



**London Sustainable Development Commission
Consultation submission on the Mayor's
proposal to the Economic Development
Strategy for Greater London**

Rising to the Challenge

May 2009

Background to the LSDC and Policy Context

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

In 2003, the Commission published *A Sustainable Development Framework for London*. This provides decision and policy makers with fourteen overarching objectives that they should seek to achieve with any strategy, policy or project they wish to progress. These objectives relate to the Commission's four areas of sustainable development:

- Taking **Responsibility** for the impact of one's actions on other people and the environment, and thinking longer term;
- Developing **Respect** for London's diverse communities and for London's environment;
- Managing **Resources** more prudently to reduce London's environmental impact and;
- Getting **Results**, which achieve social, economic, and environmental objectives simultaneously to improve the quality of life of Londoners now and in the future.

Sustainable Development in London

London cannot continue along its current path, where, (despite some significant successes) economic, social and environmental improvements are often viewed in isolation and are traded-off against one another. London must choose a more sustainable path, which will bring significant long-term benefits for both London and the wider world.

Sustainable development ensures we have a better of quality of life now and for the future whilst protecting and enhancing the earth's resources. Our vision for London articulates how this can be achieved and is contained in 'A Sustainable Development Framework for London'¹.

In practice, achieving a better quality of life is about:

- Having access to quality education, jobs, services, housing and leisure;
- Living in an environment which is healthy, resilient and stable now and into the future;
- Living and working within a society which is democratic, just, engaged, diverse, responsible, supportive and vibrant;
- Being fulfilled, healthy and with sufficient personal resources to enjoy life.

Whether as individuals, communities, businesses or governments, our journey towards sustainability means improving how we think about the social, economic and environmental impacts of everything we do. We must make the most out of available opportunities, designing out negative impacts and minimising them as a last resort.

Since The World Commission on Environment and Development first officially referred to sustainable development in 1987 in its report, '*Our Common Future*', known as the Brundtland Report, sustainability has been conventionally divided into social, environmental and economic spheres. Whilst this definition may be useful in looking back it fails to identify the opportunities for integrated solutions in the future.

The Commission's approach to Sustainable Development

To understand how to get to grips with sustainability the Commission promotes an integrated approach in preference to the more traditional 3 pillars way of thinking.

This approach sees policy makers and Londoners alike taking **Responsibility** for how their actions impact on other people and the environment, adopting an attitude which **Respects** London's diverse populations and environment, and considering ways in which to manage the earth's **Resources** more prudently thereby achieving positive **Results**.

We see this integrated approach in terms of a **'virtuous cycle'**, where it makes more sense if opportunities and impacts, across these four "Rs", are considered together and the benefits become mutually self-reinforcing.

For example, a well designed policy which aims to increase walking and cycling will not only see an increase in **Responsibility** of Londoners for their actions but should also lead to increased **Respect** by targeting all communities in London. The policy would reduce consumption of the earth's **Resources** such as finite fossil fuels thereby delivering broader positive **Results**. These results would include reducing congestion as well as improving health (and reducing health inequalities) through the increase in daily physical exercise.

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One of the ways the LSDC assists the Mayor to set priorities for improving London's sustainability is to provide comment to the GLA family in relation to corporate and investment plans.

This submission is part of this assistance. We have used the above sustainability framework to inform our thinking. The LSDC welcomes the opportunity to engage in this process.

The LSDC recognise that reconfiguring the economy to support a sustainable London with high quality lifestyles merits considerable thought. To this end the LSDC will be engaging in a range of seminars and thought pieces over the next few months. It is hoped that the product of this work would further help to develop the Mayor's vision of a London that excels among global cities.

1. Introduction

- 1.1 The LSDC is grateful for the opportunity to comment at this stage on the Proposals for the Mayor's Economic Development Strategy 'Rising to the Challenge'
- 1.2 We support the Mayor's vision that is set out in the Mayor's foreword, as far as this resonates with that which is explained in more detail in the first chapter of the new Plan for London.
- 1.3 We particularly support the Mayoral aspiration that the economic development strategy aims to 'harness the powerful engines for change'.

We would argue that every bit of the economy – mobility, food, and the built environment-is going to have to be re-gearred. We recognise that we are faced with a transformation of an order of magnitude that we haven't seen before¹

- 1.4 The LSDC welcomes the emphasis that the Strategy places on transforming London to a low carbon economy and we would hope that this work and indeed that of the whole strategy supports London in developing a low environmental footprint, and putting the concept of London living within environmental limits into practice.

We also welcome the recognition in the Strategy of the economic opportunity for London presented by national and international action on climate change – e.g. the growth of the carbon-trading sector. However, simply siting this activity within London will not in itself provide additional reductions in carbon emissions, without greater consideration of the strategic direction of London's economy as a whole. To this extent the Strategy could benefit from a more explicit expression of what the economy in 2031 could look like and how this would support the Mayoral ambition of achieving the highest of environmental standards and quality of life.

- 1.5 The LSDC feel that part of a Mayoral vision for a low carbon economy would mean the whole economy - a sustainable London economy implies not simply the growth of green businesses, but the transformation of mainstream businesses and other economic institutions; it needs to be deep, not merely an add-on. This includes not only promotion of green industries but also consideration on how to lessen London's reliance on high-carbon sectors of the economy. "Green collar jobs" are only part of the picture; all jobs

¹ [Hhttp://www.timesonline.co.uk/tol/news/environment/article6620438.ece](http://www.timesonline.co.uk/tol/news/environment/article6620438.ece) Sir David King

and all sectors of the economy as a whole needs to be radically changed so that in effect it is informed and shaped by sustainable principles.

- 1.6 We welcome the recognition in the EDS of the importance of climate change adaptation for London's economy. However, the impacts of climate change facing UK companies are not limited to heat waves and flood risk but also include volatile commodity prices, disruption to supply chains and transport logistics. As a recent Carbon Disclosure Project report finds², UK companies are currently under-prepared for these risks. The EDS should therefore include a more fundamental consideration of the resilience of London's future economy.
- 1.7 The LSDC would prefer that the current economic conditions are used as a catalyst for real change and this includes sustainable economic progress that is consistent with living within our environmental limits, as defined by PSA7 and contained in the Sub-National Review. ***We therefore have a fundamental concern that we think should and could be considered fully at this crucial stage in development of both the EDS and the London Plan.***
- 1.8 In response to the questions raised in chapter 2 the LSDC feel that there is need for a fundamental re-thinking of the way in which the economy of London will have to work in order to meet the major challenges of the next two decades, starting now. We feel that this presents London with a unique range of opportunities, with a chance to invest in development of a new form of economy better geared to supporting a better quality of life for all Londoners. We would like to discuss this in more detail in the coming months but there are a few points below, which give you an indication of our position.
- 1.9 As indicated in our own latest research, the economy directly contributes to London's high levels of resource consumption. The current levels of resource use are unlikely to be sustainable both from an environmental and an economic perspective, beyond the short term. They are more likely to contribute to both a reduction in the planet's critical natural capital and irreversible climate change. Over and above the costs of not tackling climate change (as described by Lord Stern), any increase in demand for those very same resources (resulting from any global return to business as usual) is likely to see rising commodity prices, which could in themselves, undermine attempts to make economic recovery sustainable in all meanings of this word. The imperative is to develop a resource efficient economy that will bring increased security from external shocks, and deliver competitive advantage in an increasingly globalised market place. As a world class financial centre with leading academia and research facilities, as well as global design companies, London is well placed to lead such change and reap the benefits that it will bring.
- 1.10 There is also a growing body of evidence, which suggests that recent economic growth in some developed countries (including the UK) has not resulted in the type of improvements in quality of life that we would expect. Irrespective of the reasons for this we know that not everyone has benefited from London's economic growth since the mid 1990's, with significant inequalities both in terms of income and health for example. Therefore only if London functions very differently will it be possible to:
 - Meet the need to reduce carbon emissions within the timescales required by the UK, EU and in particular those set by London's Climate Change Action Plan;
 - Reduce the adverse impacts of the current patterns of consumption and production not only on the environment but also on society and the economy;
 - Adapt to climate change so as to minimise the significant impacts of the changes that cannot now be avoided;

² http://www-05.ibm.com/uk/gogreen/pdf/carbon_disclosure_project2008.pdf

- Reduce the inequalities in income, health and quality of life that adversely affect social cohesion within London;
- Deliver an economic recovery which is sustainable over the mid to long term

1.10 Although some of the solutions to these problems will have to follow international agreement, the London Plan and the Mayor's associated strategies provide the main opportunities to set the long term goals for London that will deliver the above outcomes and provide the necessary framework for their delivery. It is vital that we get this right.

1.11 They will also have influence on the international scene given the tendency for London's response to such matters to be regarded as a signal of how to act.

2. Policies and Proposals

2.1 The strategy seeks to secure global competitiveness. The questions the strategy must answer convincingly are: competitiveness in what? And where does London want to be as a result given the global and societal pressures, which are to a greater or lesser extent, a product of previous economic approaches?

2.2 The LSDC would support the development and investment in a sustainable economy, infrastructure and development of a Sustainable London. Thus in terms of investment, we would support development that would green the economy for example through innovation for the built environment, fuel cells, new waste technologies, hydroponics for food etc. Investment in these areas, and using the GLA family's large procurement capacity will deliver effective change in London, and have influence elsewhere.

2.3 A specific example of this could be reviewing new approaches to 'affordable housing' to support real recovery. The strategy should set out how new forms of affordability will be achieved other than relying on a return to over burdened, debt-ridden housing markets.

In PSA 7 the Government states for the first time that its **"central economic objective is to raise the rate of sustainable growth"**. Sustainable growth is then defined: 'Sustainable growth' here and throughout refers to **economic growth that can be sustained and is within environmental limits, but also enhances the environment and social welfare**, and avoids greater extremes in future economic cycles. (Our emphasis)

2.4 Therefore the LSDC would like to discuss with the LDA the pursuit of such **sustainable economic progress. Through its networks the LSDC are aware, for example, that DEFRA are planning a series of regional workshops relating to growth and how it can be delivered within environmental limits, the LSDC would be happy to facilitate a similar event taking place in London.** We would also be keen to see an explicit analysis of how the LDA's strategy over the next 3 years will take London closer towards a low carbon economy. The LSDC will shortly be producing a report, which sets out, from a consumption perspective, the carbon emissions associated with each sector in London and explores the various options for reduction. The LSDC will be happy to share the findings of this work at the earliest opportunity.

2.5 We welcome a number of points in the plan including the emphasis on partnership and the aspirations at the outset. But if the strategy is properly to reflect the changing economy in response among other things, to the challenges of climate change and a low carbon future and factor in the social and environmental challenges that

sustainability calls for, a more radical approach will be needed. We look forward to working with you to achieve this in the coming months.