.
6. Dealing with population growth presents several inter-linked problems. High housing costs make it difficult to retain trained key workers. Congestion causes problems for public transport and business and reduces the quality of life of Londoners.
7. Economic inequality is very marked in London. It contains both the richest and – on many measures – the poorest parts of England, often very close together. Once housing costs are taken into account, 41% of children – some 300,000 children – in London live below the poverty line, much higher than in any other region. Deprivation and poverty present problems in a wide range of areas, from difficulties of access to good housing, high crime rates, health problems, particularly drug-related, and poor educational attainment.
8. The main challenges facing London are likely to involve cross-cutting issues – for instance, the impact of education and crime on economic performance or of housing and transport on the labour market and productivity.

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9. The Strategy Unit (SU) will work closely with the Government Office for London, who are preparing the Government's contribution to the Examination in Public of the Mayor's *London Plan* – due to begin in March 2003. Further work will focus on the role of central Government and the delivery of the Government's priorities in the long term. This will involve the full range of institutions that contribute to London's success, including Government Departments, the Greater London Authority and other interested parties. The study is not a review of the arrangements for devolved governance.
10. The project will focus on the role of central Government in tackling the above issues, for example:
 - **Economic Performance and Development:** How do London's strengths and weaknesses relate to the UK's national economic performance and its position as a world leader?
 - **Demographic and population change:** What will the implications of future changes in London's population be for London and the rest of the UK? What should be central Government's role in dealing with the consequences of growth in London's population?
 - **Tackling inequalities, deprivation and poverty:** numerous central Government departments and agencies are engaged in this task. In the

longer term, are structures and arrangements appropriate to it and other cross-cutting challenges?

11. The project will focus on the role of central Government in contributing to London's success and will contribute to long-term policy-making. The project will complete in summer 2003.
12. The project team can be contacted on:
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Strategy Unit
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