

Economy Committee – 15 January 2015

Transcript of Item 5: London Enterprise Panel and Deputy Mayor for Business and Enterprise - Session 2

Jenny Jones AM (Chair): We are now joined by Mark Kleinman, who is the Assistant Director - Economic and Business Policy at the GLA and Kit Malthouse is still here. Gareth, you are going to talk about the global economy.

Gareth Bacon AM: Thank you, Chair. Kit, the UK and London's economies are in increasingly rude health, it is probably fair to say. However, the global economy is potentially not. There is a whole load of instability, particularly in the Eurozone, which we are not immune from. Are you confident that London is well placed to ride out the storm?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes. As you say, London's economy is doing OK at the moment. We are certainly outstripping growth on the rest of the UK. They reckon - though it is hard to say because we do not get quarterly figures for London, just annual ones - that we are running at something like 3.2%, 3.4% or 3.5% GVA [value of goods in one area]. The UK as a whole is three or four points behind that. Obviously, that is driven by expansion in services, property, construction and those types of things. Nominal output is running at about 4% - unadjusted for inflation - growth, which is pretty good.

There are some drags, though. You are right that the Eurozone is a drag in every sense - having said that, the nature of London's economy is that it is much more global, perhaps, than other cities. The rise of the American economy is seeing us pretty well. The flow of inward investment to London - and we are always in the top two city/regions in the world for foreign direct investment - also stimulates a lot of activity.

There are a few things that still hold us back as well that are internal. We definitely have a skills issue in a lot of the high-tech industries that we attract and that are growing. Something like 27% of all new jobs in London now are in science and technology. We do not necessarily have the home-grown skills base to fulfil them. There is some uncertainty about how the fiscal environment going forward often chokes off domestic investment.

For instance, if you cast your mind back to the three or four months up to Christmas, we had a slight flattening in the economy in the run-up to Christmas and certainly some of the retail sales figures coming out show that. My particular view is that the forward guidance the Bank of England is reputed to have employed turned into a sort of forward chaos. We had the Governor and various other members of the Bank of England giving speeches at dinners and interviews which gave differing forecasts on what was going to happen to interest rates going forward. The yield curve was all over the place. There was a lot of volatility in the exchange rate. That choked off a lot of domestic investment, if you like, in non-property industries.

We are doing OK, yes. They always used to say that the best quarter is the quarter before the crash, but as long as we are preparing for it - which is what we are trying to do certainly at City Hall and I know the national Government is - then things look set fair. It is interesting that the job market, which I know you talked about, is doing pretty well. We are at our highest employment level ever, albeit there are some issues within that that we need to slice and dice. Yes, I am broadly happy.

There are some industries that are shooting the lights out - hospitality and all that kind of stuff - largely off the back of us reaching the top of the league table on tourism, which is doing particularly well. Financial

services and support services are doing very well. Technology and science are doing pretty well and obviously construction, as you can see from the cranes growing like Topsy. Yes, we are OK.

Mark Kleinman (Assistant Director - Economics and Business Policy, GLA): If you look at the GLA Economics forecast and the economic outlook, the most recent ones project continuing growth in output and employment. As ever, they benchmark that against a range of alternative forecasters and so you get some people above and some people below, but it is all broadly a consistent pattern.

The only other thing to mention - dare I mention it in a room full of politicians - is of course political risk, which is something that investors all keep talking about. That is because always before a general election there is a little bit of a slowdown of investment decisions and when you go through the election and the cycle picks up again. We could have a prolonged period next year in terms of potential other elections and a possible referendum on Europe and all the rest of it. There is that factor that is a little bit different than in previous cycles.

Gareth Bacon AM: On the question of jobs and particularly the Mayor's involvement in that: it was a manifesto pledge, as you know, to create 200,000 jobs over the mayoral term. A recent Investment & Performance Board (IPB) [internal GLA recommendation-making body] paper indicated that 95,000 had been created in 2012/13 and 2013/14.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): That is right.

Gareth Bacon AM: They fully expected - I think the wording was - at least 105,000, which would fulfil the pledge by the end of the mayoral term. What is in train? What is the Mayor, or what are you, doing to make those 105,000 happen?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): The truth is that what I am doing is not an awful lot because many of those jobs were tied to existing capital programmes: Crossrail, the housing programme and some of those issues. A lot of the reason that much of it is back-ended - or certainly my understanding is that much of it is back-ended - is obviously that the deployment of that capital takes some time. For instance, if you look at things like the money that is going into the Elephant and Castle regeneration, it has taken some time to get off the blocks and will start to really ramp up in terms of development now. At Crossrail, I do not know when the peak of employment is. It is probably at about it now and will start to build up with building the stations coming up.

On the 105,000, I - like you - am reliant on the forecast that GLA Economics is giving us that it is there or thereabouts. It is largely driven by, if you like, the contracting programme, which says, "OK, you get whatever, a year or 18 months or something, to put something into a contract", and then there is a period of build-up and then suddenly the employment arrives. I would say that the reason that they are saying 'at least' is that there are some notable members of the GLA family that have yet to return any figures for what they are likely to generate.

Tony Arbour AM: Name them.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): For instance, we have not had any figures from the Mayor's Office for Policing and Crime yet. For those of you who know north London and, Andrew [Dismore AM], as I am sure you will know, for instance, there is an enormous building being built at Colindale on the Hendon site, which obviously is employing lots of people. It is about £80 million that they are spending on a building there. We have not had any returns on what employment that is generating yet.

Tony Arbour AM: Yes, I wanted to come in on this precise point. It sort of relates to uncertainty and the absence of a settled airport policy. How is that holding back prospects?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): It is interesting. To be honest with you, Tony, the debate has gone a bit quiet. In the last couple of years in this job, certainly in most meetings of businesspeople that we had or businesspeople whom we met, it became an issue. People would mention it. It was a sort of 'meme' - to use the modern word - that was running through business. It seems to have faded a little now. I would expect that some of the developments at Heathrow - Terminal 5 now open and the refurbishment at Terminal 2, the one that they have spent billions on and has just reopened - and all that kind of stuff is helping. It seems to have faded a little and I think everybody is now waiting to see the conclusion of the Davies [Airport] Commission. Businesses have generally recognised that nothing is going to happen this side of the election and so let us talk about other things.

Andrew Dismore AM: It is on the question of jobs and Kit [Malthouse] mentioned Colindale. Coincidentally, I was knocking on doors in Colindale on Saturday afternoon at random and this woman gave me a hard time. She is working part-time, is low paid and is not allowed to take another job because the employer will not let her because she will not be available when it wants her and all the rest of it. She is a typical of a lot of the problem with these new jobs. Yes, there are plenty of new jobs, but for a significant proportion - retail and you mentioned hospitality, which is doing very well - the businesses may be doing well, but it is not filtering down to the employees who are stuck in these zero-hours, part-time, low-paid contracts.

If we look at the London Living Wage, the voluntary practice is not really working. There are 490 accredited organisations and 20,000 people have benefited since 2011, but there are now 800,000 people in low pay who are not. What is going on about trying to get these people into a decent level of income? The Mayor said he was going to write to 100 chief executives to encourage them, but how many of those letters or approaches have actually translated into employers paying the London Living Wage?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Just to slice it slightly on part-time jobs, I know you asked earlier and there was a manifesto pledge that we would run a part-time jobs campaign. The truth is that such has been the strength of the growth in part-time jobs that I am not sure it has been that necessary. Since 2008 we have seen something like 300,000 part-time jobs come in the job market anyway and about a 23% growth up to about 1.6 million part-time jobs now in London, which is contributing - you are right - to the overall rosy employment picture.

There is, though, a problem - I agree with you - about low pay and you are right that we have been pushing hard on the London Living Wage. We do, though, maintain the view that it should be a voluntary thing. We think that that has the added benefit of recreating the moral obligation between employer and employee. We have had some success.

The issue, though, with the job market in London is that we are still in a bit of a mismatch in that, while there are lots and lots of job opportunities, there are obviously lots and lots of people and our population is growing quite strongly. We do get a lot of migration into the city. That means that while it is often hard for employers to get the skills they need, for the lower-paid, less-skilled jobs perhaps it is easier to find people, which means that naturally wage rates tend to be a bit lower.

The good news on that is that although if you look at wage rates across the piece in London, there has been general stagnation or low growth in what they call the elementary occupations, which are those ones at the lower level generally occupied by younger people. We are starting to see a bit of an uptick. They reckon that growth in wages at that level has been about 3% or so over the last year or so. We are also seeing, obviously, a

big expansion in our student population. People working part-time and students working part-time in elementary occupations has grown as well.

Jenny Jones AM (Chair): Have you just said that because other people have created part-time jobs the Mayor does not have to honour his pledge? Is that what you have told us?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): No, I am not saying that. I am saying that --

Jenny Jones AM (Chair): That is what you said, though, isn't it?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): No, I am not saying that, necessarily. I am saying that we are holding and waiting to see. We decided that such was the rate of growth of part-time jobs - because it is all about the deployment of finite resources - that actually, in an atmosphere where part-time jobs were growing like Topsy anyway, we are better off with a finite resource for the moment putting extra resource - which is what we have done - into the apprenticeships programme, which is very much targeted at particular groups where you are covering the skills gap as well. We thought that was a better use of resources in the interim.

Mark Kleinman (Assistant Director - Economics and Business Policy, GLA): Can I just add, in terms of part-time working there is a hearts-and-minds issue. We are signed up for Timewise, but we could probably do a lot more in terms of actually spreading the benefits to employers about employing part-timers. However, when we look at the numbers, we do not have enough firms paying the London Living Wage at the moment. We do not have enough firms offering apprenticeships. We have focused at the quantitative end of it on those. It does not mean part-time is not important, but we know just in terms of pure numbers that that is a slightly more positive picture than in the other two sectors.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): It is not as if we have done nothing. We have a project ongoing which is part of our Smart Cities programme. It is a platform that allows people who have a small amount of time or packets of time to be matched with people who need packets of time. If you need somebody three hours a week, you should in theory be able to come to this platform and find somebody who has three hours a week at the time that you need it.

Jenny Jones AM (Chair): Are the jobs created by the GLA group more or less likely to be part-time? They are less likely at the moment?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): The number for jobs created by the GLA group is full-time equivalents (FTE) and we have this argument before with Stephen [Knight AM] about what the definition of a 'job' is. The definition of a 'job' that we have settled on, although Stephen does not agree, is an FTE post for at least 12 months. That is the definition of a 'job' that we have set.

Jenny Jones AM (Chair): Have you done any analysis on this and just how many jobs there are that are part-time and whether it is --

Mark Kleinman (Assistant Director - Economics and Business Policy, GLA): We have done analysis for the economy as a whole. We need to be a bit careful about avoiding saying that part-time jobs are both good and bad at the same time. What we do not know enough about - and the economists are doing more work on this - is understanding how and why the part-time is different in London than in the rest of the country because it certainly is. On the one hand, we want to support people in a career sense who want to have part-time working as part of a career strategy, which we touched on earlier. On the other hand, we want to be

alive to the fact that if a lot of jobs being created are part-time and low-pay and, in the example that Andrew [Dismore AM] gave, actually prevent people making up their income in other ways, it is something that we would want to know more about and possibly target that.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): On the jobs market, the different definitions of employment I found confusing and so I asked the GLA Economics to produce something to slightly clarify what is actually happening in the jobs market.

Jenny Jones AM (Chair): Does it include human resources (HR) data on just how many new part-time jobs there are since --

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): There is nothing in there about part-time jobs, no. It is just the overall number.

Jenny Jones AM (Chair): Could we have some figures on that? Obviously, it is a source of concern for us. It is a mayoral pledge. We have to scrutinise it.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): It depends what figures you want. As I said, the Office for National Statistics (ONS) produces figures on part-time jobs for London on an annual basis and so we know from the last time we had numbers that, as I say, there has been 23% growth.

Jenny Jones AM (Chair): This is specifically GLA-created jobs.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): GLA part-time jobs?

Jenny Jones AM (Chair): Yes.

Mark Kleinman (Assistant Director - Economics and Business Policy, GLA): We do not count within the GLA group - as far as I am aware but I can check - which jobs are part-time and which jobs are full-time. What we do is look at what the sectors are and make the assumption that they are broadly similar --

Jenny Jones AM (Chair): You must do!

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): We can try. We can have a go. We will talk to GLA Economics and see what they can do.

Jenny Jones AM (Chair): How can we judge if the Mayor has delivered on his pledge, which it is our job to do, if you do not keep the records and you do not give data?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): The pledge was that we would deliver whatever it was, 200,000-odd, jobs. We have said that that is an FTE job. That might be two part-time jobs. Two half-time jobs makes a full-time job. We are not counting a part-time job as one job.

Mark Kleinman (Assistant Director - Economics and Business Policy, GLA): There is no part-time jobs target for the Mayor's own spending within the GLA group. There is an overall part-time jobs target in the manifesto for the economy as a whole. As I said, for the reasons we talked about earlier, we are reasonably confident that --

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): That will be exceeded.

Mark Kleinman (Assistant Director - Economics and Business Policy, GLA): -- that will be reached because of the general strength of the labour market.

Jenny Jones AM (Chair): We need to see some figures on that, quite honestly.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): All right.

Jenny Jones AM (Chair): Thank you.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Just for clarity because we have had this argument before, would you mind, Jenny, dropping me a line just asking exactly what you want? Then we will try our best to get it.

Jenny Jones AM (Chair): Yes, absolutely.

Andrew Dismore AM: Copy one of the earlier letters that said the same thing.

Stephen Knight AM: It was just on the part-time issue. The issue is that clearly there are lots of part-time jobs around in the economy but, as you say, they are the low-paid jobs. The issue particularly for parents is that better-paid work is often not available in part-time form. Persuading employers to make medium and more senior jobs part-time is the critical bit that is needed in terms of employment for parents in particular. That is where the serious target is needed. It is not so much the total number of part-time jobs because every supermarket is employing lots of low-skilled, low-waged part-time workers, but that is not what is needed, actually. What is needed is part-time work higher up in the economy and we need targets around that. That is where the problem is. I am seeing nods, but there is no target in place, presumably?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Other than exhorting employers, it is quite hard to know how we would achieve that. As we said before, we find ourselves in a position of exhorting employers to do an awful lot of stuff. We are exhorting them to do the London Living Wage and apprenticeships. There is all sorts of green stuff, Jenny, which we exhort them to do. We are generally exhorting them to be good citizens. We could certainly add this to the list of exhortations, but they get a little bit weary with some of this stuff. Given the growth in part-time jobs, the growth has been across the piece, although largely weighted, as I say, at the elementary jobs.

Let us have a look at the numbers. You are quite right, Jenny. Let us analyse the numbers and see what has actually happened. In the jobs growth generally, while there has been a lot of growth in the elementary jobs, we have seen professional managerial jobs grow very strongly. They are in the lead, along with elementary jobs. Within that, there will be an element of part-time as well. We will have a look and see what we can work out.

Dr Onkar Sahota AM: Kit, one of the things you said was that the risk was that there was not enough home-grown talent and home-grown skills. This was one of the problems you identified for us going forward. One of the big sources of workforce in this country is students coming to higher education. Give them a job and they will continue to stay here.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes.

Dr Onkar Sahota AM: Yet the signal we are sending out is that England is not a country where people can come in and have immigration rights. What is the impact on the university sector of this policy of getting people to get a visa to come into this country to learn and also the impact on the people who have a degree

then being forced to leave the country, which will deprive London and the rest of the country of a skilled workforce?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): It is quite a frustrating situation for us. I sit on a thing called the International Education Council, which is a group set up by the Ministers at the Department for Business, Innovation & Skills (BIS) to look at education export. An export is also foreign students coming to study here and to work here. They bring billions of pounds into the economy and into our universities and all the rest of it.

We did some research into what the problems were and the primary thing that is a deterrent to people is just us having the conversation. The education sector and the Home Office lobbing grenades at each other over the barricades was putting a lot of people off. There was one particular event that caused a problem. If you remember, the year before last there were problems at London Metropolitan University. They had a very strong population there from India and from Pakistan. A lot of those students were left high and dry and had to be absorbed - pleasingly, in the end - by others. That put a huge amount of people off. We have seen a drop. Albeit our international student population has grown, we have seen a drop-off of students from that part of the world for that reason.

There is absolutely no doubt that the post-study work visa debate is a big disincentive because a lot of people want to come and then access that. I have to say I have some sympathy with Sir James Dyson's [British inventor] stance, which is to ask why we are training all these people and giving them the best that our academics can offer and then not saying, "Why do you not do your bit for the economy for a while afterwards", but actually sending them all back to their countries of origin.

We have pressed quite hard for particular sectors to be favoured within the visa system for that reason. We did float this idea of having a thing called a 'London visa', which would favour the tech science and engineering kinds of sectors. That was knocked back by the Home Office. Having said that, they did allow us to have specific industry visas. We got one for technology where if enough points can be awarded - Tech City is handling it, although we are helping them - to somebody with special talent to be in the country and then they can make an in-country visa application to stay. We are talking to the Home Office about extending that into fashion, design and life sciences, which are the areas where we need people. Certainly the recent backwards-and-forwards between the Home Office and Treasury about the post-study work visa is not helpful.

I have to say with my London & Partners (L&P) hat on that my team over there, which is tasked with getting more international students coming in, slightly tear their hair out at the optics of it around the world. It is still the case that over half of the start-ups in Silicon Valley are foreign students coming out of Stanford and it is, if you like, a captive discovery population that we should be wary of allowing to disperse across the rest of the world.

Dr Onkar Sahota AM: Of course, the other thing has been, Kit, that the bad experience of students coming over from the Indian subcontinent has been a failure of the regulatory system of this country allowing colleges to be set up and poorly regulated. Students have come in with faith and are now suffering there. Have we looked at the regulatory system of our universities and colleges?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Certainly that is the Home Office's stance. The Home Office has worked its way through, frankly, all of the English language colleges, the 'Buckingham Palace School of English' sort of thing, which were handing out visas. It has worked its way through that. We are reaching beyond the kind of politicking of it and we are reaching a good level now. Certainly the universities and colleges have an understanding now that are no surprises, tighten things up. We have talked certainly to BIS and to the Home Office about whether effectively a good reputation will buy you

more trust, if you like, on the system, whether there could be differentiation between those types of colleges and the Imperial Colleges and all the rest of those. Obviously the colleges are nervous about that separation, but we can get some sense through it.

Having said that, we are seeing some areas of strong growth, for instance, with students from China, albeit there is a relatively low level compared to India or other parts of the world is growing very strongly. However, also, we are in a competitive situation and so, if you look at North America, particularly Canada, it decided that this is part of the market it wants to go for, has sorted out its system and is very much marketing itself at people who historically would have come to the UK. Therefore, it needs work.

Fiona Twycross AM (Deputy Chair): I just wanted to ask, going back partly to the low pay issue but to sort of broader capitalisation issues in the workforce, about particularly zero-hours contracts. A few months ago I had a meeting, a sort of roundtable, not just with trade unions, who obviously have long-term campaigns highlighting issues around them, but with people who run businesses, people representing businesses and other people who are interested in zero-hours and capitalisation. There was a sense to me that across the board everyone had an unease about the extent to which they were prevalent within the London workforce and obviously there were different views on how you could solve that. I just wondered what work you were doing to look at the extent of zero-hours in London and what the impact is on the economy, on skills training and on people's ability to get on.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): We are not doing any specific work, I have to say, on zero-hours contracts at the moment. Anecdotally, I have obviously heard both sides. I have spoken to employees who like zero-hours contracts and for whom the flexibility works, and so whether we need to stamp all over it, I do not know.

Mark Kleinman (Assistant Director - Economics and Business Policy, GLA): There are people for whom it does make sense. We have a large student population, for example.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): If you look at the thing, we have 25% of our 18-to-24s are students for whom a zero-hours contract may work with the flexibility that allows them backwards and forwards and so I am not entirely convinced they are totally evil things. Having said that, you are certainly right that the weight of it is on the side of this as a negative, but I do not think we have done any specific work on zero-hours contracts.

Mark Kleinman (Assistant Director - Economics and Business Policy, GLA): No, we have not. The only other thing to say in relation to this - not quite the same issue, but it is related - on the London Living Wage is that there will be a focus on the hospitality sector in 2015, but we are very pleased that Chelsea Football Club signed up just before Christmas. Remember Chelsea is also a hospitality employer, like all the clubs. They have hotels and restaurants and so on. With that and a number of other initiatives, we are beginning to move into that sector and so we could possibly look at zero-hours contracts as part of that.

Fiona Twycross AM (Deputy Chair): It would be useful because we do not really have a clear sense of how prevalent they are. It is one of the issues: when you are looking at how much of an issue it is, we do not actually know precise figures and we do not know who are affected. You are right that probably students do prefer them, but we cannot base a whole workforce policy around what suits students.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): No, no.

Fiona Twycross AM (Deputy Chair): It would be very useful if you could do some work on it because at the moment the whole risk of zero-hours contracts falls on the employee and the example Andrew [Dismore AM]

gave earlier of the person he spoke to on the doorstep was of somebody who clearly was tied into a zero-hours contract.

Jenny Jones AM (Chair): This is clearly your area.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): I am happy to have a look at it.

Stephen Knight AM: It is clear that the Mayor's target of 250,000 apprenticeship starts by 2016 is not going to be achieved now and the Mayor was pretty clear on that at the Budget and Performance Committee meeting yesterday. I wonder what more you are doing to accelerate the numbers, given that it is such a challenging target to achieve in light of the fact that numbers seem to be dropping at the moment of apprenticeship starts rather than going up, which is what they need to do.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): It is certainly tough, tougher than it was, and, as the Mayor said yesterday, we think part of that might be the fact that the general employment market for young people is much better than it was. On the chart that I have shown you, obviously the International Labour Organization rate has fallen by a very significant amount, a third, maybe towards a half, and the claimant count for young people is down by well over a half. We suspect that there are quite a lot of other routes to employment that young people are going for rather than apprenticeships. While that is great for them, collectively it is not totally brilliant for us because obviously there is the skills element that apprenticeships bring.

Stephen Knight AM: Do you have actual evidence that people are advertising for apprenticeship places and not finding people applying? In the past we have looked at companies saying they advertise for an apprentice and they have hundreds of applicants. Do you think it has gone from hundreds to 50 or something?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes, it depends on the sector. If you are in a white-collar industry, then you will have no problem finding apprenticeship applicants. If you are in hospitality, then you definitely have a problem and people wanting to go through hospitality. We have spoken, for instance, to the British Hospitality Association. We are doing what they call a 'big conversation' with them, which is where they have pledged a certain number of jobs and apprenticeships and work experience into the thousands for us, but part of the challenge is changing the perception of young people about the hospitality industry - young people and indeed their parents - that if you go into the hospitality industry, there is a career progression. You might start at the bottom, but you could end up as the vice-president of Europe for InterContinental Hotel Group. They have a suspicion that you go and you will spend your life peeling spuds. The same, I have to say, is true of construction. There is an issue in particular industries where the perception is difficult for young people and we are trying to change that.

Having said that, this is often an equation about cost and effort. You asked what we are doing to try to push it out. I do not know if you have seen on the Tube our University of Work marketing programme that is out at the moment. It has cost us quite a lot of money to get that out and promote it both to employers and employees. We have secured more money from BIS. If you remember, we had some money from the London Enterprise Panel (LEP) last year to double the allowance from £1,500 to £3,000 and that saw a blip in applicants. We have now secured money from BIS to do that again and so it is now particularly for small and medium sized enterprises (SME) £3,000. We are holding the hands of quite a lot of employers now. We have an employer programme. The Employer-Led Apprenticeship Programme. There is a lot of work going on, and indeed, we put more resources from central and LEP funds and European Regional Development Fund and European Social Fund monies into the programme to try to push it out. Nevertheless, the target is going to be hard to reach, not least because if you look at this chart, the market that we are looking at in terms of applicants is shrinking quite fast.

Stephen Knight AM: Although of course you get a new cohort each year coming out of schools.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): We do.

Stephen Knight AM: I am interested about the advertising and the marketing campaign because you are right that the big issue with apprenticeships is perceptions, but actually changing perceptions is about leadership and about marketing and everything else. I just wondered why there was not a marketing campaign two years ago. Why has it taken until now?

Mark Kleinman (Assistant Director - Economics and Business Policy, GLA): No, there was. The other part of the picture is that in the early stages - and just remember that starts are still running at double or more the level they were four years ago - and in order to hit the target, they would have to increase beyond that still further. That is the part that we think we are probably not going to reach, but there is still more than double the rate of five years ago.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Just on the marketing, do not forget we are not the only people who market. The National Apprenticeship Service has been marketing nationally and that includes a lot in London. In the past, we have contributed to their campaigns and get a mayoral strapline on it and we participate in that, but in London we are very much riding shotgun to the National Apprenticeship Service. There have been movements in their organisation and funding at a national level about which we have lobbied hard and come out of quite well. That probably caused a little bit of hiatus and that is why we have decided to do our own marketing campaign this time. There were two marketing campaigns previously.

Mark Kleinman (Assistant Director - Economics and Business Policy, GLA): There were two before and this one because we have moved on really from the larger firms to the SMEs. This campaign has been designed very much with the SMEs. The Federation of Small Businesses and others, as you heard from Sue [Terpilowski, London Policy Chair], had very clear views about the earlier phase of the marketing. While they looked good, they did not necessarily appeal to their group; they appealed to the larger firms and so this is very much been geared around attracting interest from SMEs. They will also need some hand-holding - as Kit firm does - because in a smaller firm you do not have a professional HR department and there are real costs borne by those firms, which is why the £3,000 help for each apprentice really helps.

Stephen Knight AM: If Kit is right that the real problem is there are not enough young people coming forward to fill these apprenticeships, then it is not so much encouraging the small businesses to take them on but it is about encouraging young people that this is a positive and a fruitful course of career choice.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes, it is both. Correct me if I am wrong, Mark, but I would say we probably have a shortage of people and of businesses in the white-collar end and a shortage of candidates at the elementary end and at the hospitality and construction end. That is the mismatch for us. We are working on both from different ends of the telescope.

Stephen Knight AM: One of the key issues that this Committee raised in its report, as you will remember, was around career advice for young people.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes.

Stephen Knight AM: Of course, that is largely left to schools these days, which are not desperately well-equipped to advise on the vocational side.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes.

Jenny Jones AM (Chair): I visited a manufacturing SME this week where the managing director had actually started at 16 as an apprentice and his enthusiasm for the business was indescribable and understanding every single aspect of the whole process. It was quite impressive.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): The thing about SMEs - and I speak with a bit of experience - is that obviously for small companies, particularly micro-companies, it is actually a huge burden. If you are a retail shop with maybe two or three employees, an apprentice represents 20% to 25% of your workforce. It is a huge amount of management time to design something for them and train them and all the rest of it and so, beyond the price, the cost and the benefit to the business, there is an element of - I do not know - civic responsibility required from small businesses to take it on because, in a small business, you are often having to hew your living with your bare hands on a daily basis. To stop doing that and to spend time on an apprentice has a big impact and so persuading them that in the strategic life of their business and the city it is a good thing to do is a bit tougher than the chief executive or the senior partner at KPMG, who just says, "yes", and hands it off to the HR department.

Jenny Jones AM (Chair): If some are made compulsory, which is one way forward, then it has to be --

Tony Arbour AM: What was that?

Jenny Jones AM (Chair): Compulsory for some companies.

Tony Arbour AM: Really?

Jenny Jones AM (Chair): Yes. I am just throwing things out here.

Tony Arbour AM: We have made a note of it for when the Prime Minister comes!

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): We are a carrot administration, not a stick administration, Jenny, as you know.

Jenny Jones AM (Chair): Perhaps it needs to be a bit more balanced.

Stephen Knight AM: A bit more firm stick, I am sure.

You will be aware that this Committee published a report on internships in London back in December. We are still awaiting your formal response but I wonder if you can tell us whether you agree with the central issue that interns working for at least four weeks with a particular employer should be paid at least the National Minimum Wage and of course preferably the London Living Wage. What is your view on that?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes. I guess my only quibble with it would be whether it is four weeks or six weeks. It is a time thing. When does work experience become an internship? In the good old or bad old days, an internship was effectively when you went to get experience of a particular sector. You had no skills in that sector and so you went free, effectively. Some internships used to pay your expenses, travel and all the rest of it. I recognise that that favours particular socioeconomic groups --

Stephen Knight AM: Indeed.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): -- but at the same time I have to balance that against the fact that if you make all internships pay, a lot of them just will not happen. The balance of that is about time. Whether it is four weeks or six weeks, I do not know. To be honest with you, Stephen, it is about a balance between how many it would choke off and how many it would allow.

Stephen Knight AM: Whether it is four weeks or six weeks, as you say, is a matter of judgment, but there is the principle here that we do not allow people and employers to --

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): I do not think longer-term employment that is unwaged is healthy at all, no.

Stephen Knight AM: Indeed. I suppose the question is what, if anything, the Mayor is going to do to help address this issue in London.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Obviously, our internship programme here and in the GLA group is paid the London Living Wage and all that kind of stuff and so we play ball and obviously we will try to promote that amongst the public sector generally. We do not have any stick to deal with that and I guess this would have to go on our now-lengthening exhortation list.

Stephen Knight AM: An exhortation from the Mayor and good practice from the Mayor and statements from the Mayor can provide leadership.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): I think so. Having said that, one of the areas that could provide greater leadership is obviously the House of Commons, where there are still routinely unpaid internships advertised from all political parties, I have to say, and maybe we could start with them.

Stephen Knight AM: Probably fewer than there used to be --

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Fewer, but still.

Stephen Knight AM: -- in terms of unpaid, but you are quite right.

Jenny Jones AM (Chair): Another of our recommendations was that they should all be advertised openly rather than you are getting the internship through somebody you know who knows somebody who needs an intern. That is something we do hear.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): We certainly do, yes. That is why the time limit matters. I do not know. If a member of your family asked if your niece or nephew could come and work shadow you for two weeks, Stephen, presumably you would say yes. You would not say, "I have to advertise that on the internet and see if there is anybody else with greater skill or value or more deserving than my nephew or niece".

Jenny Jones AM (Chair): I think we were talking four weeks.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes, but that is where a time limit --

Stephen Knight AM: A paid internship or a long-term intern.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Below whatever, four or six weeks, you would say you can do a friend a favour and take their child in as work experience, but above that you would say it has to be advertised openly? I do not know if any of you employ members of your family as researchers or other people's family or friends.

Jenny Jones AM (Chair): I actually asked a question in the House of Lords yesterday about these two recommendations and got a complete brush-off and so if you would please write to the Minister --

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): I am happy to.

Jenny Jones AM (Chair): -- and say how supportive you are of these two recommendations, it would be great.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): As they say, we will take that away and consider it, yes.

Stephen Knight AM: We look forward to your formal response to our --

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes. No, we will come back to you. We will. As I say, the only issue is about whether it is four weeks or six weeks and, to be honest with you, I do not want to be too bureaucratic about it, but this is about where the graphs cross. If it is four weeks, is it going to choke them all off, and will six weeks mean they all stay? We need to have a think about that. The effort of analysing that graph and the cost might be too much to justify it and we will have to put our finger in the air, but we will come back to you soon. Unless you did the work; I do not know.

Fiona Twycross AM (Deputy Chair): This is not just a finger-in-the-air sort of figure for four weeks. We did not just come up with it. The Institute of Directors actually recommended the four weeks.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): All right.

Fiona Twycross AM (Deputy Chair): It is what Intern Aware, an organisation I am sure you are --

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): I have to confess I have not read the appendices and so I will have a look at the data and we will come back to you.

Fiona Twycross AM (Deputy Chair): I think that 65% of businesses support the four-week limit and only 12% oppose it and so it is quite an established figure. If you or the Mayor were to start having a slightly longer figure, you might look slightly off where the --

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): All right, we will have a look and we will come back to you shortly. I promise.

Tony Arbour AM: I have a question to you, Kit, on this, which is probably nothing to do with you but which is how are you planning to overcome current barriers to further devolution? This relates particularly to employment and skills. I suspect there is not a lot that could be done here that could be devolved from here to the boroughs. Much as I would like it to happen, I cannot imagine what there is that you do which could come.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): That is not necessarily true. There are two levels of devolution and so you are quite right to mention Manchester. This is, we think, a micro-step

forward. There are little crumbs of comfort in the favour that has been given to Manchester which we can grasp and say, "Me too", not least on trade - you are right - employment skills and all that kind of stuff. I guess in terms of City Hall/London borough skills, it is really about a sort of joint venture. The way the Government has rather in some ways, I guess, ham-fistedly done it is through the New Homes Bonus settlement, which is that we get the New Homes Bonus money. We have to bung it out to the boroughs, but effectively there is a negotiation between us about how it gets spent with mutually-assured destruction, which is that if we cannot agree between us, then the Government just takes the money.

We have a strange incentive to do it and we have tried in that negotiation to get the boroughs to focus their spending on the areas that the LEP is concerned about and its priorities, and one of those is skills. Many of the boroughs are exercised about skills and some of the projects that have come forward as part of that are skills-based. Next to that we have obviously our Growth Deal, which involves some devolution of further education (FE) money, largely capital, for spending. We have taken bids on that from boroughs, FE colleges and combinations of the two about what they want to do on their FE projects, premises, capital programme, much of which will be weighted towards skills.

One of the priorities, as you know, that the LEP has is science and technology and so we encouraged applications to come through for science and technology, whether that was labs or study units or technology-based things. Unfortunately, not enough volume came through as part of the bids, but some did. What we hope is in subsequent bid rounds that more and more will come. We are getting some devolution at the moment on that spend, but also on the New Homes Bonus. It is forcing, if you like, City Hall and the boroughs to work together and find shared and common objectives by the structure of it. It is not ideal because we would much rather be in charge, but that is the way it runs. There are conversations going on now about a second Growth Deal, which would involve yet more devolution and us having proven to national Government that we can play nice.

Tony Arbour AM: You are really talking about not so much devolution from here to the boroughs and, in fact, what you have described does not sound like devolution at all because effectively what you are saying is, "We hold a pot here. Please bid for it".

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): No.

Tony Arbour AM: That is what it sounds like.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): No, it is not that, actually. The way it works on the New Homes Bonus is that we effectively have a gun to each other's temples on the money. Richmond has a New Homes Bonus - I do not know; I am plucking a figure out of the air - of £6 million. We have that money and we are duty-bound to give it to Richmond. Richmond has to tell us what it is going to spend it on and we can say yes or no and there is a negotiation. If Richmond says, "We do not agree with you. That is it. We are never shifting", and we say the same, the money is lost to us and to it.

Tony Arbour AM: That is still not proper devolution.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): It is not proper. No, I agree.

Tony Arbour AM: Devolution is when you raise the money and you keep it.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): It is not proper devolution, you are right, but at the same time what it is doing is overlaying local priorities with strategic city priorities. For instance, what we are very keen to try to promote is for boroughs to work together. You have a growing life

sciences cluster in and around the Institute of Cancer Research in Sutton. That does not just affect Sutton; it affects the boroughs that surround it unless they are engaged in that skills debate, in that life sciences cluster from Croydon around to Merton and all the rest of it and working together on that, because people cross - I know, Tony, you rarely do - borough boundaries to work and play.

Jenny Jones AM (Chair): He has crossed the Channel!

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): He does occasionally cross the river. An FE college that is in Croydon will be feeding skills into the centre in Sutton and so we need boroughs to recognise the strategic.

Tony Arbour AM: The way you have described it, even with the mutually assured destruction is a bit like bidding for Transport for London (TfL) money. The money is available and so you put in a bid for something you do not really want because you think there is a chance of getting a piece of the action.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): It is similar to the TfL money with one big difference, which is that the boroughs can, if they want, deny the money to City Hall as well. It is not like it is your £6 million. If you do not agree with us and we refuse to agree, we do not get the money for anything else. We lose the money too and so the money would get lost to both of us. It is, as I say, a mutually-assured destruction.

Tony Arbour AM: I am pleased to hear you say that you think the way ahead is for the boroughs to work together on this in putting in a joint bid because it is incredibly feasible to imagine that a borough in a particular year has not any particular demand for it but next door might.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Exactly right. That is exactly right.

Andrew Dismore AM: I was going to ask you about MedCity, which is in my patch. I am going to ask you about it and particularly about jobs. Obviously these are pretty high-skilled jobs which potentially attract a lot of foreign workers and high-skilled workers. How we can try to develop careers in MedCity and Tech City and in the life sciences and knowledge quarter?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes, you are right that obviously the primary jobs will be high skilled, but do not forget that the location of these businesses here provides huge amounts of spin-offs in lots of other professions. Every pharmaceutical firm that locates its headquarters in London requires an accountant, a lawyer, a caterer and a cleaner. It is all that good Reaganite trickle-down stuff, which is why we want as much foreign direct investment as we can. The long-term objective is that we can create this, if you like, headquarters culture and research culture in and around London and the southeast that in time that will mirror financial services. If you look at JP Morgan, it has its head office here with lots of high-paying jobs and all this and spin-offs, but it also has its back office in Bournemouth. JP Morgan is the largest private sector employer in Dorset. This is just to give you the long term.

Andrew Dismore AM: Yes. This is not really answering the question though, is it, Kit? What I am asking is how we get those high-skill jobs in MedCity, for example, for Londoners? Not the trickle-down effect.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): No, I understand. You are linking back to the previous question, which is about FE and the education system. What we have tried to do is say, "Look, MedCity is at the start of its journey. It is getting huge and enthusiastic take-up. Life sciences companies seem to be arriving on a daily basis. The universities are there already, but you, the FE sector, needs to recognise that this is going to happen and through your capital bids and your programmes and expansions into

the future, we want you to recognise that this is a skill shortage that is going to need to be filled over the next 5, 10 or 15 years". We have seen some of that in Tech City. A lot of FE colleges now are providing courses that they were not before on coding and all the rest of it. We have Tech City apprenticeships being provided by Hackney College.

A lot of them are moving into that sector, but we are at a strange transition now where the FE colleges are moving from a random situation where they responded to demand from young people of what they were interested in and where they wanted to go, to responding to demand from businesses. That mismatch or not mismatch but the transition period that we are in at the moment means that we cannot quite say that we have the full suite of training taking place, although I hope in the next two or three years it will be there. Then the glide path of both MedCity and the skills available in the city will coincide.

Andrew Dismore AM: Looking at these spatial clusters - we have two or three now, I suppose. Is there a risk that the impact of these could get diluted if you get more of them? In other words, everybody knows about Silicon Valley and that is that. Now we have MedCity and the Knowledge Quarter is sort of half MedCity, half other things that I do not know about there. Is there a risk that if we start to do more of this sort of thing - Tech City as well - that the impact becomes diluted? And, if not, do you have any other ideas about 'cities' you want to create?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): No, I do not think so. The idea is that London should have as broadly-based an economy as possible. We were very and are still very heavily weighted to financial and professional services. That caused us problems in 2008, although pleasingly not as big problems as everybody predicted it would. We already have clusters of excellence, large and small, which happily co-exist. In fact, one of the big pluses of London that lots of companies and investors and people coming to work here tell us about is the convergence opportunities. For instance, we have the largest financial tech incubator in the world in Canary Wharf now going into its third floor and, because of the convergence between financial services and technology, they can access the companies they need at a higher level here easily.

Similarly, technology and life sciences coming together is critical. We have a very strong visual special effects cluster in Soho and in the rest of the city and obviously a very strong film industry now. Anybody who wants to build some film studios around London, they would be full. All our film studios, Pinewood and all the rest of it, are full now for the next ten years with James Bond and Star Wars Industrial Light & Magic, which just landed in Soho, wants to be there because of the crossover of technology and design. We are acknowledged to be one of the design capitals - if not the design capital - of the world.

Andrew Dismore AM: Is the branding therefore necessary or not? I suppose you could say there are other roles that have been developed, a 'Law City', but it would not have been branded that way. Do you think giving these places these brand names is helpful or not?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes, I do. I do think for particular industries it is. Yes, I do, not least for the industry itself. You have to remember, particularly if you look at life sciences, we went through a period and we have had this strange phenomenon where we have in and around London five of the top ten life sciences universities in the world, probably the largest conglomeration of scientific research on the planet, an incredible discovery engine, and yet we had seen a receding of the pharmaceutical industry from the UK. Sanofi, Pfizer, they had all retracted. I do not think it was anything other than a general sense that the UK was just too difficult and it was not worth being there.

MedCity is reversing that now, so we have a lot of them coming back and saying, "Actually, we had discounted the fact that the next new product may come out of London and UK and maybe there is a cluster there that is

worth us being part of". Some of that works. It is not necessarily just about naming the cluster. For instance, London has grown very strongly on the fashion scene. London Fashion Week now rivals Milan and Paris. We do not have a 'Fashion City', but just Fashion Week itself and the activity around Fashion Week is enough to draw that industry together. They are generally useful. You want a lot of chocolates in your box.

Jenny Jones AM (Chair): We heard earlier that businesses are being driven out because they do not want the high-rise glassy offices. You must be concerned at that. You talked about a diverse economy.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): We are concerned about that. We have kicked off this work programme. This is a complicated issue. There are a number of factors and much of this is the price of success and it is certainly the case that in my - whatever it is - 25 years in London, industries have migrated around London because of changes in price. When I first came to London, Kings Road [Chelsea] was kind of scruffy independents and now it is all chains and there are no scruffy independents there at all. They have all migrated to Floral Street around Covent Garden, which was then scruffy. Now that is all chains and has become premium and so they migrated to Shoreditch and around Spitalfields. Now that is all becoming rather smart, they are migrating over to Dalston. That is --

Jenny Jones AM (Chair): Perhaps it has gone too far and we are actually losing now some of the vibrancy and interest.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): I am not sure. There are two things. We have actually still lots of scruffy space, it is just not in Zone 1, and we have lots and lots glossy space. The issue we find is the in-between stuff when you are a growing business and the graph of what you need and what you can afford does not cross.

Having said that, we are seeing a change in the model of business. When I first started in business, we had to have a lockable office. We had filing cabinets with chequebooks in and things like that that we needed to keep secure and we wanted our own space. Now your business is this [holds tablet computer], very largely, and so we are seeing a huge rise in these co-working spaces. We have whatever, 70-odd, now in London, which is more than the whole of Spain, where you just need a hot desk. You can work in an open office with lots of other businesses in these collective spaces, which is a changing model of operation, particularly for small businesses, which we are trying to encourage as much as we can because you might as well take advantage of the fact that most businesses are paperless now or lots of them are.

Fiona Twycross AM (Deputy Chair): What do you consider to be your recent successes during your chairmanship of L&P?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): My recent successes in my chairmanship of L&P, rather than the great litany of successes? I do not think I personally have had any successes at L&P; it has very much been a team effort.

What I like to think I have done in the last couple of years with L&P is to focus the organisation down on doing a few things extremely well rather than a large number of things to a sort of moderate degree. When I went on the Board, it became clear to me that L&P was falling into the trap that a lot of organisations do, quite understandably, which is trying to please everybody all the time. For a company that has quite limited resources and has to therefore make a big impact with quite small resources on a very big economy, you really have to focus. Putting in place the strategy that we did last year had broadly four focuses, culture, science and technology, life sciences, North America effectively on foreign direct investment that has paid big dividends. The fact is that we are now getting record tourism numbers; we are getting record foreign direct investment now and their participation in MedCity, Tech City, the fastest-growing hub and the largest in Europe.

L&P has beaten every target certainly over the last couple of years other than - and this has been the failure, if there is one, or the one where I am less happy - the commercial income. Commercial income we have undershot a little. Hopefully over the next couple of years Dot London will absorb that, but the main achievement is that L&P seems to be in a better place than it was. It is performing well; it is doing what it is supposed to do. It is growing in importance in the public sector, in other words, all the borough leaders know now what it is and participate with it. Certainly in the private sector it is getting greater and greater purchase and around the world. I said to them on my first day that where I wanted to get to was a place that when other cities were bidding or looking at something and they knew L&P were bidding, they just would not bother, and we are getting to that situation.

Fiona Twycross AM (Deputy Chair): Obviously people are potentially knowing a bit more about L&P around the world, but we know quite little about how it actually operates. We do not have a lot of information about how the money is spent and it appears that there is a tacit acceptance on the part of the mayoralty that in order for the organisation to work well, it must not be exposed to too much scrutiny. How fair do you think that is?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): I do not think that is fair. Look, you have to remember that this is an organisation with a Board and so the Mayor has appointed a board of people of skill and standing and integrity and they do the governance, if you like, of the organisation. You sent us a letter about transparency. We are responding to that and we are certainly more than willing to share with you policy and what we do and all that kind of stuff.

Fiona Twycross AM (Deputy Chair): The business plan?

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): We can share the business plan with you, but we have to do this thing in the right order, because the business plan has not yet been shared with the GLA or the IPB or all that kind of thing. What we are trying to talk to the GLA about is who gets to see what when, because we could show you a business plan now, but the GLA and IPB might change it and then we would have to come back, so there are some practicalities. But within the remit of saying, "Look, the Mayor has appointed a Board. You trust the Board to apply these policies and here are the policies", but if you have a problem with the way the system is run, then you are effectively saying you have a problem with the Board. That is a conversation you have to have with the Mayor.

I have been Chair of it or whatever for rising a couple of years now. It works very well; it is performing well. The policies, which we are happy to share with you, are very modest and in line and in many ways tougher than the GLA policies on things like expenses and all that kind of stuff, and the Board is of high standing. We are very lucky to have the people we have on the Board, frankly, who show up and seem enthusiastic. We are happy to meet you halfway, but we need to be careful that this is an organisation which is not just seen as a department of the GLA. That is the issue.

Fiona Twycross AM (Deputy Chair): You can go quite a lot further without us assuming that it has to be treated like a department of the GLA, but when the GLA is paying for 69% of the operating budget, it just seems a bit much that when we are examining the Mayor's budget we do not get the opportunity to actually get a sense of what that money is going on.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): As I say, we are happy to share the business plan with you, and within that we can give you broad expenditure lines, "We are spending X on ...". We do, for instance, spend quite a lot of money on marketing. That is our job. We are the overseas promotion agency and so we spend money on overseas promotion. We get quite a lot of stuff in kind from New York and

all the rest of it and we can certainly give you those kinds of things, "This is our staff number. These are our ..." and all that. We could give you all of that.

Fiona Twycross AM (Deputy Chair): One of the other things is that obviously TfL has a single point of contact for Assembly Members who want to raise questions and that might be helpful for L&P as well.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): Yes, of course.

Fiona Twycross AM (Deputy Chair): There is an issue about perception, and while there is such a feeling of lack of transparency and almost an extreme unwillingness - and that was highlighted by the Budget and Performance Committee in terms of how willing the organisation has been to open up to scrutiny - we have quite a long way to go on that.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): I have to tell you I am not unwilling, but I have never been called as the Chair of L&P to any committee in two years.

Jenny Jones AM (Chair): An oversight, I am sure.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): I have never been called to any committee as the Chair of London & Partners. L&P will come to any committee that you want them to come to and answer the questions as well as they can, just like any other part of the GLA, but I have never been called. I am happy to come and talk to you about it, not least because it is doing incredibly well, and so I am willing to come and boast and talk about some of that stuff. We will reply to the letter. We are appearing in front of the Budget Monitoring Sub-Committee next week, to talk about these issues? We will tell you as much as we can within that remit, that we have a commercial Board which we trust and which is of standing and that they have a job to do that you do not need to duplicate.

Fiona Twycross AM (Deputy Chair): We do not know that.

Kit Malthouse AM (Deputy Mayor for Business and Enterprise): We have policies which we are happy to share and you can see. The way it would work is we will share our policies with you and we will share the broad budget with you and you then say, "These policies are OK; the budget looks OK. We now trust the Board to make sure that that is what happens".

Fiona Twycross AM (Deputy Chair): I think people would feel happier if we had the budget. That would help.

Jenny Jones AM (Chair): Thank you. We have come to the end of our questions. I would like to thank our guests for their valuable contributions.