London Planning & Development Forum

Living on London's waterways; Underspending of developer CIL and s106 contributions; Emergency measures in relation to the predicted shortfall in office space; Visitor numbers to London

Account of the London Planning and Development Forum meeting on Tuesday 9th June 2026 hosted by London Councils

Report by Zoom AI edited, also at www.planninginlondon.com >LPDF

TOPICS

More people are living on London's waterways than ever and that there are more opportunities to develop more waterside housing in the city.
Steve Craddock, Canal River Trust's Planning Manager for London & South East

The underspending of developer CIL and s106 contributions
James Stevens, Director for Cities at the HBF and Laurence Thompson, the author of the report and Lee Mallett

The LPA report calling for emergency measures in relation to the predicted shortfall in office space in London
James Wickham, Partner Newmark and WPA Chair of the Planning Consultants Group and Andrea Williams, Policy & Communications Director, London Property Alliance

How events in the middle east are now hitting visitor numbers to London?
London and Partners
L&P could not attend but their presentation is included in this report

Meeting AI summary

Canal Trust Waterway Infrastructure Planning
Speaker presented on the Canal and River Trust's role in London's waterway infrastructure, highlighting their 60 miles of canals, rivers, and docks serving 1.5 million people within a 15-minute walk. He explained the Trust's three statutory planning roles, including being a prescribed consultation body for local plan making, and described their approach of rarely objecting to planning applications while working proactively with developers to address potential impacts on aging infrastructure. Speaker also discussed the Trust's positive development work through joint ventures like Waterside Places and their collaboration with local authorities on placemaking initiatives, including work with the Old Oak Park Royal Development Corporation.

London Canal Development Opportunities
Speaker discussed opportunities for developing canal-side spaces in London, highlighting examples like King's Cross and Granary Square, and emphasized the need for better integration of water spaces for renewable energy and floating businesses. He noted a significant increase in people living on boats, often as a housing choice of last resort, and called for changes in national planning policies to better address their needs. Speaker also explained that the Trust is working on a design coding document for canals, which will provide guidance on context-led approaches to canal development, and encouraged more uptake of their free pre-application advice service.


Greenford Quay Canal & River Trust

New Canals and Funding Prospects
Speaker discussed the prospects for new canals, noting that while restoration projects exist across the country, there are no plans for a new canal connecting Oxford and Cambridge before the railway. He explained the trust's funding sources, which include property development, government funding, and community contributions, though government funding is being renegotiated. Speaker also addressed challenges with canal-side development, particularly around waste transfer operations and the pressure on available space for wharves, especially in London compared to northern regions.

Canal Management and Infrastructure Funds
Speaker discussed the growth in boats on London's canal network, highlighting challenges with managing moorings and the need for better coordination with landowners and local authorities. He explained the difference between permanent mooring licenses and continuous cruiser licenses, noting that many boats are required to move every two weeks, which contributes to the issue. Speaker also touched on potential opportunities for data centers to use canal water for cooling, though he noted that newer data centers are less likely to implement this due to their scale and cooling demands.The discussion then shifted to unspent Section 106 and Community Infrastructure Levy (CIL) funds, with James and Speaker highlighting that local authorities in England are holding approximately £9 billion in >>>

Attendance on 9th June hosted by London Councils at 12 Arthur Street

Brian Waters, chairman,
Brian Whiteley, RTPI
Katharina Winbeck London Councils
Michael Jubb, Chair London Forum of Amenity Societies
Mark Willingale, Willingale Associates
John Walker, CT Group,
Amardip Healy, Blake Morgan,
Jolyon Drury, Surge Logistics Consultants
James Thorpe, wbd-uk,
Nigel Bidwell, JTP architects,
Tim Gough, Austin Winkley,
James Harris, Lichfields,
Lars Christian,
Mattiasanti, sasi-studio

Speakers:
James Wickham, Newmark
Alexander Jan, CWPA
Andrea Williams, CWPA
Alex Paterson, Canal River Trust
Steve Craddock, Canal River Trust
James Stevens, HBF
Laurence Thompson, HBF

Apologies:
Riette Oosthuizen HTA Design
Wamiri Fuller London and Partners
Nick Smith@londoncouncils
Prof Michael Edwards, UCL,
Professor Jessica Ferm, UCL
Maria Diaz, GLA
Tom Dobson Quad
Michael Bach, London Forum of Amenity Societies
Peter Eversden, London Forum of Amenity Societies

>>> unspent contributions, including £2 billion specifically for education. They emphasized that while developers are willing to continue making contributions, there is a need for these funds to be spent more effectively and efficiently, as many contributions have been held for extended periods, particularly in London where one-third of Section 106 contributions have been held for over 12 years.

London Section 106 Funds Review

Speaker presented data showing that London authorities had a high rate of unspent Section 106 contributions, with 28 London Boroughs holding £1 billion in unspent funds, including three councils with particularly high levels of unspent contributions. He highlighted that affordable housing accounted for the largest share of unspent contributions and questioned whether certain uses of the funds, such as Section 26 contributions for commuting times, were appropriate. Speaker recommended that unspent contributions should continue to be used for infrastructure serving the development rather than reverting to developers, and suggested that local authorities should take account of existing unspent contributions when assessing infrastructure capacity concerns related to new developments.

Section 106 Contributions Challenges

The discussion focused on challenges with Section 106 contributions in London's planning system, where Speaker expressed frustration about the difficulty in spending these funds due to bureaucratic barriers and lack of communication between different council teams. Tina from Urban Sketch highlighted that developers often face poor communication between negotiation teams and those responsible for dispensing funds, with council teams unable to effectively work together to implement affordable housing solutions. The participants discussed potential solutions including better coordination through bodies like the London Assembly, though concerns were raised about local authorities' capacity and decision-making abilities, with delays in planning decisions identified as a top priority for SME developers at 94% in a recent survey.

London Borough Fund Expenditure Challenges

The discussion focused on challenges with unspent Section 106 and Community Infrastructure Levy (CIL) funds across London boroughs, with participants noting that £700 million in affordable housing contributions remain unspent, equivalent to approximately 8,500 homes. Speaker highlighted a capacity study in Barking and Dagenham that identified potential for 5,000 additional homes across eight estates, suggesting similar opportunities exist across London's 33 boroughs. The group discussed barriers to fund expenditure, including capacity constraints and political challenges, while noting that developers can reclaim unspent money after three to five years, creating an incentive to spend funds appropriately.

Devolution System Reform Discussion

Speaker discussed the challenges with the current devolution system, noting that uncertainty about local authorities has led to delays in housing and commercial developments in areas like Kent. He highlighted issues with Section 106 money being used for transport mitigation projects rather than other needs, and suggested that planning departments need more resources and legislative flexibility to effectively manage development contributions. The discussion concluded with agreement that the current system of development land tax and Section 106 contributions needs reform, with suggestions that a more coordinated approach between industry stakeholders and government could lead to better solutions.

LSE Meeting and London Plan

The conversation ended with discussions about scheduling the next meeting for September 15th at the LSE. Speaker mentioned that the timing aligns with expected releases from GLA, which is anticipated to publish a draft London plan in mid-July, potentially reducing the document's length to around 300 pages. The group discussed various infrastructure topics including canals and railways, with Speaker sharing insights about Victorian engineering and development challenges. The conversation ended with administrative notes about signing in and next steps for report drafts.

Central London Office Market Update

Speaker and his team presented on the current state of the central London office market, highlighting a significant shortage of Grade A office space despite strong overall demand. They noted that while total office space supply is below long-term averages, there is a particular shortage of high-quality spaces, with vacancy rates being very low especially in Westminster and the City of London. The team also discussed how the Elizabeth line has successfully widened and deepened London's labor market by bringing 1.5 million more people within 40 minutes of central London, though they noted that 70% of the line's cost was funded by London businesses and property owners.

London Office Space Reduction Impact

Speaker discussed the impact of reduced office space availability in London, particularly in Westminster, noting that this could undermine productivity and weaken the labor market. He explained that while the Elizabeth Line extended the labor market's reach, the shift toward home-working and office-to-residential conversions has led to a net loss of office space. Speaker highlighted that once office space is converted to residential use, it cannot be easily converted back to office space, and expressed concern about the long-term economic impact, comparing London's shift to a more tourist-focused economy to "Venice-ification."

London's Productivity Crisis Presentation

Speaker presented on London's productivity crisis, explaining that since 2008 there has been a significant slowdown in productivity growth in London compared to historical rates of 2-3% per annum. He highlighted that central London, representing about 12% of the UK economy, has suffered particularly due to factors including high real estate costs and the growth of real estate activities at the expense of knowledge-intensive exporting services. Speaker emphasized that offices are crucial to economic activity, supporting not only direct employment but also approximately 58 additional jobs in related sectors for every 100 office jobs in London.

Office Development Economic Importance

Speaker presented on the economic importance of offices in Westminster, highlighting that they contribute significantly to tax revenue through Section 106 payments and business rates, supporting approximately 270 billion in economic activity. He criticized previous administration policies for being too restrictive on building demolition due to embedded carbon concerns, arguing that central London's high-density, public transport-enabled location makes it one of the most carbon-efficient places for employment. Speaker suggested that the upcoming NPPF and London Plan should support office development by recognizing its role in priority sectors like financial and professional services, and called for more flexible policies on issues like embodied carbon and design requirements.

London Office Space Productivity Discussion

Speaker discussed the productivity issues in London and how policymakers are increasingly concerned about it as it affects public finance. He highlighted the importance of office space and high-quality spaces in attracting companies like Chanel, which could provide significant economic benefits including supply chains and entry-level jobs. The discussion touched on challenges in Westminster regarding growth policies and the impact of quantitative easing on property prices in London. Participants debated the effectiveness of current office space supply strategies and the types of companies that should be targeted for location in central London areas. ■

More people are living on London's waterways. There are more opportunities to develop waterside housing in the city

Alex Patterson and Steve Craddock of the Canal & River Trust think Britain's canals are far more than heritage backdrops. They are working infrastructure - ageing, complex, increasingly under pressure

Craddock, planning manager for the Trust's southern region, set out the scale of the operation. Since taking over from British Waterways in 2012, the charity has managed 2,000 miles of canals and rivers across England and Wales. Much of this network is man-made and around 250 years old, with tunnels, embankments and cuttings, never designed to modern engineering standards.

'These are fragile assets,' Craddock noted, 'and they're becoming more so in a changing climate.'

Large sections carry ecological protections. Tohusands of structures are listed. The Trust insists it should be understood as a major infrastructure provider - not simply a leisure operator. Alongside boating and tourism, canals play a role in water supply, including potential large-scale water transfer projects such as moving water from the Midlands to the South via the Grand Union Canal.

They also host other infrastructure: roads, rail, utilities and digital networks often intersect with or run alongside waterways. 'We're not just managing canals,' Craddock said. 'We're supporting a wider infrastructure system.'

Beyond engineering, the Trust emphasises its role in providing green and blue space. With free public access along towpaths and waterways, the network delivers health, social and economic benefits - encouraging active travel, supporting waterside businesses, and contributing to urban regeneration.

In London the Trust manages 60 miles of waterways, including docks at Canary Wharf. Around 1.5 million people live within a short walk of this network, across 16 boroughs. Many of the capital's major development zones - King's Cross, Old Oak Common, and the Olympic legacy area - intersect with canals.

That proximity makes planning critical. The Trust has three statutory roles: it is a consultee on planning applications, on nationally significant infrastructure projects, and - more recently - on local plan preparation. The aim, Craddock stressed, is early engagement. 'We try to design out problems before they arise.'

In practice, the Trust objects to only around 1% of applications. More often, it works with developers to mitigate risks - particularly where construction could destabilise embankments or damage canal walls. Early advice can prevent costly redesigns.

The risks are real. Craddock pointed to cases where inadequate consultation led to structural failures, including water leakage through canal walls. Some risks are less visible. In Islington, for example, major development sites sit above the Regent's Canal tunnel. Without careful planning, works above ground could compromise infrastructure below.

Alongside protection, the Trust is increasingly focused on placemaking. Through joint ventures and partnerships, it has helped deliver developments such as Brentford Lock and schemes in Tottenham and Borough. It works with local authorities on policy and design, as seen in its collaboration with the Old Oak and Park Royal Development Corporation.

These partnerships aim to integrate canals into new development - improving public access, creating active frontages, and introducing uses such as moorings, bridges and public realm enhancements. 'It's about making the canal part of the place, not the back of it,' Craddock said.

There are also emerging opportunities. Canals can support low-carbon infrastructure, including water-source heat pumps for heating and cooling. They can contribute to biodiversity net gain and, in some cases, provide routes for transporting construction materials by water - though this remains underused.

The Trust sees potential for more intensive use of water itself. Floating development is one area of interest, particularly in docks. However, planning >>>

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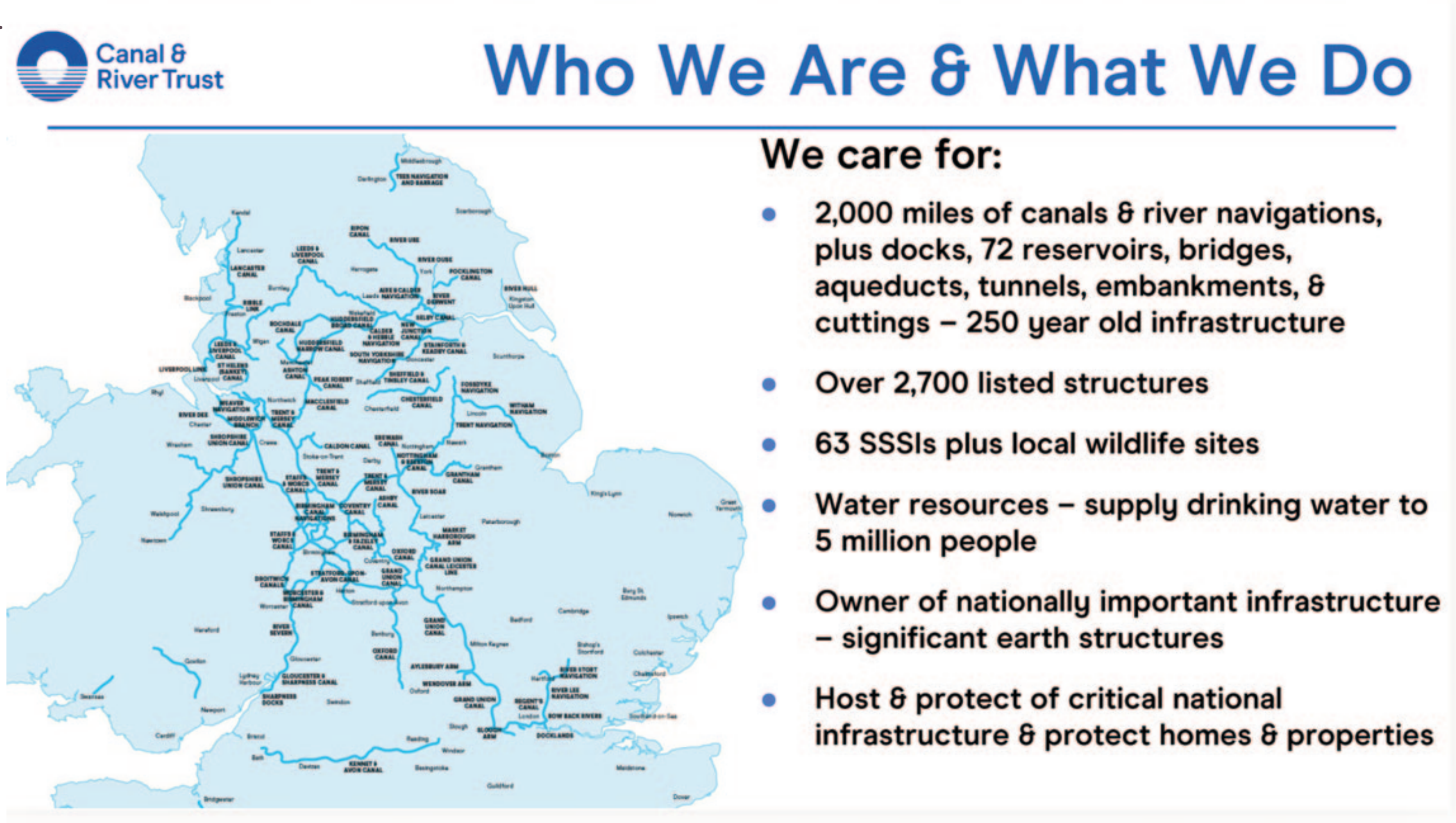


policy often treats waterways as protected open space, limiting such innovation.

A more immediate challenge is the rapid growth in boat living, particularly in London. The number of boats on the network has risen sharply, with around half used as homes at least part-time, driven by housing pressures. The system is struggling to keep up. The Trust has limited powers to control boat numbers and faces constraints in providing infrastructure such as moorings, electricity and waste facilities. Continuous cruising rules - requiring boats to move every two weeks - are increasingly difficult to enforce.

'We see this as a housing as much as a waterways issue,' Craddock said, arguing planning policy should do more to support permanent residential moorings. At present, these require planning permission and often conflict with policies protecting waterways as open space.

Funding is a persistent concern. The Trust operates as a charity, drawing income from a mix of government support, property assets, boating licences, utilities and commercial activity. While it retains a government settlement, this has reduced over time, increasing pressure on other income streams.

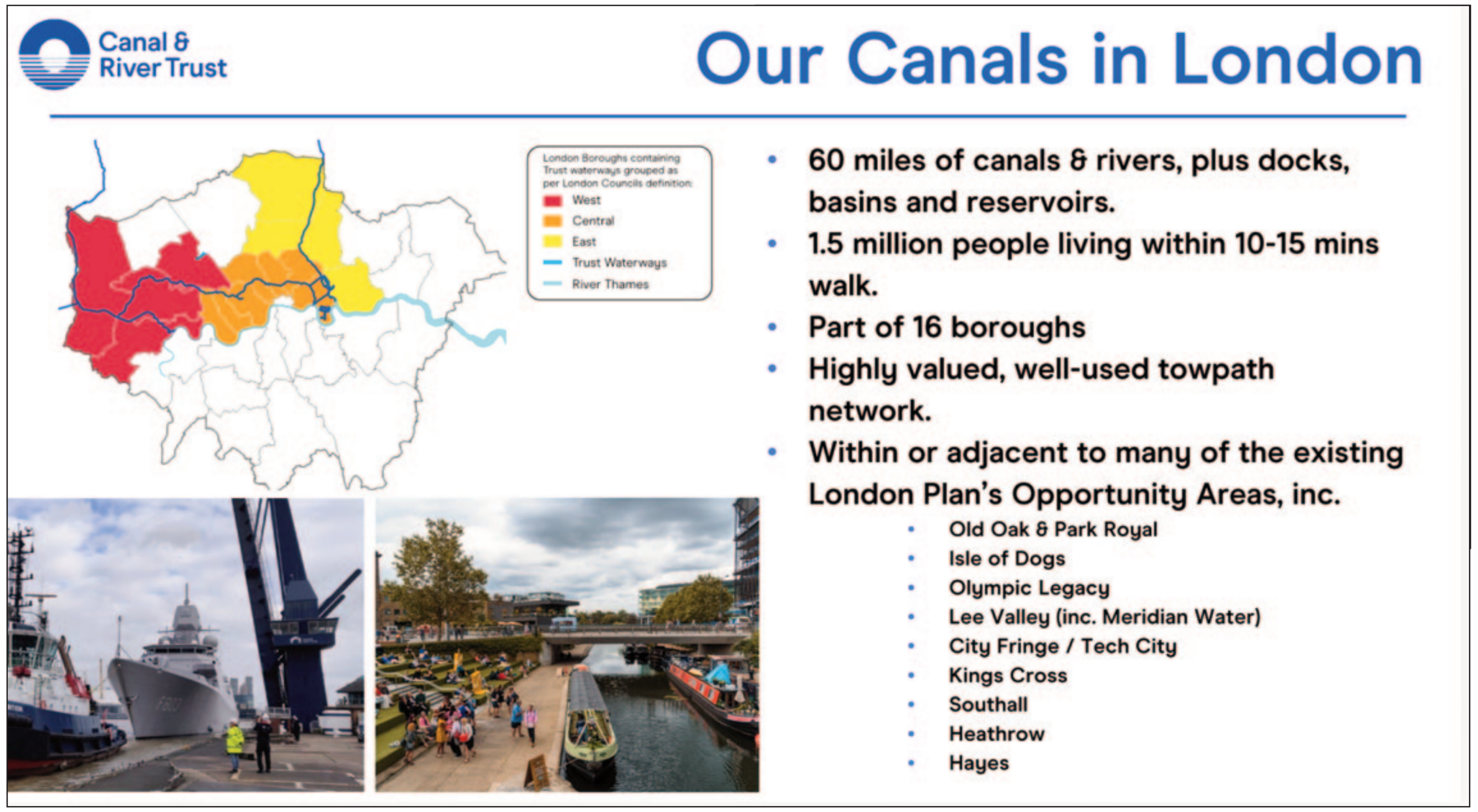
Freight is another underdeveloped area. While canals can support the movement of materials, practical constraints - limited wharf space, competing land uses, and cost - mean uptake is limited, particularly in London. Existing facilities are under pressure from redevelopment.

Despite these challenges, the Trust continues to promote a proactive approach. It offers free pre-application advice - unusual among statutory consultees - and is developing guidance to help designers respond to canal contexts. Rather than prescribing solutions, guidance emphasises a context-led approach.

The message to developers and planners is clear: engage early, think holistically, treat canals as active, complex systems rather than passive edges.

Questions arising included whether new canals might be built, how the network can be funded, and whether its infrastructure is sustainable. The Trust's focus remains on managing what it already has: a historic network carrying modern demands, and requiring careful stewardship to remain viable.

'It's a national asset,' Craddock said. 'But one that needs constant attention - and better understanding of what it really is.' ■



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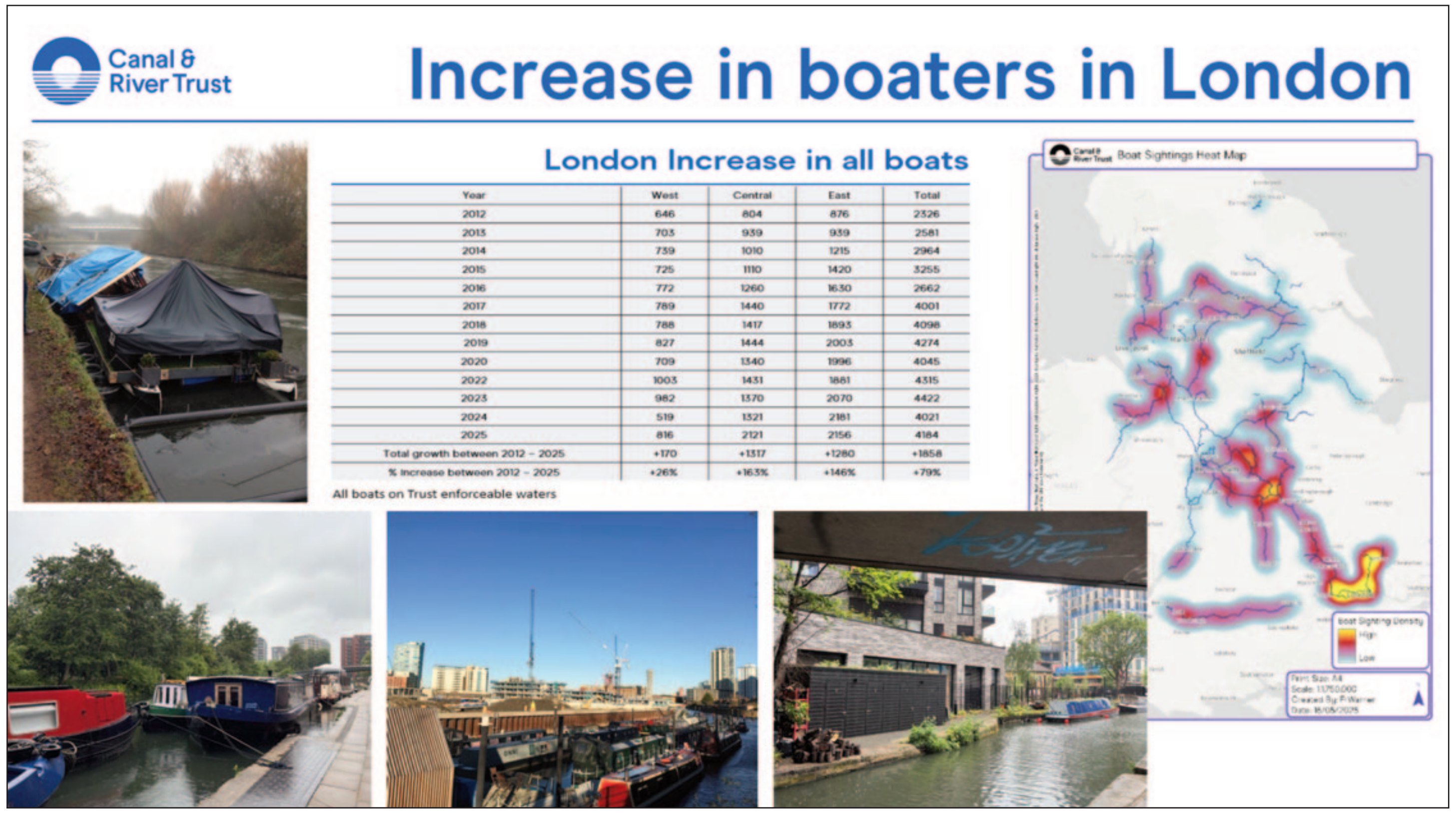
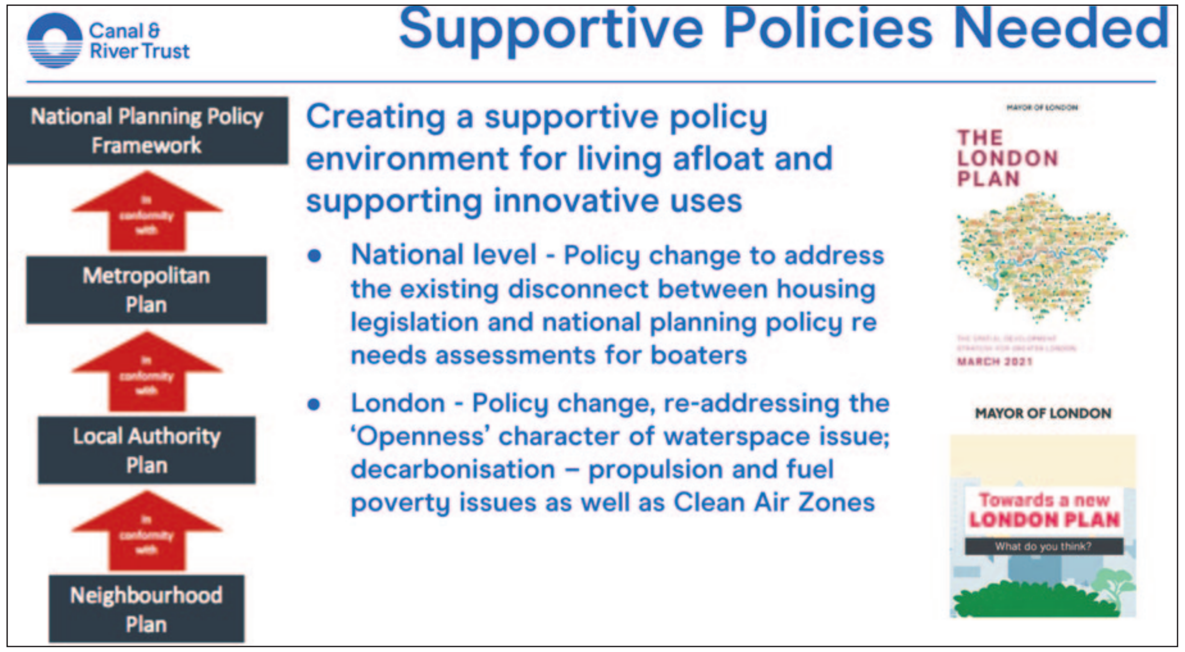
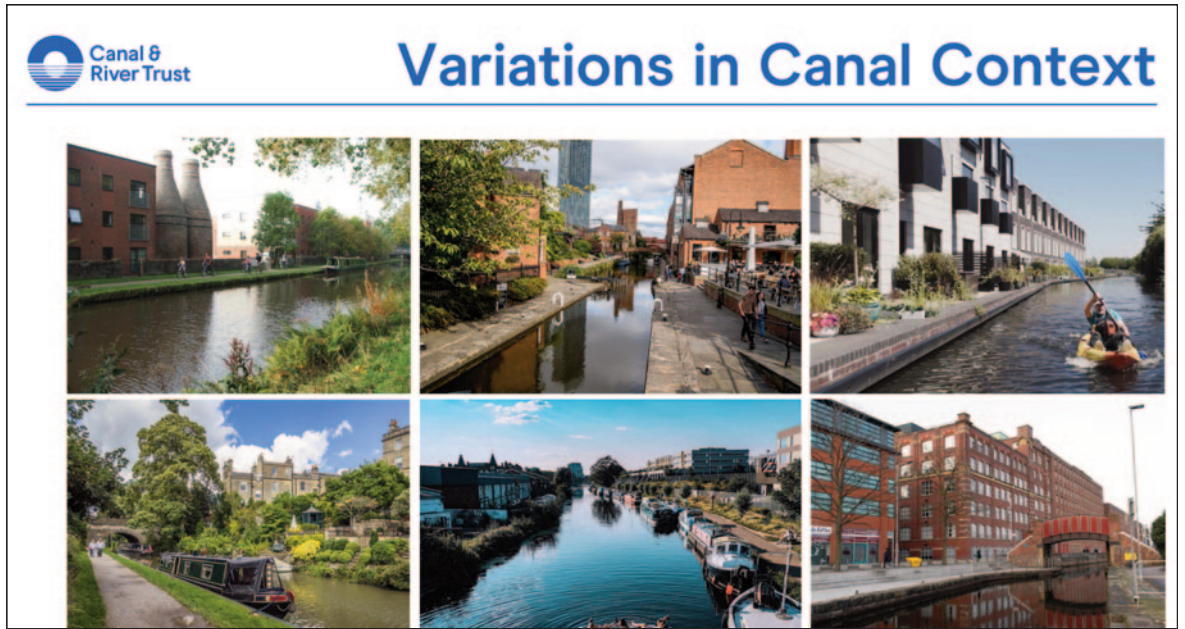
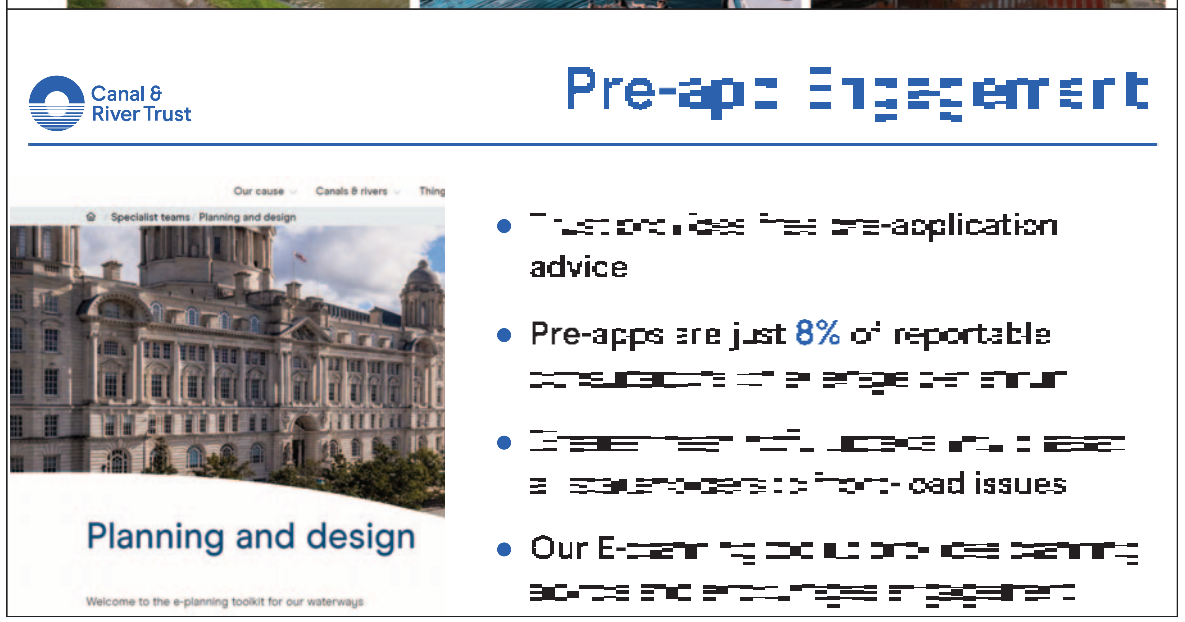


Year	West	Central	East	Total
2012	646	804	876	2326
2013	703	939	939	2581
2014	739	1010	1215	2964
2015	725	1110	1420	3255
2016	772	1260	1630	2662
2017	789	1440	1772	4001
2018	788	1417	1893	4098
2019	827	1444	2003	4274
2020	709	1340	1996	4045
2022	1003	1431	1881	4315
2023	982	1370	2070	4422
2024	519	1321	2181	4021
2025	816	2121	2156	4184
Total growth between 2012 – 2025	+170	+1317	+1280	+1858
% increase between 2012 – 2025	+26%	+163%	+146%	+79%

All boats on Trust enforceable waters







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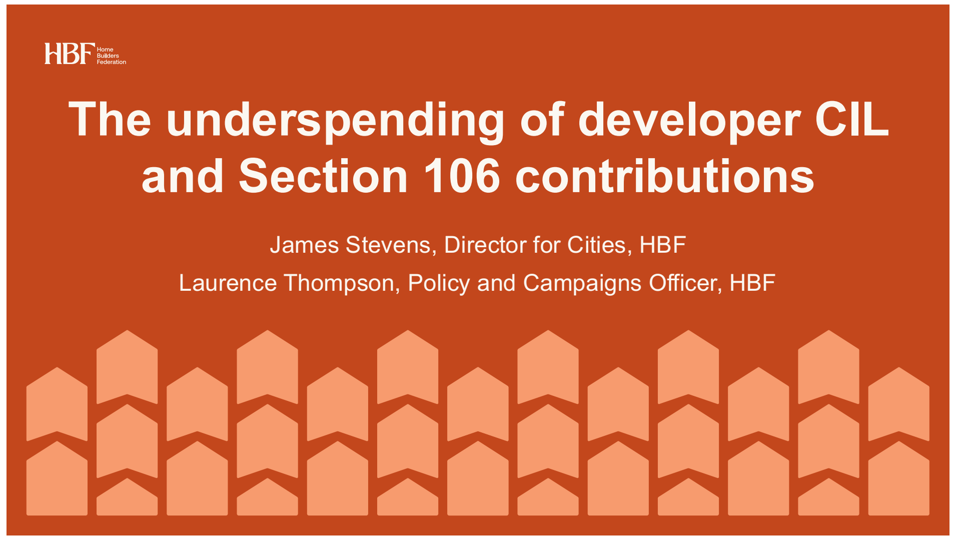
A £9bn scandal of unspent developer contributions

James Stevens, Director for Cities at the HBF and Laurence Thompson, the author of the report and Lee Mallett

James Stevens, Director for Cities at the Home Builders Federation (HBF), and Laurence Thompson, Policy and Campaigns Office reported 'a simmering issue in England's planning system is beginning to boil over: billions of pounds paid by developers for infrastructure and community benefits are sitting unspent in local authority accounts' – according to the HBF's latest annual report on this issue. If developers are paying, why aren't communities seeing the results?



A system under strain

Local authorities in England are holding around £9 billion in unspent Section 106 and Community Infrastructure Levy (CIL) contributions - an increase of £800 million on the previous year. Developer contributions are a core part of how infrastructure is funded. Government estimates suggest they total around £6 billion annually, equivalent to nearly half of all local authority spending on housing and community development. The private sector is underwriting a significant share, yet much of that money is not reaching the ground.

Developers don't object to paying. As one speaker put it, 'most housebuilders are very keen to make these contributions.' Their frustration is they want to see tangible delivery - schools, roads, housing - to demonstrate the value of development to often sceptical communities. Without that visible link, trust erodes.

Section 106 vs CIL: where the money sits

The majority of the unspent funds - around £8 billion - sit in Section 106 agreements, rather than CIL. This surprised even some analysts, who had assumed CIL, with its need to accumulate funding for large projects, would dominate. Instead, Section 106 - intended to mitigate the direct impacts of development - accounts for the bulk. Even more concerning, around one-third of these funds have been held for over five years.

That delay raises difficult questions. Section 106 contributions are legally tied to specific developments. In theory, they should be spent relatively quickly to offset impacts such as increased demand for schools or transport. In practice, they are often left idle.

CIL, by contrast, is more widely used in London and the South East, where it supports major infrastructure. Outside those regions, authorities still rely heavily on Section 106.

London: a microcosm of the problem

Data from 28 boroughs shows £1 billion in unspent Section 106 funds and £740 million in unspent CIL - around a fifth of the national total. On average, each borough is holding roughly £35 million.

Some boroughs stand out. Tower Hamlets, Wandsworth and Hammersmith & Fulham are among those with the largest accumulated balances. These are also areas with ambitious affordable housing targets - often around 50% - which may partly explain the build-up of 'in-lieu' payments where on-site delivery proves unviable.

Education accounts for the largest share of unspent Section 106 funds - around £2 billion nationally, or 30% of the total - and is particularly prominent in London. This reflects the long timelines of major developments: it can take years before population impacts are clear enough to justify new school capacity.

Why isn't the money being spent?

Throughout the discussion, a consistent theme emerged: capacity constraints within local authorities.

Staff shortages, limited expertise, and competing demands slow decision-making particularly in planning departments - from negotiating agreements to delivering projects. One participant described the problem bluntly: 'under-resourcing is seeping into every aspect of the process.'

Fragmentation compounds the issue. Section 106 agreements are often negotiated by one team but delivered by another, with little coordination. As one developer put it, 'there is a Chinese wall between teams, and conversations are not happening.' Money accumulates faster than it can be deployed.

There are structural challenges. Infrastructure projects - schools, transport upgrades or housing schemes - require significant upfront planning and capital. Identifying viable projects, securing approvals and coordinating delivery can take years.

Funds earmarked for specific purposes - such as education - may no longer match local needs by the time they are ready to be spent. Yet legal constraints limit flexibility, leaving money stranded.

A question of priorities

For developers, the issue is not just inefficiency - it is viability. The cost of building homes has risen sharply in recent years, by as much as £76,000 per unit, and closer to £98,000 in London. At the same time, developers face an expanding policy requirements: environmental mitigation, biodiversity targets, water neutrality measures. Each requirement chips away at viability.

'There is a limit to how much value can be extracted from development,' one speaker argued. 'We may have reached it.'

This is particularly acute in London, where rising costs, complexity and investor sentiment are dampening development activity. Several major housebuilders have scaled back their work in the capital, while international investment has cooled.

If money is being taken from development but not used effectively, it raises fundamental questions about the system's purpose.

The affordable housing dilemma

Affordable housing sits at the centre of this debate - and illustrates its contradictions.

Section 106 has become a primary mechanism for delivering affordable homes, either on-site or through financial contributions. But in practice, delivery is often constrained by viability, funding gaps and the capacity of housing associations.

In many cases, developers make payments in lieu of on-site provision. These funds are then held by local authorities - but, as the data shows, are not always deployed.

This has led some to question whether Section 106 is the right tool for the job. Would affordable housing be better funded directly by central government, rather than relying on negotiated contributions?

The idea is gaining traction, particularly among smaller developers who struggle with the complexity and uncertainty of Section 106 negotiations.

Visibility and trust

One of the more striking themes of the discussion was the lack of visibility around developer contributions.

Communities often perceive that developers are not paying their fair share. In reality, billions are being contributed - but the benefits are not always visible.

Improving transparency could help bridge this gap. Clear reporting on how funds are used - and why delays occur - might build public confidence and reduce opposition to development.

Some authorities already publish detailed infrastructure funding statements, but compliance is

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HBF

Key findings of HBF report – March 2026

- The estimated total value of developer contributions held unspent by local authorities in England and Wales is £9 billion, an increase of £800 million from HBF's estimate in mid-2024.
- This comprises:
  - £6.6 billion in unspent funds received through Section 106 agreements; and
  - £2.2 billion raised through the Community Infrastructure Levy (CIL).
- The findings are based on a Freedom of Information (FOI) exercise and an analysis of Infrastructure Funding Statements (IFSs), with data obtained from more than 70% of local authorities.

HBF

Additional findings

- One-third of unspent Section 106 contributions have been held for more than five years, up from one-quarter in mid-2024.
- The proportion of local authorities meeting the Infrastructure Funding Statement (IFS) publication deadline has fallen from 90% to 75% since 2020.
- Education accounts for the largest share of unspent Section 106 contributions, at £2 billion (30% of the total).

HBF

Unspent developer contributions in London

- HBF obtained data from 28 London boroughs, the City of London and Old Oak and Park Royal Development Corporation.
- These authorities hold around £1 billion in unspent Section 106 contributions and £740 million in unspent CIL funds.
- Average unspent developer contributions amount to around £35 million per London council, compared with £17 million nationally.
- The three councils with the highest levels of unspent developer contributions per household are all in London: Tower Hamlets, Wandsworth and Brent.
- Affordable housing accounts for the largest share (26%) of unspent Section 106 contributions in London.

HBF Unspent developer contributions in London

Local authority	Total unspent
London Borough of Tower Hamlets	£262m
London Borough of Wandsworth	£258m
London Borough of Brent	£204m
Corporation of London	£120m
London Borough of Southwark	£100m
London Borough of Hammersmith and Fulham	£77m
Royal Borough of Kensington and Chelsea	£77m
London Borough of Newham	£65m
Royal Borough of Greenwich	£63m
London Borough of Hackney	£60m
London Borough of Lewisham	£55m
London Borough of Camden	£48m
London Borough of Lambeth	£43m
London Borough of Hounslow	£41m
London Borough of Waltham Forest	£36m

Local authority	Total unspent
London Borough of Islington	£35m
London Borough of Merton	£35m
Oak and Park Royal Development Corporation	£35m
London Borough of Hillingdon	£32m
London Borough of Barnet	£31m
Royal Borough of Richmond upon Thames	£30m
London Borough of Havering	£22m
London Borough of Barking and Dagenham	£15m
London Borough of Haringey	£15m
London Borough of Enfield	£14m
London Borough of Bromley	£12m
London Borough of Bexley	£10m
Royal Borough of Kingston upon Thames	£9m
London Borough of Redbridge	£7m
London Borough of Sutton	£4m

>>> inconsistent. In fact, the proportion of councils producing these statements has declined.

Better communication, participants argued, is essential. 'It's not going to solve everything,' one speaker noted, 'but it's not going to hurt.'

Reform or rethink?

What can be done? The report's recommendations focus on improving the existing system:

- Spend funds more quickly, particularly Section 106 contributions.
- Maintain flexibility to use funds where needs change, while preserving the link to development.
- Take account of existing balances when assessing new infrastructure requirements.
- Strengthen local authority capacity, including staffing and expertise.

There is also support for allowing unspent funds to be redirected to alternative infrastructure serving the same development, rather than reverting to developers. Some participants argued that incremental reform may not be enough.

Critics describe the current system as 'broken,' pointing to its reliance on negotiated contributions to fund major public goods. Others called for obligations to be tied to mitigating development impacts - and for broader infrastructure and housing funding to come from central government.

More radical ideas included the use of municipal bonds to give local authorities greater financial autonomy, or the creation of larger delivery bodies to pool and deploy funds more effectively.

Collaboration - or fragmentation?

There is tentative optimism for greater collaboration. Developers, commercial property groups and local authorities all share an interest in making the system work. Historically, coordination has been limited. There are signs this may be changing. Industry bodies are beginning to align their messaging, particularly around the need to spend contributions and demonstrate public benefit. If momentum builds, that could strengthen the case for reform.

The bigger picture

The debate over unspent Section 106 and CIL funds reflects a deeper tension in the planning system. Development is expected to fund a wide range of public goods - housing, infrastructure, environmental mitigation, skills training and more. But the system struggles to deliver those outcomes.

This tension becomes self-defeating. As costs rise and viability declines, development slows. As development slows, contributions fall. As contributions fall, the system's ability to fund infrastructure weakens.

Breaking that cycle requires more than technical fixes. It demands clearer priorities, better coordination, and a more realistic assessment of what development can - and cannot - be expected to deliver.

£9 billion sitting in local authority accounts is a scandal, and a stark reminder of the gap between intention and delivery.

The money is there. What happens next?

HBF

HBF's asks

Making better use of existing funds

- Councils should take account of existing unspent developer contributions when assessing infrastructure capacity concerns related to new developments.
- Ensure unspent Section 106 contributions can continue to be used for infrastructure serving the development where infrastructure needs have changed, rather than automatically reverting to developers.
- Councils should have sufficient resources and specialist staff to monitor, manage and spend developer contributions effectively.

Transparency and accountability

- Infrastructure Funding Statements should explain why developer contributions remain unspent and how long funds have been held.
- A national database of Infrastructure Funding Statements should be created to improve transparency, benchmarking and central government oversight.
- Stronger coordination is needed between councils, Combined Authorities, the Greater London Authority (GLA) and public service providers, such as Integrated Care Boards (ICBs).

London's office squeeze: Why it's causing problems

James Wickham, Partner Newmark and Westminster Property Alliance Chair of the Planning Consultants Group and Andrea Williams, Policy & Communications Director, London Property Alliance

A joint presentation by James Wickham, Partner, Newmark and Alexander Jan, Chief Economic Adviser, London Property Alliance argued that something potentially damaging is happening in the central London office market. At precisely the moment when demand for high-quality workspace has rebounded, supply is tightening - structurally, stubbornly, and potentially dangerously.

This is not a story about empty offices post-COVID. It is a story about scarcity: too little of the right space, in the right places, for the businesses that drive London's economy.

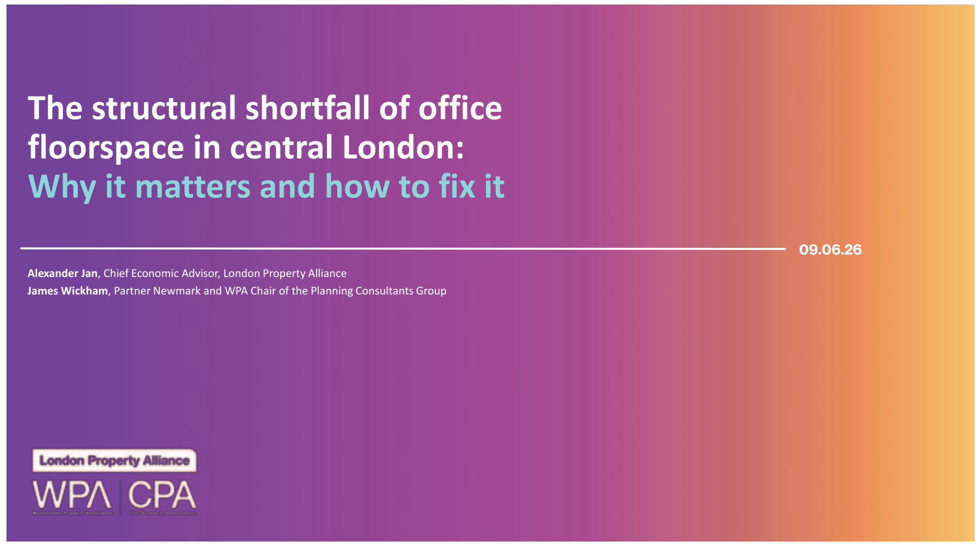
There is a growing mismatch. Demand for top-tier, 'Grade A' space is robust. Take-up across central London is running above long-term averages, with demand around 7% higher than historic norms. Vacancy rates are low. In Westminster, availability of prime space has fallen to below 1%. This means there are companies that want to be there but can't find space.

Supply is failing to keep pace. Planning applications - especially major ones - have declined sharply over ten years. In Westminster, they have fallen by three-quarters. There is a growing shortfall, estimated at one million square metres of prime space.

The problem is made more acute because of quality. Demand is concentrated for the best buildings - new, well-located, amenity-rich. These are thriving. Secondary and tertiary stock is not.

Data tells a stark story. Take-up of prime has surged dramatically since 2020. Demand for lower-grade offices has stagnated or declined. Grade C space has seen take-up fall by up to 75%. The 'flight to quality' defines the market. This is causing tension. While demand rises for high-quality space, supply of that space is constrained or shrinking.

Across inner London, there has been a loss of offices, converted to residential use, or to hotels. In Westminster this trend is pronounced. Unlike New York, where zoning flexibility allows for vertical expansion and rebalancing, London's planning framework makes such changes effectively permanent. This matters because offices are economic infrastructure, not just buildings.



Central London's office-based sectors - finance, professional services, information and communications - generate high levels of output per worker and support big supply chains. For every 100 office jobs, an estimated 18 additional jobs are created in retail, hospitality, and other services.

The concept of agglomeration, firms and workers clustering together, is central to how modern urban economies function. Dense networks of businesses enable knowledge sharing, innovation, and access to specialised labour markets. Infrastructure investment is justified on this basis. The Elizabeth line was not simply about faster journeys or reduced congestion. Its economic case rested on its ability to bring an additional 1.5 million people within a 40-minute commute of central London.

Infrstructure alone is not enough. If planning policy constrains development of buildings that enable agglomeration, then investment can be undermined. London has invested billions in improving access to its core. Yet in key locations, office capacity is declining. The consequences are visible in the city's poor economic performance.

Since 2008, productivity growth in London has slowed dramatically. Once growing at around 2–3% annually, it has stagnated. London's slowdown is particularly significant because of its outsized role in the UK economy. Central London accounts for 12% of national output. When its productivity slows, effects ripple across the UK - lower wages, reduced tax revenues, and diminished capacity to fund public services.

The causes of this slowdown are housing costs, global economic shifts, Brexit, and changes in working patterns. There is growing evidence constraints on high-quality office space are part of the picture. Some of London's most productive sectors - finance, professional services, and technology - are most affected.

The structure of London's economy has also shifted. Real estate has grown as a share of output, while knowledge-intensive exporting sectors have declined. This reflects rising property costs and the 'financialisation' of assets. But it also reflects a failure to expand supply. When space is scarce, costs rise and some firms are priced out. And when those firms are among the most productive the national consequences are significant. London generates a big fiscal surplus - estimated at £40 billion - which supports public spending across the UK – or not.

What is driving the constraints? Planning policy is central. A combination of recent objectives has restricted office development. Environmental concerns, around embodied carbon, have led to tighter controls on demolition and redevelopment. Retrofit can limit the ability to deliver the kind of buildings that modern occupiers demand. >>>

>>> Heritage considerations, design requirements, and a proliferation of detailed standards - from cycle parking to amenity space - add complexity and cost. Collectively these factors can become prohibitive.

Financial incentives for local authorities are weak. Much of the additional tax generated by commercial development is redistributed nationally. For boroughs the benefits are not sufficient to outweigh the political costs. The system discourages the development it needs.

Central London is, in many respects, one of the most sustainable places to locate employment. Its transport network, high employment density, and efficient buildings mean the carbon footprint per worker is lower than the national average. If the goal is to reduce emissions while supporting economic growth, then enabling well-designed, high-quality office development should be part of the solution, not a casualty of it.

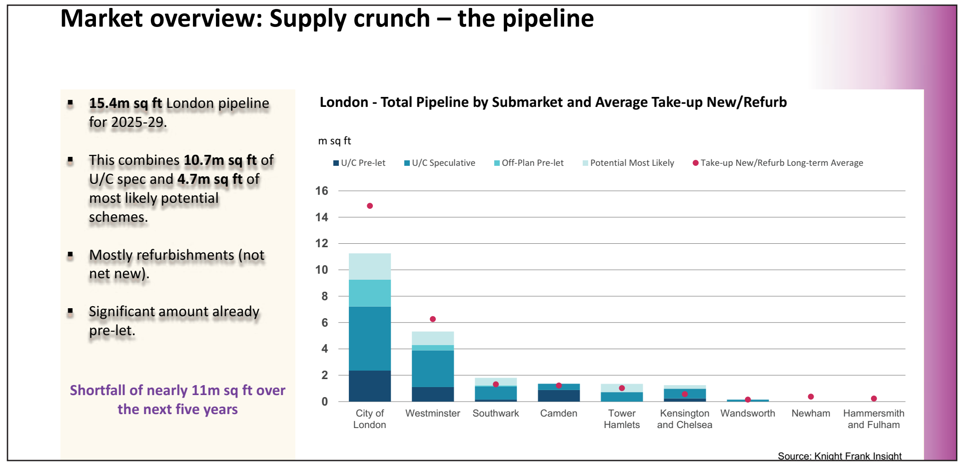
There must be a clearer recognition that offices are critical economic infrastructure. They are fundamental to delivering the UK's industrial strategy.

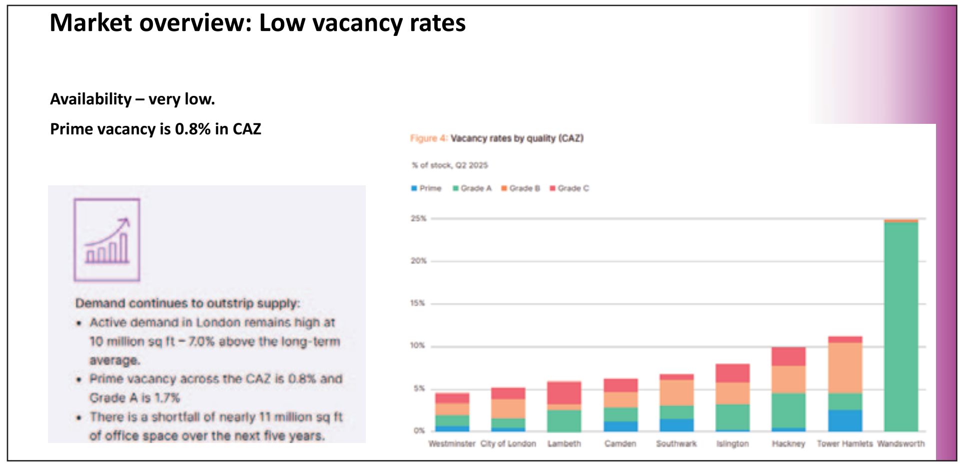
Planning policy should more explicitly support development of high-quality commercial space in central locations. This means giving greater weight to the economic benefits of such development.

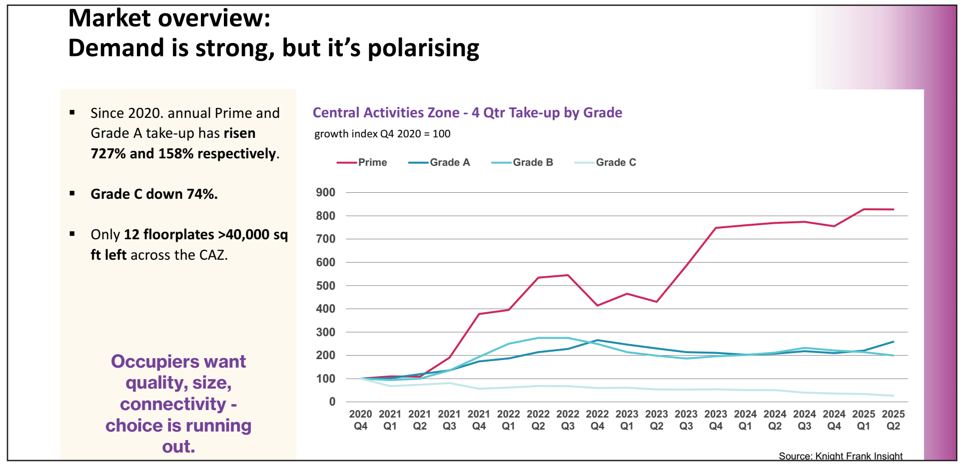
There needs to be a more realistic assessment of future demand. Current projections for employment growth notably in Westminster, appear pessimistic. Underestimates will constrain supply.

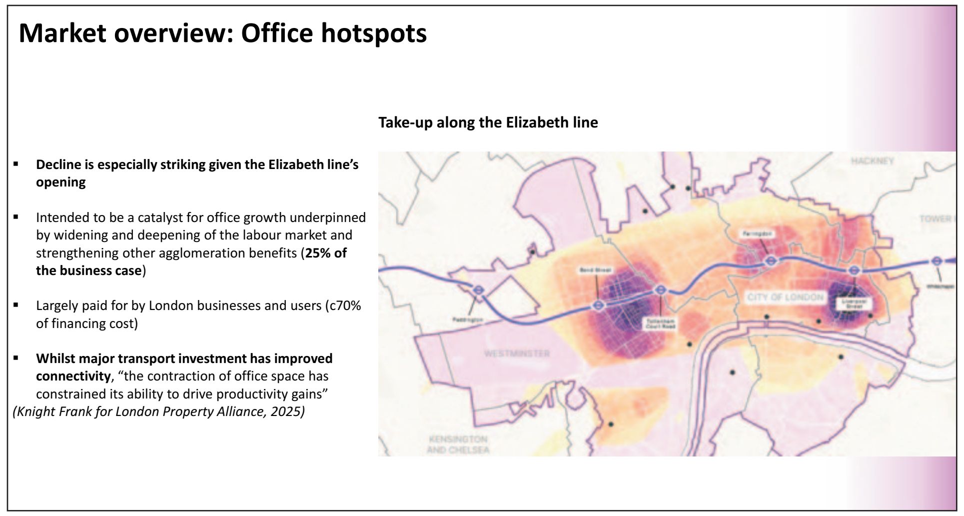
There should be a reassessment of the cumulative impact of detailed policy requirements. Where standards are out of line with usage - such as underused cycle parking provision - they should be revisited.

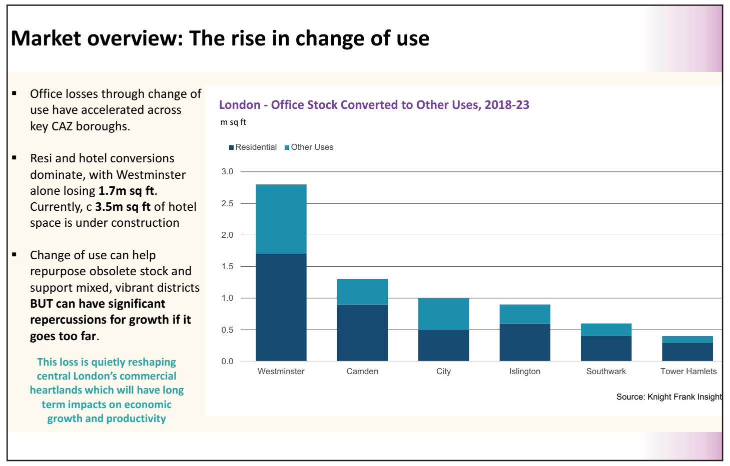
This is about productivity, competitiveness, and the long-term health of the national economy. London has spent decades building its position as a global centre for business. It has invested heavily in infrastructure to support that role. The question now is whether its planning system will enable or constrain the next phase of that growth, and potentially see that role go elsewhere. ■

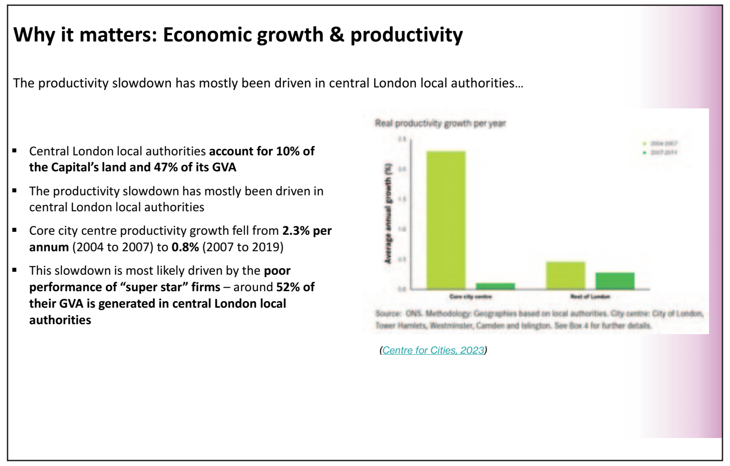


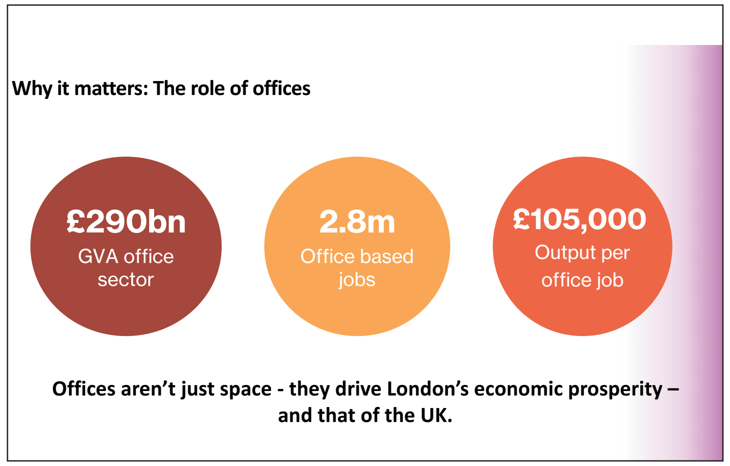


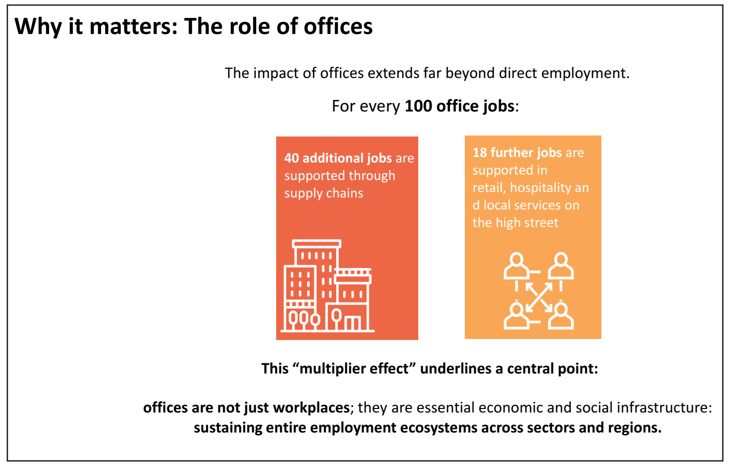


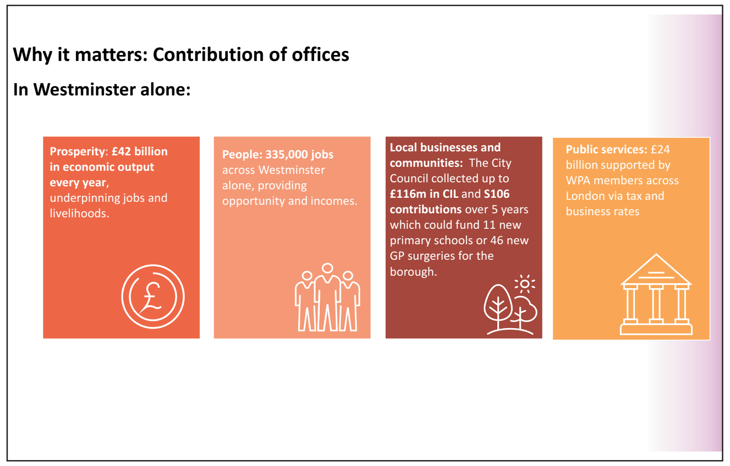


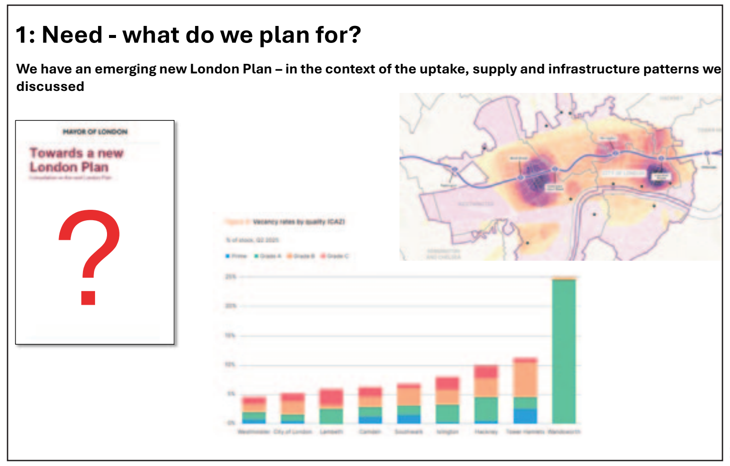












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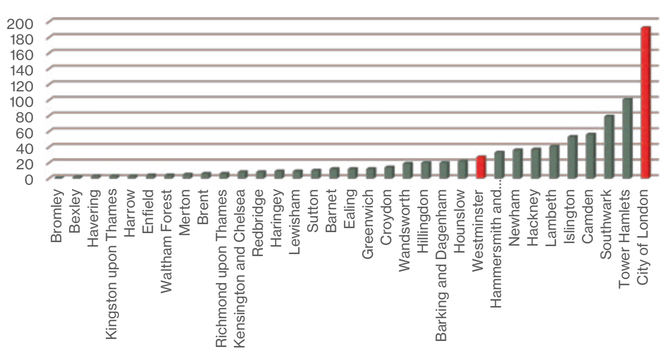
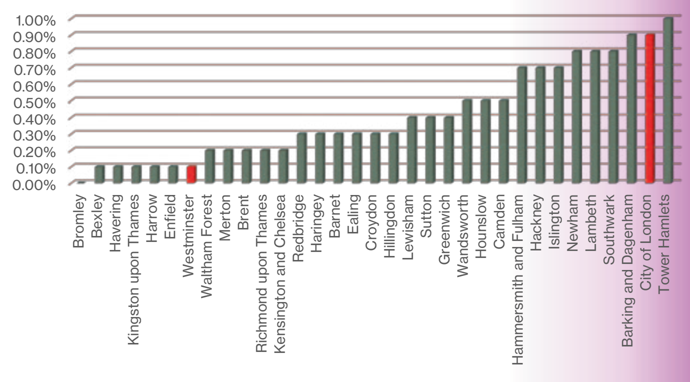
>>> 1: Need – Is the emerging London Plan employment distribution right?





(Source: London labour market projections (2024-based update), March 2026, GLA Economics)

2: Industrial Strategy: Substantial explicit weight for offices as critical economic infrastructure

- **Demand** – high
- **7% above long-term average 10m sq ft of demand**
- 36.4% is the **professional** sector
- 30.8% **financial** sector

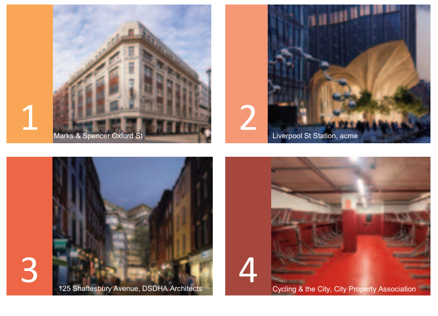
"substantial weight"

3: Weight: Give clearer and stronger weight to economic growth in planning decisions

Office renewal alone could generate **£83.6 billion** in additional GVA over the next decade through productivity gains. **The NPPF should reflect this by:**

- Making clear that **economic growth, employment and productivity are primary objectives** of the planning system
- Clarifying that the **economic benefits of commercial development**, particularly in city centres, should **carry substantial weight in the planning balance**
- Recognising **growth as a core public benefit, in its own right** would align planning decision making with the Government's economic priorities.
- Treating **growth** as a core public benefit would **support investment, job creation and long-term fiscal sustainability**.

3: Local Plans – flexibility should be applied in context of meeting need for offices



1. Embodied carbon
2. Design/heritage (height)
3. Amenity
4. Other (eg cycle parking)

Conclusions

- Since 2008, London has seen a sharp slowdown in its productivity growth – and GVA. This is significant – and damaging - not only for the London economy but also for the UK as a whole
- There are various factors that can help to explain this trend (change in economic structure, Covid, wars, Brexit, housing costs...)
- Loss of suitable office space and loss of high-quality space is a crucial factor
- The opening of the Elizabeth line (paid for largely by London) provided a major opportunity to drive productivity growth – but it has only partially been seized to date...
- The risk is that without a change in policy, there will be a productivity and negative employment impact
- Offices should be considered to be critical ecomomic infrastructure in the NPPF and policy changed to reflect this
- Without "picking winners" economic growth should be given greater weight in planning decisions (nationally, London Plan and in local plans)
- Doing so would help to secure growth in output and employment in the UK's most sustainable location, for the country as a whole

Tourism in London: impact of the Iran war

Will Amiri-Fuller, head of public relations, London & Partners, London's growth agency was unable to join the Forum meeting but sent this presentation

At a macro level, the biggest concern isn't just the immediate conflict, but the knock-on effects – particularly energy prices and ongoing supply chain disruption. If that continues, there's a real risk of slower global growth, which inevitably feeds through into travel demand.

But for tourism specifically, the bigger story is actually about sentiment. Travel is incredibly sensitive to perceptions of safety, and what we're seeing is a sharp drop in demand into the region – around a third down – with impacts likely to last for several months even if conditions stabilise.

There are also wider implications because the Middle East is such a key global aviation hub. Disruption there doesn't just affect the region – it impacts global connectivity, particularly for long-haul routes and markets like Asia-Pacific.

So, what does that mean for London?

In the short term, we are expecting a decline in visitors from the Middle East – around 25% year-on-year – particularly from markets like Saudi Arabia

However, it's important to put that in context. This follows a period of strong growth, and overall the outlook suggests this is a short-term shock rather than a long-term structural shift

The key takeaway is this:

We're likely to see some near-term softness from this market, alongside a bit more volatility in global travel flows – but the fundamentals remain strong, and demand is expected to recover as sentiment and connectivity stabilise

Saudi Arabia still expected to rank within the top 20 inbound markets to London this year based on visits in overnight accommodation (Source: Oxford Economics).

The Middle East is a relatively low priority in L&P's experience economy strategy as a result, with priority focus on US, near Europe, and domestic markets as per the rank in visits. ■

The overall desire to take a long-haul trip in 2026 has notably softened

Australians, Canadians, Brazilians, and South Koreans are noticeably less inclined to embark on long-haul journeys in 2026 compared with 2025, reflecting broader economic and behavioral shifts. Interest in visiting Europe specifically, has also declined, with 42% of respondents indicating plans for a European trip this year— down from 44% in 2025, suggesting more cautious travel sentiment overall.

Americans continue to prioritize travel, although economic pressures are shifting demand toward closer-to-home destinations as they plan ahead

Flight searches to the UK from long haul markets were down 6% in February 2026

Source: European Travel Commission; Visit Britain

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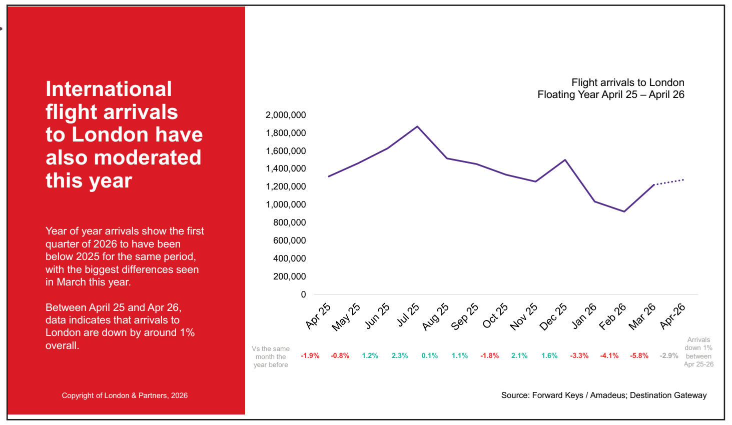

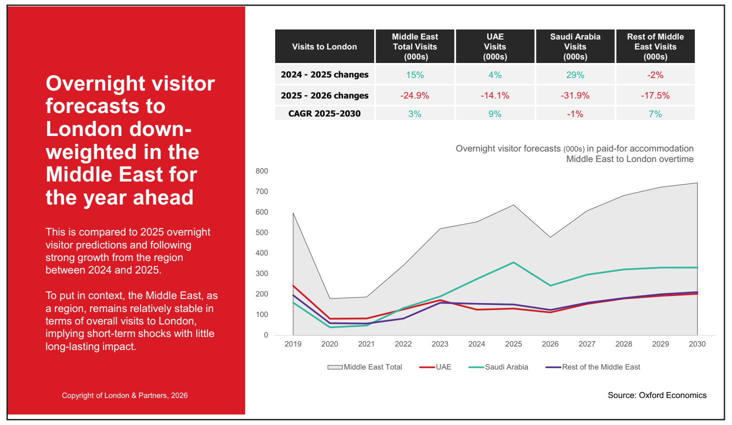

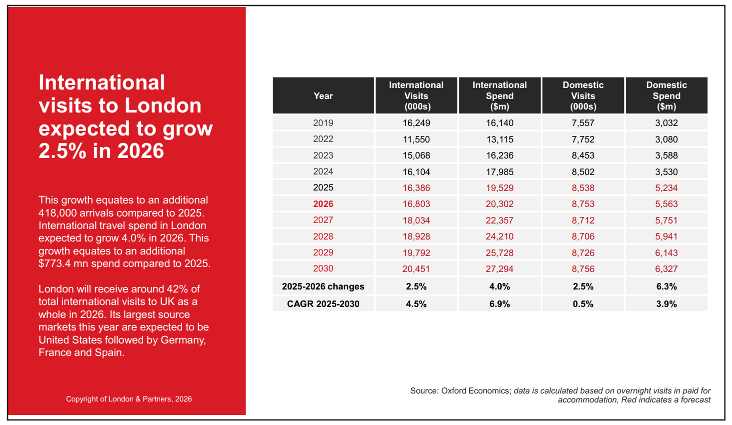

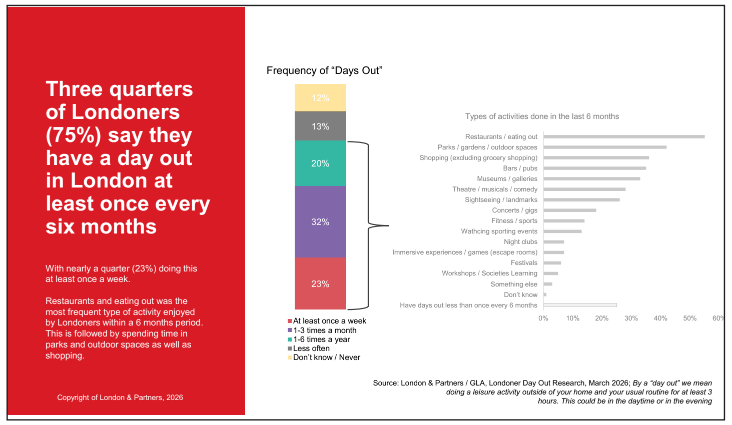

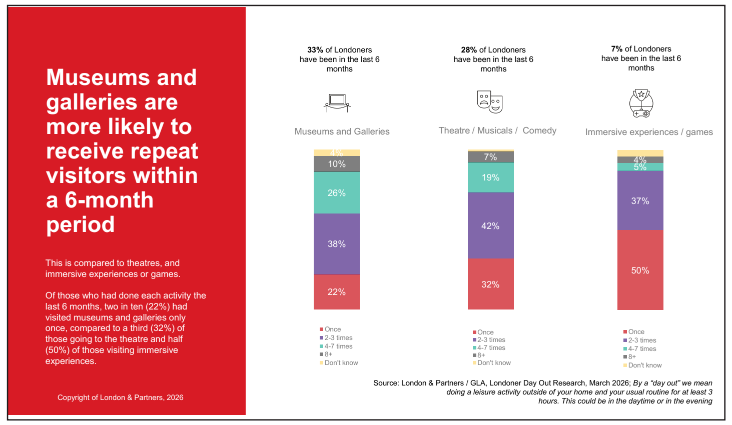

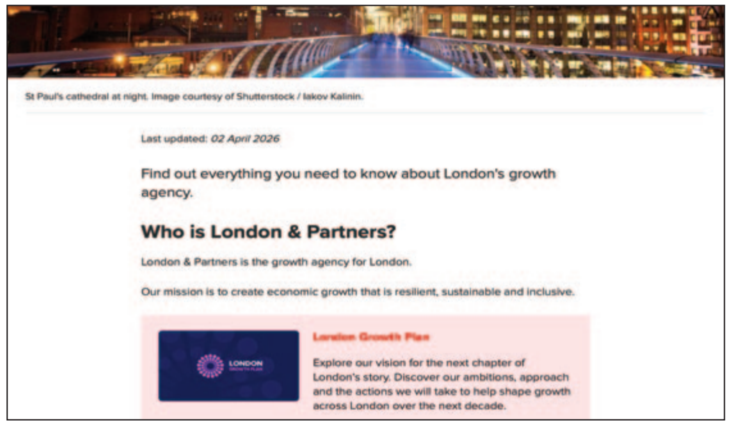

The next meeting of the London Planning & Development Forum

is at LSE Old Building, Houghton Street, London, WC2A 2AE

2pm on Tuesday 15th September 2026

Please email editor@planninginlondon.com if you would like to join in

For the agenda nearer the date please also look at planninginlondon.com >LP&DF