

LONDON 2016

THE BATTLE FOR CITY HALL



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INTRODUCTION

In 2016, Londoners will go to the polls to elect a new mayor, and new members of the London Assembly.

For the first time since the Mayoralty and the Assembly were established, neither Boris Johnson nor Ken Livingstone will feature on the ballot paper. Boris and Ken are, it is fair to say, two political titans known throughout the country and, certainly in the case of Boris, internationally.

Zac Goldsmith, the Conservative Mayoral candidate, and Sadiq Khan, his Labour opponent, have a lot to live up to if they are to maintain the Mayoralty's high profile from May 2016 onwards. It could be argued that Goldsmith or Khan will inherit the most powerful executive position in the United Kingdom outside of Downing Street.

The campaign has started in earnest, with both Mayoral candidates making a number of interventions on various policy issues, designed to capture the public's imagination. As much as there is a temptation to focus solely on the Mayoralty, London will also elect 25 members of the London Assembly.

There are some interesting constituency battles to observe, and all of the competing political parties will be keen to perform well as a prelude to the 2018 Local Elections, which will see Londoners return to the polls to elect their local councillors.

This paper represents our attempt to analyse London 2016 and draw some conclusions as to what the outcome might mean for Londoners, the property industry and UK politics in general. The paper looks at the main Mayoral candidates, the current political context in London and the key London Assembly races that will define the composition of that organisation after May 2016.

I hope you find it as enjoyable to read as we did to put it together.

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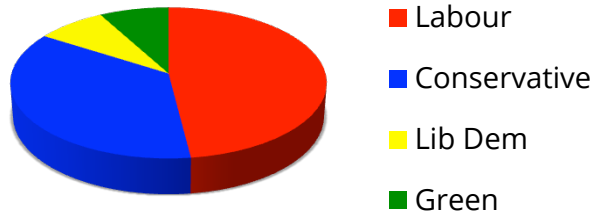
LONDON: POST MAY 2012

Following the 2012 local elections, the composition of the GLA was:

- 12 Labour
- 9 Conservative
- 2 Lib Dems
- 2 Greens

GLA members are split into two categories, London-wide members and constituency wide members. There are 11 London wide members, elected on a party list system and 14 constituency members.

GLA COMPOSITION



The Mayor of London is elected using the supplementary vote system, which allows voters to express a first and second preference. The second preferences of all the candidates knocked out in the first round are re-allocated to the two candidates with the highest total of first preference votes.

In 2012, despite outperforming the Conservative Party in both the constituency vote and the London wide vote, the Labour Party failed to secure the Mayoralty, with incumbent Boris Johnson beating his predecessor Ken Livingstone to retain his position.

In the London-wide count, Labour were 202,676 votes ahead of the Conservative Party and won 8 constituencies, to the Conservative Party's 6. Boris Johnson finished 62,538 votes in front of Ken Livingstone in the Mayoral contest. By virtue of their London-wide list vote, the Lib Dems and Greens, secured two seats on the London Assembly, in what was a disappointing result for the former, but a good result for the latter.

Since 2012, Kit Malthouse and Victoria Borwick have been elected MPs and Andrew Dismore failed to regain the marginal Hendon seat which the Labour Party had expected to take. John Biggs has also become the Mayor of Tower Hamlets, demonstrating the 'stepping stone' value of the GLA for politicians ambitious to go onto bigger and better things.

In the London wide vote, Labour significantly outperformed the Conservative Party, and were reward with four "London-wide" AMs. UKIP narrowly missed out on taking a seat from the Liberal Democrats:

- | | | |
|-----------------|---|---------------------------|
| • Conservatives | - | 708528 (3 Members) |
| • Green | - | 189215 (2 Members) |
| • Labour | - | 911204 (4 Members) |
| • Lib Dem | - | 150447 (2 Members) |
| • UKIP | - | 100040 (0 Members) |

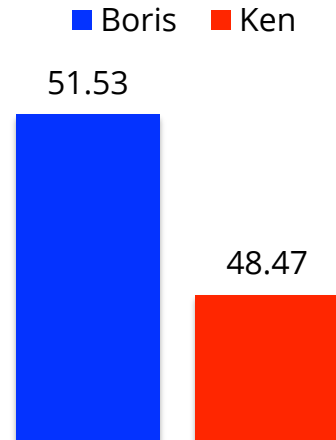
The London Mayoralty was a tightly contested race, fought under the supplementary vote system, allowing voters to express a first and second preference. As the votes were distributed, Boris Johnson won with 51.53% of the vote:

- **Boris Johnson, Con – 1,054,811 (51.53%)**
- Ken Livingstone, Lab – 992,273 (48.47%)

2012 MAYORAL ELECTION

Whilst Ken Livingstone hoovered up votes in Labour's central London strongholds, Boris significantly outperformed his party's performance and secured a strong vote in London's suburbs which was enough to deliver him victory.

The Conservative campaign, run by Lynton Crosby, ran on a platform highly critical of Ken Livingstone and his previous tenure in charge at City Hall. Livingstone had been mired in tax controversy, and Boris Johnson's popularity among Londoners pushed the latter's campaign over the line.



Key insights for 2016:

- Labour will need to perform better in the suburbs in order to win. Sadiq Khan will need to secure more votes in places like Barnet, Kingston, Bromley, Bexley, Hillingdon and Havering to win the Mayoralty.
- Effective, disciplined campaigns, run by effective, disciplined campaign managers tend to win elections. Lynton Crosby masterminded both Boris Johnson's 2012 success, and the Conservative Party's General Election campaign in 2015. Labour needs someone as effective if they are to challenge.
- Second preferences may matter more this time than last. The Green vote will be important in this election, and Goldsmith has the credentials to win them for the Conservatives.



"The world will see a city going through a neo-Victorian surge in London transport, the murder rate down, the Olympics venues have been completed on time. They will find a city swarming with blue bikes, a new bus; they will find a City Hall administration getting on with its work of directing scarce resources to what matters to Londoners. Cutting Council tax, getting more police on the streets, investing in housing, travel and regeneration projects which will create 200,000 jobs."

Boris Johnson victory speech, 05 May 2012

ASSEMBLY MEMBERS

The following individuals were elected in the 2012 London Assembly Elections.

London-Wide Members:

- Gareth Bacon, Con
- Kemi Badenoch, Con
- Andrew Boff, Con
- Tom Copley, Lab
- Nicky Gavron, Lab
- Darren Johnson, Green
- Jenny Jones, Green
- Stephen Knight, Lib Dem
- Caroline Pidgeon, Lib Dem
- Murad Qureshi, Lab
- Fiona Twycross, Lab

Constituency Members:

- Barnet & Camden: Andrew Dismore, Lab
- Bexley & Bromley: James Cleverly, Con
- Brent & Harrow: Navin Shah, Lab
- City & East: John Robert Biggs, Lab
- Croydon & Sutton: Stephen O'Connell, Con
- Ealing & Hillingdon: Onkar Sahota, Lab
- Enfield & Haringey: Joanne McCartney, Lab
- Havering & Redbridge: Roger Evans, Con
- Greenwich & Lewisham: Len Duvall, Lab
- Lambeth & Southwark: Val Shawcross, Lab
- Merton & Wandsworth: Richard Tracey, Con
- North East: Jennette Arnold, Lab
- South West: Tony Arbour, Con
- West Central: Kit Malthouse, Con

Key Marginals:

We have classed the following seats as key marginal seats:

- Ealing and Hillingdon (Labour Held)
- Havering and Redbridge (Conservative Held)
- Merton and Wandsworth (Conservative Held)

In each of these seats the second placed candidate was within a 10% margin of the winning candidate. The tightest of the three seats is Ealing and Hillingdon which Labour's Onkar Sahota took from the incumbent Conservative candidate Richard Barnes with a majority of just over 3,000 votes.

Havering and Redbridge is the next tightest which Roger Evans held with a majority of just under 4,000 votes. The Labour candidate increased the vote share by 13.3%. Taking this seat would have represented the icing on the cake for the GLA Labour Group who would have had enough seats, along with the Lib Dems and Greens (17) to block the Mayor's budget.



SEATS TO WATCH



Barnet and Camden (Labour Held)

In 2012, former MP for Hendon Andrew Dismore captured this Conservative seat for Labour for the first time since the creation of the GLA in 2000. The seat was held by the highly controversial Brian Coleman, who at the time, was also a councillor in Barnet and the Chairman of the London Fire and Emergency Planning Authority.

Dismore won the seat with a majority of over 20,000 and a swing of 12% from the incumbent. The Conservatives had won this seat in 2000, 2004, 2008 and 2012 and will be looking to take it back. The unpopularity of Coleman in Barnet, undoubtedly cost the Conservative Party votes. With a more popular candidate selected, they may well take this seat back.

South West (Conservative Held)

Tony Arbour has held the South West London Assembly seat since 2000 and will likely retain the seat, which covers Hounslow, Kingston-upon-Thames and Richmond-upon-Thames). However, it would be a terrific night for Labour if they could take the South West seat, which has been Conservative held since 2000. This would require a swing of around 6% from the Conservatives to the Labour Party candidate.



Merton and Wandsworth (Conservative Held)

Richard Tracey currently holds the Merton and Wandsworth Assembly member seat. Previously the MP for Surbiton, he has been an Assembly Member since 2008.

In the 2012 London elections, Labour came within 10,000 votes of taking the seat, which has been held by the Conservatives since the inception of the Assembly in 2000. A swing of around 3.5% from the Conservatives to Labour would see the seat go red for the first time in its history.

MAYORAL CANDIDATES: SADIQ KHAN



The son of a Pakistani-born bus driver, Sadiq Khan was brought up on a council estate in Earlsfield and later became a human rights lawyer. He is in many ways the antithesis of the current Mayor of London.

He has been the MP for Tooting since 2005, served as shadow justice secretary for five years and was the Parliamentary Under-Secretary of state for the Department of Communities and Local Government between 2008 and 2009, and the Shadow Minister for London between 2013 and 2015.

Announcing his plans to run for mayor, Khan accused Boris Johnson of ignoring swathes of London. "I don't want to be a zone one mayor. Also, I don't want to be a red-carpet mayor," he said. "For the last eight years you've seen a red-carpet mayor, somebody who is fantastic going to openings, great with a flute of champagne in his hands. I'd rather roll up my sleeves and fight for all Londoners."

On the 11th September 2015, it was announced Khan had been selected as Labour's candidate for London Mayor. He won on the fifth round ballot - securing 58.9 % of the vote against Tessa Jowell.

Planning and property

Sadiq Khan has pledged to ensure City Hall builds more homes by establishing a new Mayoral Housing team. This team would work with town halls to develop their own 'new homes teams', and to help bring forward land and investment for building.

He has also said that he will focus on ensuring homes are affordable. To achieve this, Khan intends to use the mayor's planning powers to introduce a 50% affordable housing target ahead of landowners' and developers' profit, investing the mayor's unspent money in affordable homes fund, and developing 'London Home Bonds' and pension fund investments.

He has previously stated: "The single biggest thing that Londoner's need from their next Mayor is a solution to the housing crisis."

In this vein he has been a proponent of garden cities outside London as a solution to the city's housing crisis. Notably, this seems to suggest that he believes that the City's problems cannot be solved by building purely within its boundaries; rather it needs an extra-London response as well.

He has played to the crowd over poor doors, private developers and foreign buyers. This stance was not unique, and towed by almost all of the other Labour candidates. However, it is unclear how veraciously he will pursue policies designed to clamp down on these issues if he were to be elected.

MAYORAL CANDIDATES: ZAC GOLSMITH



Zac Goldsmith is the son of billionaire former MEP Sir James Goldsmith and his third wife Lady Annabel Vane-Tempest-Stewart. Descended from Jewish financiers on his father's side and Anglo-Irish aristocracy on his mother's, he can claim several statesmen among his ancestors, including the 19th-century Foreign Secretary Viscount Castlereagh. Both his grandfathers were MPs.

He was educated at Eton but later expelled at the age of 16 when cannabis was found in his room. He is reputed to have inherited £300 million on the death of his father in 1997.

He went to work in the Himalayas and worked for three years for environmental organisations in the USA. In 1997 he became owner and editor of *The Ecologist* magazine, founded by his uncle. He edited the magazine for ten years. He has raised funds for a number of environmental groups worldwide, and was awarded a prize for philanthropy in 2003.

In early 2015 he was the bookies' favourite for the next Mayor of London before he had even announced he was to stand. He did not disappoint and announced that he wished to stand, but that he would first - at his own expense - canvas the opinion of every member of his constituency on the matter. They duly said they wished him to stand, and he was put onto the shortlist for candidacy.

Planning and property

On the 2nd October he was officially selected as the Conservative candidate to stand, taking 70% of the vote in an online primary. He announced he wanted to continue to invest in transport for London, while keeping costs down, and said that the biggest challenge of all was the London housing shortage. These comments follow from Labour rival Sadiq Khan's conference speech - in which he labelled the election as 'a referendum on housing'.

His policy platform on the topic is less developed, although quality design, estate regeneration and the delivery of affordable housing seem to be top of the agenda. As a staunch environmentalist, he has reiterated a desire to protect the greenbelt in London, and maximise the use of brownfield sites within London to increase housing supply.

He is likely to follow much of Boris Johnson's policy platform, as he has repeatedly praised the Mayor's achievements in office. Following the announcement of his selection, he commented *"In the last seven years London has come a long way. Under Boris, London now leads the world in business, tech, media, art and culture - benefitting from unprecedented investment. It is why so many people want to live, work and do business here, and it is also putting increasing pressures on our city"*.

There is clearly more to come from Goldsmith and his team.

WHAT TO WATCH: HOUSING

Both Sadiq Khan and Zac Goldsmith have stated they will put housing at the centre of their manifestos, and opinion pollsters regularly find that housing is the top issue concerning Londoners. There will be general agreement between the candidates on the need to deliver new housing in the London, there will however be a debate about the means of delivery. Outlined below are some of potential housing battlegrounds.

Greenbelt or brownfield

The debate about whether London should be developing greenbelt land, or prioritising brownfield land has raged on for the past two decades, and it is likely to continue. Goldsmith is a firm advocate of developing brownfield land, and his environmental credentials have led to quite a firm position against greenbelt development in London.

Khan's position is more unclear, although Labour politicians generally have a more liberal stance on the development of greenbelt land. He has been quoted as saying building on green belt land would be "catastrophic". However, this was during the height of his campaign for the Labour Party's nomination and Khan has yet to set out his position in full.

Estate regeneration

Goldsmith has placed estate regeneration at the heart of his housing policy. In a speech in early October 2015, Goldsmith argued that increasing densities within the 3,500 estates situated in London could help the capital to meet demand for housing in the Borough.

For Labour, the issue is more difficult. In Southwark, for instance, the Labour Council has faced severe criticism for the redevelopment of the Heygate Estate, which has been implemented in partnership with Lend Lease. Many residents who have been moved off of the estate have expressed anger at the redevelopment, which has led to some concern among Labour politicians about the electoral impact this may have.

If Goldsmith continues to put this front and centre of his Mayoral campaign, Khan will have to respond, and he will face pressure from the grassroots of the Labour Party alongside local authority leaders to get his policy right. Watch this space.

Affordable housing

Affordable housing has been a key issue at every London election, and this election will be no different. Both candidates have, unsurprisingly, been bullish on the subject. During the Labour Party selection process, Khan argued for a 50% affordable housing target, and a ban on so-called "poor doors" in a bid to win votes from members.

Bullish policies on affordable housing are always popular in Mayoral elections, and Goldsmith is just as aware of this. He recently argued councils should build two affordable homes for every one sold off, as part of the debate in the House of Commons on the new Housing and Planning Bill currently going through Parliament. The issue of affordability will likely dominate throughout the election.

Right to Buy

Both Sadiq Khan and Zac Goldsmith have been keen to get their voices heard on the vexed issue of Right to Buy for housing association tenants. Sadiq Khan tabled an amendment to the Government's Housing and Planning Bill, dubbed the "Khan Amendment" that would force the money raised from the sell-off to be reinvested in house building programmes.

Goldsmith has also tabled his own amendment which would force the Government to compensate housing associations for the loss of housing stock caused by the policy. Goldsmith argued his amendment could see every home sold replaced by two more. Both candidates are keen to make political capital out of this issue, and be seen to be representing the interests of Londoners in the House of Commons. This will continue into 2016, and throughout the Mayoral campaign.

WHAT TO WATCH: ELSEWHERE

Transport

The price of rail and bus fares, along with the delivery of more transport infrastructure will dominate much of the Mayoral debate. Both candidates will want to be seen on the side of commuters, so expect both candidates to announce a fare freeze, or cut for the first year of their administration.

On infrastructure, the Garden Bridge proposals, the delivery of Crossrail 2 (and even 3), the High Speed Rail 2 (HS2) line, and aviation capacity will also feature. On the latter, Khan is a supporter of a new runway at Gatwick, and Goldsmith is opposed to increased aviation capacity.

Policing

In the 2015 Autumn Statement and Comprehensive Spending Review, the Chancellor did Zac Goldsmith's campaign no harm by protecting police numbers in London, in the wake of attacks in Paris. This pre-empted a stinging attack from the Sadiq Khan campaign.

However, Labour still believe this is an issue they can gain traction on, claiming police numbers in the capital have declined since the current Mayor took office in 2008. This was a persistent claim made in the 2012 campaign, from both Ken Livingstone and Labour GLA candidates and we can expect to see a repeat of that.

Tax

The GLA precept on Londoner's council tax bill is one of the Mayor's biggest tax raising powers. It is likely both candidates will pledge to freeze or cut the precept, in line with the current Mayor of London's policy. There is little appetite for council tax rises within the higher echelons of the respective parties in London.

CONCLUSION

All the opinion polls are pointing to an extremely tight Mayoral election in 2016. Goldsmith and Khan, at the time of writing, seem to be neck and neck. They will both fight tooth and nail for every single vote, with the second preferences of Greens and Lib Dems likely to be crucial in terms of determining their success.

At the London Assembly level, there are some interesting battles to observe. Although most expect Labour to remain the largest party on the Assembly barring a complete meltdown. As has already been noted, the Assembly only really gets to exercise power when passing the Mayor's budget, which it can block with a two third majority. It is highly unlikely that this situation will arise post-May 2016.

For the development industry, the relief will be palpable once the election is over. The uncertainty of the post-May 2016 settlement has caused some unease among property developers, particularly those who might be contemplating a local authority refusal for their scheme. No matter who is elected in May, the development industry will have to work closely with the Mayor's office, and local authorities to help tackle the shortage of housing we currently have in the capital.

Tackling that housing shortage is easily the most difficult challenge London faces in the coming years.

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