

Economy Committee – 15 October 2015
Transcript of Informal Session – London’s Changing Economy Since 2008 –
Productive, Flexible, Inclusive?

Sue Terpilowski OBE (London Policy Chair, The Federation of Small Businesses): The Mayoral work of mapping the skills and doing this research – which does need somebody from that level to be able to look at all the data and take it forward – is going to be a major factor going forwards. Then it is getting the schools to accept that. They have targets that are completely different, which is why I said entrepreneurship needs to go into schools. It needs to be a measure within the school, as part of the whole curriculum, because teachers can only deliver what Ofsted [Office for Standards in Education, Children's Services and Skills] tell them they have to do.

Colin Stanbridge (Chief Executive Officer, London Chamber of Commerce and Industry): When we have talked to schools they have said, “I am a headmaster or a headmistress. I am judged on my exam results. That is the only thing that really matters to me.” We had Nick Boles [Minister of State, Department for Business, Innovation and Skills and Department for Education] along to say, “We need to change that”. Of course exams are important. Of course you have to have numeracy and literacy but there have to be some other factors that come into whether a school is successful or not, such as people going on to have careers. On a number of occasions people with no qualifications at all have been multi-millionaires and somehow we cannot capture how that happens.

Murad Qureshi AM: Thank you for that. There is clearly some work the Committee could do on that and there are clearly a number of recommendations about schools working more closely on skills and apprenticeships that we need to look at.

Darren Johnson AM: If we can just look at the role of the Mayor: what can the Mayor of London do to support more Londoners to get well paid, rewarding jobs in the capital?

Ian Brinkley (Senior Economic Adviser, The Work Foundation): I would focus on three areas. One is what we call “out of labour market” policies, trying to get more people back into work. If you cannot get them into work, you cannot do much with them. We typically under-invest in this compared to most other OECD economies. If you are increasingly concentrating on people who are further away from the labour market, less job ready and more disadvantaged you are going to have to spend more on it. We should do whatever can be done to co-ordinate the efforts so you are concentrating more on the things that we know work rather than trying to spread the money across a whole myriad of different, tiny schemes, none of which really make a difference. If you can get more resource to spend more, great, but whatever you do concentrate it on a few things that you know work well.

Secondly, this whole apprenticeship area is absolutely critical. For the higher and further education sector your strategic objective, your ideal, is to make that as prestigious, as strong and as successful as the university system in London so the two are almost matched. Concentrating on that area and trying to get that area correct, is important.

Darren Johnson AM: Do you think that is a candidate for the devolution agenda for London?

Ian Brinkley (Senior Economic Adviser, The Work Foundation): That ought to be a critical part of it.

Darren Johnson AM: Good. I was hoping you would say that.

Ian Brinkley (Senior Economic Adviser, The Work Foundation): Unless you control it, you cannot do anything with it. That is fairly obvious. The third area is something we have touched on. It is the one which, in some ways, is the hardest to be specific. It is something which organisations like the Advisory, Conciliation and Arbitration Service [ACAS] and the UKCS [careers service organisation] are taking much more interest in. That is how do you influence workplace productivity? We have talked about that quite a lot, in fact, that productivity levels in London are not where they should be. ACAS at the moment are trying to develop a set of principles that firms and unions could work on together to try to raise productivity in the workplace. That is being done at the national level. There has been some thought to it at the sectorial level. I do not think anyone has thought about, “What could a city-wide authority do in this area that should help it?” Two of the things you are looking for are organisations that have networks and connections into the workplace. That is why ACAS is interested in it, because they are a connected organisation; UKCS for the same reason. They are both social partnership organisations. Thinking about what the Mayor and the Authority can do in that space would be really interesting, and it might be worth having some conversations with ACAS and the UKCS about where their thinking is going at the moment.

Sue Terpilowski OBE (London Policy Chair, The Federation of Small Businesses): There are a number of things. Obviously business rates are a major issue, and if devolution comes in it is looking at how the Mayor does that. Community development rights are a major issue in London. We are losing a lot of key business space, 60% of Kingston is already lost now to businesses. If you want to keep a vibrant business community, we have to have somewhere to be.

Darren Johnson AM: Retain the premises through the planning system, yes.

Sue Terpilowski OBE (London Policy Chair, The Federation of Small Businesses): Possibly in the past business space has not been a priority within the London Plan. It now has to become a fundamental part because planners tell me that that is what they can use as ammunition against some of these things, especially as Article 4 [Directions] comes much more to the forefront.

Darren Johnson AM: Although there are big housing pressures that is only going to work if there is also employment space.

Sue Terpilowski OBE (London Policy Chair, The Federation of Small Businesses): Otherwise we will become like Paris: we will all become residents in the centre, migrating out to work. Our whole infrastructure is not centred on that. It is all based on everybody coming in. If everybody is going to go out, we will have an absolute infrastructure nightmare to cope with. There is that sort of thing. Also, as I said earlier, we need to focus much more on the business skills that businesses want to grow. If you want growth, you have to have the businesses there that can have people to grow the businesses. Export is something else. We are pretty poor at exporting. I am surprised Colin has not brought that up.

Colin Stanbridge (Chief Executive Officer, London Chamber of Commerce and Industry): I was about to do that.

Sue Terpilowski OBE (London Policy Chair, The Federation of Small Businesses): I have pre-empted you, then. My members think about exporting as doing business with somebody in Manchester.

Colin Stanbridge (Chief Executive Officer, London Chamber of Commerce and Industry): We have mentioned the devolution. Devolution is key to this. The Mayor - whoever he or she is - needs more power, especially over skills and especially over business skills. We would argue that the devolution issue should be, for the new Mayor coming in, one of the prime things that they should be fighting for. It is going to be a difficult fight.

Darren Johnson AM: There is still going to be some work going on in the next six months, as well.

Colin Stanbridge (Chief Executive Officer, London Chamber of Commerce and Industry): Yes, I agree.

Sue Terpilowski OBE (London Policy Chair, The Federation of Small Businesses): London is not the flavour of the month. It is the Northern Powerhouse.

Colin Stanbridge (Chief Executive Officer, London Chamber of Commerce and Industry): Exactly. We need to make sure that that stays at the top of the agenda. Certainly I am sure all the business organisations will be saying that. That leads on to the other bit. Yes, we have talked a lot about skills and, as you know, I am very keen. That is one of the issues that will improve our productivity and improve our already very good performance. We should remember that we are doing really rather well in terms of economic performance, and maybe productivity is not the only measure that we should be concentrating on. The way you are going to make a city grow, especially with a growing population, is more transport infrastructure, better broadband, more housing: all those sorts of things. The Mayor needs to be able to do more to achieve those goals.

Sue Terpilowski OBE (London Policy Chair, The Federation of Small Businesses): Picking up on Colin, we should have the ambition to be a gigabyte city. There should be no question. SDL gigabyte city for London.

Colin Stanbridge (Chief Executive Officer, London Chamber of Commerce and Industry): We should have decent broadband to start with.

Sue Terpilowski OBE (London Policy Chair, The Federation of Small Businesses): As an aspiration.

Colin Stanbridge (Chief Executive Officer, London Chamber of Commerce and Industry): There is something people sometimes forget when we talk about broadband. I have high-speed broadband at home but my supplier does not supply businesses. Businesses could get very high-speed broadband but at a huge cost, and many of the small businesses cannot do that. That is a key problem, along with housing and transport, all those things.

Just to finish on, we do trade missions. We are out in Japan with the Mayor now. We have long argued that inward investment - the London Apartments, for example, and to be fair, they have got this message and are doing things - needs to see inward investment in exporting as part of the same whole. One of the key problems is the reluctance of small companies especially to export, and the reason they say they do not export is they will tell you they have nothing to export, which we know in many cases is not true because we have lots of examples of similar companies doing well out of exporting.

What it is down to is UK Trade & Investment having the ability to knock on doors. There is this thinking, "We will just put on trade missions". Putting on trade missions is the easy bit; getting companies to go on trade missions is the very, very, very difficult bit. That is where we need to put a huge amount more investment and time into, as I say, almost knocking on doors and saying, "I understand you do this. Do you know there is a big market in China, or India, or wherever it is, and we can arrange for you to go on a trade mission?" Maybe we could give them free flights from British Airways, or things that we try to do. It is getting that first thing, getting to enough companies to say, "You can do a lot better by getting into the export market". We do not do enough.

Darren Johnson AM: Would that be a candidate for devolution as well?

Colin Stanbridge (Chief Executive Officer, London Chamber of Commerce and Industry): It should be.

Darren Johnson AM: I think Northern Ireland, Wales and so on have had significant--

Sue Terpilowski OBE (London Policy Chair, The Federation of Small Businesses): Then you have to join up the Mayoral export plan with the UK London scheme because they do not run in unison together and then add in London Apartments. It is a whole 'mishmash'.

Colin Stanbridge (Chief Executive Officer, London Chamber of Commerce and Industry): There should be a pot of money that London has to do that. There are many partners that could help. A not-for-profit organisation like mine would be only too happy to use the fact that we have been doing trade missions for God knows how long and we sort of know what we are doing when it comes to that.

Andy Prendergast (Senior Organiser for South East London and Kent, GMB): One of the main things would be a massive investment in public housing. It is really affecting London's ability to function. The real fear, I think, for a number of us, is we are going to end up with a South Africa like situation where, every morning, there is bus after bus after bus bringing cleaners into the city, only to be driven back to Coventry every night. You need to invest in true low-cost public housing. Too often we are told about low-cost housing and low-cost housing is for people who earn less than £70,000 a year. We need to be realistic and look at the people who are on less than £20,000 a year who make up a substantial and very important part of London's economy.

If you invest in housing you create skills, you create apprenticeships - there are enough brownfield sites within the capital to do so --and you also start to address the balance of being able to attract workers back to the capital. At the moment, for some young people it is still quite an attractive prospect but they look at it - as you were saying earlier - as, "We will live in London for a few years. We will enjoy the nightlife and then we will move out." When you get to that point of buying a house for too many people it is a one-bedroom flat in London or a mansion in Norwich. That is the reality. If we can start to address that we can start looking at bringing skills back and bringing in the vibrant, entrepreneur people, the people with the skills that we need to create the businesses to move forward.

That does then fit in largely with what we would like to see which is an industrial policy. I know those are not fashionable words and they have not been fashionable for a long period of time but if you look at a large number of countries who have industrial policies, they have benefited from that level of state support. We have talked about the level of investment in R&D, the level of investment in training. This is what we need to invest in if we are going to bring the productivity back.

Darren Johnson AM: In terms of London's specific role in that, do you want to say a little bit more?

Andy Prendergast (Senior Organiser for South East London and Kent, GMB): Ultimately, the Mayor has a huge amount of power and when you look at London: London is unique. Without offending anyone from any other part of the country, London is significantly different to every other region. In a way, you could argue potentially the north-west is not massively different to the north-east. London is, to a large, extent, its own economy: it has less manufacturing, it has far more highly-skilled jobs. London is almost a special case. The Mayor's position - having so much power over the boroughs - puts him in an ideal position to sit there, pull the people together and try to work out something, with investment and with support, which will bring about what we want to see.

Sue Terpilowski OBE (London Policy Chair, The Federation of Small Businesses): Picking up on that, what we have to realise is that London is not in competition with Manchester or Leeds: London is in

competition with Singapore or Hong Kong. It has a completely different, complex nature. Therefore, it needs to have its own power to compete outside of the norm, which is, as I say, what is happening here. We would wholeheartedly agree with that. London does have to run its own, different thing.

I would like to pick up on the housing situation. If we do not sort out the housing then all the rest of it will come crashing down. We have to get to a true figure of what really is an affordable house for the average person in London. We have had the manifestos all the years I have been in the FSB [Federation of Small Businesses] and housing now is the number one thing.

Darren Johnson AM: As it is for us as Members. We get more on that than anything else. Thank you.

Fiona Twycross AM (Chair): Thank you. I would like to just say a huge thank you to all of you for an incredibly wide-ranging discussion.

Colin Stanbridge (Chief Executive Officer, London Chamber of Commerce and Industry): We are unfocused? Is that what you are trying to say?

Fiona Twycross AM (Chair): No, actually it was really interesting. It was incredibly diverse and we came back, as we do in so many of our meetings here, to housing at the end as one of the key issues that both solves some of the issues facing workers but also offers quite a lot of employment as well. It is not an atypical end to a meeting at the London Assembly. I would like to thank you all.