AGENDA

Meeting	**Economy Committee**
Date	**Thursday 21 January 2016**
Time	**10.00 am**
Place	**Committee Room 5, City Hall, The Queen's Walk, London, SE1 2AA**

Copies of the reports and any attachments may be found at
www.london.gov.uk/mayor-assembly/london-assembly/economy

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Members of the Committee

Fiona Twycross AM (Chair)
Stephen Knight AM (Deputy Chair)
Tony Arbour AM
Jenny Jones AM
Kit Malthouse AM MP
Murad Qureshi AM
Dr Onkar Sahota AM

A meeting of the Committee has been called by the Chair of the Committee to deal with the business listed below.

Mark Roberts, Executive Director of Secretariat
Wednesday 13 January 2016

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: John Johnson, Committee Officer; Telephone: 020 7983 4926; Email: john.johnson@london.gov.uk.

For media enquiries please contact: Lisa Lam; Telephone: 020 7983 4067; Email: lisa.lam@london.gov.uk. If you have any questions about individual items please contact the author whose details are at the end of the report.

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Agenda
Economy Committee
Thursday 21 January 2016

1 Apologies for Absence and Chair's Announcements

To receive any apologies for absence and any announcements from the Chair.

2 Declarations of Interests (Pages 1 - 4)

Report of the Executive Director of Secretariat
Contact: John Johnson, john.johnson@london.gov.uk, 020 7983 4926

The Committee is recommended to:

(a) Note the list of offices held by Assembly Members, as set out in the table at Agenda Item 2, as disclosable pecuniary interests;

(b) Note the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s); and

(c) Note the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at Agenda Item 2) and to note any necessary action taken by the Member(s) following such declaration(s).

3 Minutes (Pages 5 - 42)

The Committee is recommended to confirm the minutes of the meeting of the Committee held on 24 November 2015 to be signed by the Chair as a correct record.

The appendices to the minutes set out on pages 9 to 42 are attached for Members and officers only but are available from the following area of the GLA's website:
www.london.gov.uk/mayor-assembly/london-assembly/economy

4 **Summary List of Actions** (Pages 43 - 46)

Report of the Executive Director of Secretariat
Contact: John Johnson, john.johnson@london.gov.uk, 020 7983 4926

The Committee is recommended to note the outstanding actions arising from previous meetings.

5 **Manufacturing Site Visit** (Pages 47 - 50)

Report of the Executive Director of Secretariat
Contact: Charlotte Maddrell, charlotte.maddrell@london.gov.uk; 020 7983 5618

The Committee is recommended to:

(a) Note this summary of the Committee's manufacturing site visit to Brompton Bicycles and The Central Research Laboratory; and

(b) Delegate authority to the Chair, in consultation with Group Leads, to agree a summary of findings from the visit.

6 **A Mayoral Digital Manifesto** (Pages 51 - 64)

Report of the Executive Director of Secretariat
Contact: Charlotte Maddrell, charlotte.maddrell@london.gov.uk; 020 7983 5618

The Committee is recommended to note its report *A Mayoral Manifesto for the Digital Economy,* as set out at Appendix 1.

7 **Welfare Reform and London's Changing Poverty Profile** (Pages 65 - 66)

Report of the Executive Director of Secretariat
Contact: Richard Derecki, richard.derecki@london.gov.uk; 020 7983 4899

The Committee is recommended to agree the scope and terms of reference for a meeting, in February, on welfare reform and London's changing poverty profile.

8 **Extending Childcare Provision - An Ambition Too Far?** (Pages 67 - 72)

Report of the Executive Director of Secretariat
Contact: Charlotte Maddrell, charlotte.maddrell@london.gov.uk; 020 7983 5618

The Committee is recommended to:

(a) Agree the scope and terms of reference for an investigation into the extension of free childcare provision, as set out in Appendix 1; and

(b) Put questions on childcare provision to invited guests, and note the subsequent discussion.

9 Economy Committee Work Programme (Pages 73 - 74)

Report of the Executive Director of Secretariat
Contact: Charlotte Maddrell, charlotte.maddrell@london.gov.uk; 020 7983 5618

The Committee is recommended to note its work programme as set out in the report.

10 Date of Next Meeting

The next meeting of the Committee is scheduled for 24 February 2016 at 10am in Committee Room 5, City Hall.

11 Any Other Business the Chair Considers Urgent

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GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Declarations of Interests	
Report to: Economy Committee	
Report of: Executive Director of Secretariat	**Date: 21 January 2016**
This report will be considered in public	

1. Summary

1.1 This report sets out details of offices held by Assembly Members for noting as disclosable pecuniary interests and requires additional relevant declarations relating to disclosable pecuniary interests, and gifts and hospitality to be made.

2. Recommendations

2.1 **That the list of offices held by Assembly Members, as set out in the table below, be noted as disclosable pecuniary interests[1];**

2.2 **That the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s) be noted; and**

2.3 **That the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at below) and any necessary action taken by the Member(s) following such declaration(s) be noted.**

3. Issues for Consideration

3.1 Relevant offices held by Assembly Members are listed in the table overleaf:

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[1] The Monitoring Officer advises that: Paragraph 10 of the Code of Conduct will only preclude a Member from participating in any matter to be considered or being considered at, for example, a meeting of the Assembly, where the Member has a direct Disclosable Pecuniary Interest in that particular matter. The effect of this is that the 'matter to be considered, or being considered' must be about the Member's interest. So, by way of example, if an Assembly Member is also a councillor of London Borough X, that Assembly Member will be precluded from participating in an Assembly meeting where the Assembly is to consider a matter about the Member's role / employment as a councillor of London Borough X; the Member will not be precluded from participating in a meeting where the Assembly is to consider a matter about an activity or decision of London Borough X.

Member	Interest
Member	**Interest**
Tony Arbour AM	Member, LFEPA; Member, LB Richmond
Jennette Arnold OBE AM	Committee of the Regions
Gareth Bacon AM	Chairman of LFEPA; Chairman of the London Local Resilience Forum; Member, LB Bexley
Kemi Badenoch AM	
Mayor John Biggs AM	Mayor of Tower Hamlets (LB); Member, LLDC Board
Andrew Boff AM	Member, LFEPA; Congress of Local and Regional Authorities (Council of Europe)
James Cleverly AM MP	Member of Parliament
Tom Copley AM	Member, LFEPA
Andrew Dismore AM	Member, LFEPA
Len Duvall AM	
Roger Evans AM	Deputy Mayor; Committee of the Regions; Trust for London (Trustee)
Nicky Gavron AM	
Darren Johnson AM	Member, LFEPA
Jenny Jones AM	Member, House of Lords
Stephen Knight AM	Member, LFEPA; Member, LB Richmond
Kit Malthouse AM MP	Member of Parliament
Joanne McCartney AM	
Steve O'Connell AM	Member, LB Croydon; MOPAC Non-Executive Adviser for Neighbourhoods
Caroline Pidgeon MBE AM	
Murad Qureshi AM	Congress of Local and Regional Authorities (Council of Europe)
Dr Onkar Sahota AM	
Navin Shah AM	
Valerie Shawcross CBE AM	
Richard Tracey AM	Chairman of the London Waste and Recycling Board; Mayor's Ambassador for River Transport
Fiona Twycross AM	Member, LFEPA

[Note: LB - London Borough; LFEPA - London Fire and Emergency Planning Authority; LLDC – London Legacy Development Corporation; MOPAC – Mayor's Office for Policing and Crime]

3.2 Paragraph 10 of the GLA's Code of Conduct, which reflects the relevant provisions of the Localism Act 2011, provides that:

- where an Assembly Member has a Disclosable Pecuniary Interest in any matter to be considered or being considered or at

  (i) a meeting of the Assembly and any of its committees or sub-committees; or

  (ii) any formal meeting held by the Mayor in connection with the exercise of the Authority's functions

- they must disclose that interest to the meeting (or, if it is a sensitive interest, disclose the fact that they have a sensitive interest to the meeting); and

- must not (i) participate, or participate any further, in any discussion of the matter at the meeting; or (ii) participate in any vote, or further vote, taken on the matter at the meeting

UNLESS

- they have obtained a dispensation from the GLA's Monitoring Officer (in accordance with section 2 of the Procedure for registration and declarations of interests, gifts and hospitality – Appendix 5 to the Code).

3.3 Failure to comply with the above requirements, without reasonable excuse, is a criminal offence; as is knowingly or recklessly providing information about your interests that is false or misleading.

3.4 In addition, the Monitoring Officer has advised Assembly Members to continue to apply the test that was previously applied to help determine whether a pecuniary / prejudicial interest was arising - namely, that Members rely on a reasonable estimation of whether a member of the public, with knowledge of the relevant facts, could, with justification, regard the matter as so significant that it would be likely to prejudice the Member's judgement of the public interest.

3.5 Members should then exercise their judgement as to whether or not, in view of their interests and the interests of others close to them, they should participate in any given discussions and/or decisions business of within and by the GLA. It remains the responsibility of individual Members to make further declarations about their actual or apparent interests at formal meetings noting also that a Member's failure to disclose relevant interest(s) has become a potential criminal offence.

3.6 Members are also required, where considering a matter which relates to or is likely to affect a person from whom they have received a gift or hospitality with an estimated value of at least £25 within the previous three years or from the date of election to the London Assembly, whichever is the later, to disclose the existence and nature of that interest at any meeting of the Authority which they attend at which that business is considered.

3.7 The obligation to declare any gift or hospitality at a meeting is discharged, subject to the proviso set out below, by registering gifts and hospitality received on the Authority's on-line database. The on-line database may be viewed here: http://www.london.gov.uk/mayor-assembly/gifts-and-hospitality.

3.8 If any gift or hospitality received by a Member is not set out on the on-line database at the time of the meeting, and under consideration is a matter which relates to or is likely to affect a person from whom a Member has received a gift or hospitality with an estimated value of at least £25, Members are asked to disclose these at the meeting, either at the declarations of interest agenda item or when the interest becomes apparent.

3.9 It is for Members to decide, in light of the particular circumstances, whether their receipt of a gift or hospitality, could, on a reasonable estimation of a member of the public with knowledge of the relevant facts, with justification, be regarded as so significant that it would be likely to prejudice the Member's judgement of the public interest. Where receipt of a gift or hospitality could be so regarded, the Member must exercise their judgement as to whether or not, they should participate in any given discussions and/or decisions business of within and by the GLA.

4. Legal Implications

4.1 The legal implications are as set out in the body of this report.

5. Financial Implications

5.1 There are no financial implications arising directly from this report.

Local Government (Access to Information) Act 1985	
List of Background Papers: None	
Contact Officer:	John Johnson
Telephone:	020 7983 4926
E-mail:	john.johnson@london.gov.uk

GREATERLONDONAUTHORITY LONDONASSEMBLY

MINUTES

Meeting: Economy Committee
Date: Tuesday 24 November 2015
Time: 10.00 am
Place: Committee Room 5, City Hall, The Queen's Walk, London, SE1 2AA

Copies of the minutes may be found at:
www.london.gov.uk/mayor-assembly/london-assembly/economy

Present:

Fiona Twycross AM (Chair)
Stephen Knight AM (Deputy Chair)
Tony Arbour AM
Kemi Badenoch AM
Darren JohnsonAM
Murad Qureshi AM
Dr Onkar Sahota AM

1 Apologies for Absence and Chair's Announcements (Item 1)

1.1 Apologies for absence were received from Kit Malthouse AM and Jenny Jones AM for whom Kemi Badenoch AM and Darren Johnson AM substituted respectively.

2 Declarations of Interests (Item 2)

2.1 The Committee received the report of the Executive Director of Secretariat.

2.2 **Resolved:**

That the list of offices held by Assembly Members, as set out in the table at Agenda Item 2, be noted as disclosable pecuniary interests.

3 Minutes (Item 3)

3.1 **Resolved:**

That the minutes of the meeting held on 15 October 2015 be signed by the Chair as a correct record.

4 Summary List of Actions (Item 4)

4.1 The Committee received the report of the Executive Director of Secretariat.

4.2 **Resolved:**

That the outstanding actions arising from previous meetings of the Committee be noted.

5 The Role of the Voluntary, Community and Social Enterprise Sector in Employment Programmes (Item 5)

5.1 The Committee received the report of the Executive Director of Secretariat.

5.2 **Resolved:**

That the Committee notes its report *A Helping Hand: Enhancing the role of voluntary, community and social enterprise organisations in employment support programmes in London*, as set out at Appendix 1.

6 The Impact of Climate Change on London's Economy (Item 6)

6.1 The Committee received the report of the Executive Director of Secretariat.

6.2 **Resolved:**

That the Committee:

(a) Notes the responses to its recommendations in the report *Weathering the Storm* on the impact of climate change on London's economy; and

(b) Delegates authority to Jenny Jones AM to engage with key stakeholders on work to increase the engagement of the financial services sector in integrating climate resilience into investment portfolios.

7 Economy Committee Work Programme (Item 7)

7.1 The Committee received the report of the Executive Director of Secretariat.

7.2 **Resolved:**

That the Committee:

(a) Agrees to use its March 2016 meeting to explore the issue of food poverty among older people; and

(b) Notes the response of the Mayor to its letter of 20 October 2015 formally inviting him to a future meeting of the Committee, or to meet with Committee Members on a date of his choosing, as attached at Appendix 1.

8 London's Changing Economy Since 2008 - Productive, Flexible, Inclusive? (Item 8)

8.1 The Committee received the report of the Executive Director of Secretariat as background to putting questions to invited guests (in two sessions) on London's changing economy. The first panel comprised:

- Fiona Wilson, Head of Research and Economics, Union of Shop, Distributive and Allied Workers;
- Emma Stewart, CEO, Timewise Foundation;
- Kevin Curran, Vice Chair, Unite Hotel Workers Branch;
- Hugh O'Shea, Chief Convener, Unite Hotel Workers Branch;
- Mohinuddin Farooqui, Unite Hotel Workers Branch;
- Jesus Ucendo, Unite Hotel Workers Branch;
- Nilufer Erdem, Unite Hotel Workers Branch;
- Anna Goncalez, Unite Hotel Workers Branch;
- Will Searby, Unite Hotel Workers Branch; and
- Ewa Jasiewicz, Unite Hotel Workers Branch.

8.2 A transcript of the discussion is attached at **Appendix 1**.

8.3 The second panel comprised:

- Fiona Fletcher, Executive Director of Development, Enterprise and Environment;
- Sir Edward Lister, Chief of Staff and Deputy Mayor, Policy and Planning, GLA; and
- Gerrard Lyons, Chief Economic Advisor, GLA.

8.4 A transcript of the second session is attached at **Appendix 2.**

8.5 During the course of the second discussion, Gerard Lyons (Chief Economic Adviser, GLA) said he would provide the Committee with a copy, when finalised, of his recent work for the Mayor on the competitiveness of London versus other international cities, in which productivity was a main issue.

8.6 **Resolved:**

That the report and discussions, and the commitment outlined in paragraph 8.5 above, be noted.

9 Date of Next Meeting (Item 9)

9.1 The date of the next meeting of the Committee was confirmed as 21 January 2016 at 10am in Committee Room 5, City Hall.

10 Any Other Business the Chair Considers Urgent (Item 10)

10.1 There were no items of business that the Chair considered to be urgent.

11 Close of Meeting

11.1 The meeting ended at 12.08pm.

Chair

Date

Contact Officer: John Johnson, Committee Officer; Telephone: 020 7983 4926; Email: john.johnson@london.gov.uk.

Economy Committee – 24 November 2015
Transcript of Item 8 – London's Changing Economy Since 2008 – Productive, Flexible, Inclusive?

Fiona Twycross AM (Chair): Thank you. That brings us to today's main item - apologies for the formal start to the meeting - which is on London's changing economy since 2008.

I would very much like to welcome our guests for the first session today and ask each of you to introduce yourself and tell us whom you are representing. Maybe we can start with Fiona.

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): Hello. I am Fiona Wilson. I am Head of Research of Economics at the Union of Shop, Distributive and Allied Workers (USDAW).

Emma Stewart (Chief Executive, Timewise Foundation): Good morning. I am Emma Stewart. I am joint Chief Executive of the Timewise Foundation. We focus on facilitating better flexible working opportunities for parents and carers.

Kevin Curran (Vice Chair, Hotel Workers Branch, Unite the Union): Good morning. My name is Kevin Curran. I am the Vice Chair of the Hotel Workers Branch of Unite the Union.

Hugh O'Shea (Chief Convenor, Hotel Workers Branch, Unite the Union): Good morning. I am Hugh O'Shea. I am the Senior Convenor of the same branch that Kevin is in. I interview the people with complaints every Monday and I will be speaking about that.

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): Good morning. I am Nilufer. I am a bartender and I am a member of the Unite Hotel Workers Branch.

Anna Gonçalez (Member, Hotel Workers Branch, Unite the Union): I am Anna and I am a bartender and also a member of the Hotel Workers Branch.

Jesus Ucendo (Member, Hotel Workers Branch, Unite the Union): Good morning. I am Jesus Ucendo. Currently I am working as a kitchen assistant in a restaurant and I am also a member of the union.

Ewa Jasiewicz (Member, Hotel Workers Branch, Unite the Union): Hello. My name is Ewa Jasiewicz. I am an organiser for Unite the Union for the Hotel Workers Branch and a former room attendant.

Fiona Twycross AM (Chair): Thank you very much. We very much appreciate you all coming along today and so thank you.

In the first round of questions we thought we would speak particularly to the group of workers that have come along today, just to hear a bit about your experience directly. You have already mentioned a little bit about the jobs that you do, but it would be useful for us to hear a little bit from you about the type of contract you are on, the type of hours you have and a little bit about your experience. Could you maybe go into a bit more depth about the type of experience you have had? Maybe, Hugh, you could introduce some of this.

Hugh O'Shea (Chief Convenor, Hotel Workers Branch, Unite the Union): You are speaking to the people who actually work in the hotels and bars. Perhaps if we ask Nilufer and then Jesus if you would just speak briefly about the type of job you do and your hours?

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): OK. I have worked in three different hospitality enterprises over the past year. For two of them I have been on zero-hour contracts. For one of them, I have been on a contract that states my hours as 20 hours plus. I went in expecting a full-time job and they said, "Your minimum is 20 hours", and so every week it would vary in the amount of hours I would do. The other two, which were at Côte Brasserie and Corney & Barrow, were zero-hour contracts. The third place was a Mitchells & Butlers pub and, basically, I did not even receive a contract for the first four months that I worked there.
For each of these places, it was minimum wage. For each of these places, the tips were taken, for instance. I do not know if you are interested in the tips situation but --

Tony Arbour AM: We certainly are.

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): OK, cool. In Côte Brasserie they took 100% of card tips, all of them. That could be up to £500 a month because there was a service charge on every payment that was made. At Corney & Barrow, there was a system where they took money from your tips whenever something went missing, whenever there were breakages or if a customer walked out.

There is also a system whereby there is a mystery diner who comes in every month and the person who serves is responsible. The person who serves the mystery diner must achieve 100% good service, or a minimum of 95%. If they give them any less than that or if they are rated any lower than that, quite a large percentage of tips are taken. It could be --

Fiona Twycross AM (Chair): From all of the staff?

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): Yes, from the whole staff. It exposed who was serving them and so this could mean massive amounts of hostility towards the person who served them. Actually, every month it would be quite terrifying with the prospect of a mystery diner coming. It could be at any time. It could be extremely busy, like on a Saturday evening, and it could be anyone. It could be a trainee.

To be honest, we did not even receive training at all. We were just thrown into the middle of it and so things like breakages do happen, yes.

At another enterprise that I worked in, managers would discipline and reward staff members through the tip system. If they liked you, they would give you more tips. If they did not, then they would not. We would always compare our wage slips every time it was payday and we would see that. It was quite obvious. We all received different amounts. We had no control.

Fiona Twycross AM (Chair): I would love to come back to what you mentioned about the hours shortly, but I just wondered whether other members of the panel have experienced similar issues with tipping. Maybe we could cover the issue of tipping as part of your take-home pay now. Jesus?

Jesus Ucendo (Member, Hotel Workers Branch, Unite the Union): Yes, I would like to say something because yesterday, indeed, we had an appointment in our restaurant with the Operations Manager. The point of this meeting was to discuss the service charge. Right now in my restaurant, it is shared out with 50% for employees and 50% for the company. Some customers find this is not fair, and they do not want to pay it because they say it should be everything for the staff serving them.

However, the company says that it is not going to solve the situation. It wants 50% of the service charge. It was giving another - let us say - option in case we want to have 100% of the service charge, which was removing the service charge so that we can keep all the tips in cash, but we should accept a drop in our wages to the National Minimum Wage and we also should start paying for the food that we eat in the place.

Of course, we wrote a document saying that we were not going to discuss all of these matters in the same meeting because something that comes across in a contract cannot be mixed with something that is a tip, which is basically a gratuity because someone is happy with your service. As far as I am concerned, right now there are going to be no changes, but it seems that there will be in the future and maybe forced change.

Fiona Twycross AM (Chair): Anna, would you like to add anything to that?

Anna Gonçalez (Member, Hotel Workers Branch, Unite the Union): Yes, I would like to add something with regards to the tips situation. Some of these places operate so-called *tronc* systems, but these systems are not very clear in how they function. The staff do not have a very transparent way of knowing how the money is actually allocated and how fairly it is allocated as well to people in the workplace.

From experience, normally, the *tronc* system is a system that they operate separately from the company itself. It is like an outsource service that the company uses to distribute the tips that are paid. Normally, they have a committee and they decide, essentially. They do charge as well to provide the service itself. Yes, some of the money from the tips is obviously taken to pay for the service that the *tronc* system provides to the company.

I do not know how much they take for themselves. I do not think anyone else knows. It is quite uncertain and very unclear to know, yes. Overall, I do not think the members of staff have a way of knowing how much money they make on the service charge monthly.

Fiona Twycross AM (Chair): It is very difficult to predict how much, yes?

Anna Gonçalez (Member, Hotel Workers Branch, Unite the Union): Yes, it is difficult to predict because, obviously, you cannot really keep track of how many people paid a service charge throughout the month and how much it is. Yes, that is a big issue, really.

Fiona Twycross AM (Chair): We have been joined by Mohinuddin. Would you have anything to add on tips? Which area do you work in?

Mohinuddin Farooqui (Member, Hotel Workers Branch, Unite the Union): I am just working in one of the hostel departments, which does provide a service to the local authority but it is under a private contract or something like that. I joined my job in 2011 in November. When I joined the job, the guy who is the boss said to me that I had to do just monitoring of the closed-circuit television (CCTV) and there are no tips there.

Fiona Twycross AM (Chair): There are no tips. OK. We will come back and ask you to come in on other sections maybe later on.

Could I go back to Nilufer's point about your contracts and maybe talk a little bit about the types of contracts you have? You mentioned that you had varying contracts, an over-20-hour contract and one that was a pure zero-hours contract. How easy was it for you to predict how many hours you were going to have on a weekly basis? How much did that vary from contract to contract?

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): During Christmas, if we are looking at the winter period last year, basically, we were told that we had to sign away the Working Hours Directive and I was working 70-hour weeks. In January, it completely shot down to 25 hours. It depends on how busy the restaurant is. It is relatively predictable, but it still causes a lot of outrage when you turn up to work and your name is barely on the rota.

Fiona Twycross AM (Chair): How much notice of changes in hours would you receive, do you think?

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): There is a company policy whereby they give you at least a week's notice - I think it was - but there were so many instances when I would come into work and the rota looked different and nothing would come of it. That could be the next day, for instance, yes.

Fiona Twycross AM (Chair): You could go in and be told that you were not working the next day?

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): Not working the next day or, say you had a day off, they would put you into work. It was really like there was very little sense. It was very much like you were pulled in and pushed out whenever, at the manager's discretion. There was very little control over that.

Fiona Twycross AM (Chair): Do other members of the panel have other similar experiences? How easy is it for you to predict your hours from week to week? Do you also have a zero-hours contract, Anna?

Anna Gonçalez (Member, Hotel Workers Branch, Unite the Union): I believe that to be a case in quite a lot of place, what Nilufer just said, because there are periods in the year when you know how busy you are going to be. There are periods when you know that you are going to be fairly busy and so, obviously, you know they expect you then to work as many hours as they can give you. Come January, for instance, when people do not go out as much or people pass that festive period, obviously, it goes down and so they will not give you that many hours because they do not need you to be there. There are no customers and therefore ...

Fiona Twycross AM (Chair): How much notice of the change would you get?

Anna Gonçalez (Member, Hotel Workers Branch, Unite the Union): Not much. To be fair, it is depending on the number of staff, depending if someone calls in sick or not. It can vary at a day's notice or something like that. It really depends and varies. Sometimes you do not have that much notice at all, really.

That is the other thing about the contracts as well. You need to be strictly flexible. It is like whenever. You need to be on call whenever they need you. It will just be like, "Yes, I need you. I have some hours for you", that kind of thing.

Fiona Twycross AM (Chair): Thank you. How about other panel members? What types of contracts do you have and what kind of hours and predictability of hours would you say you have, Jesus?

Jesus Ucendo (Member, Hotel Workers Branch, Unite the Union): In my situation, my company is really exceptional because it is a new company set up in London a year-and-a-half ago. I am the only one from that period remaining and I am the only member of staff working under those conditions. Mine is a full-time 40-hour contract. It has not been respected sometimes. I have had to complain to get this number of hours guaranteed. These conditions are not available for the new members. They are doing contracts now for 22 hours.

There is also an important point that in clause 2.5 of the contract they say that, in my case, I am not allowed to work for someone else and, in the case of the new members, they are allowed to work for someone else if the General Manager or the Operations Manager gives their permission in writing. Otherwise, they cannot work for anyone else, even if they do not get minimum hours granted to survive. With 22 hours on the current salary, they would earn around £600 a month, and it is impossible to pay for a room and for all the costs.

Ewa Jasiewicz (Member, Hotel Workers Branch, Unite the Union): Could I say something about an agency that I worked for, a housekeeping department?

Fiona Twycross AM (Chair): Of course you can, Ewa.

Ewa Jasiewicz (Member, Hotel Workers Branch, Unite the Union): It was called Omni Services and it was for four hours a week guaranteed in the contract, but there was a contractual clause that stated that the first two weeks of the job would be unpaid training if I left before the end of a three-month period. I did leave before the end of the three-month period, and was told that eight days work would not be paid for and so I would have done eight days work for nothing. It was amounting to about £360. I was told that this was because I had signed the contract and that this was transferrable training. The training had consisted of three days accompanying another room attendant and cleaning and doing the work and then, after that, I was on my own. When I told them that this was illegal, they did pay me.

I am a British citizen but I have a Polish name and I was, apart from one other room attendant in this hotel, the only other British citizen out of a workforce of about 30. I think they were exploiting my insecurity as a perceived migrant worker who did not know the law and did not know my rights.

I just want to add that I came in and I had put in some days in the off book and had been told that that was totally fine. Then they rostered me on one of my off days and so, when I came in, I was on the rota but they said that because I had not come in on this other day - and no one had phoned to say, "Where are you?" - I would be sent home. I was available for work and they just sent me home. When I told them that I wanted to be paid for that, they did pay it, but how many other people would just accept it?

Fiona Twycross AM (Chair): Mohinuddin, could you say a bit about your contract and the hours that you get?

Mohinuddin Farooqui (Member, Hotel Workers Branch, Unite the Union): I always do 12 hours a day, 8.00pm until the morning at 8.00am, for seven days; no day off.

Fiona Twycross AM (Chair): You work for seven days a week at 12 hours a day?

Mohinuddin Farooqui (Member, Hotel Workers Branch, Unite the Union): Yes, there is no day off. There is no day off at any time. I will continue to say that when I asked for a day off of my boss, he just said to me, "I will kick you out if you want a day off". Since 2011 in November, sometimes I just became sick, just like two days, three days, one week or two weeks. When I was really in big problems at that time, they just gave me a day off. Otherwise, they did not give me a day off as well. They gave to me three people's jobs, like reception as well, security as well and CCTV monitoring as well, and they paid me half of the money of the National [Minimum] Wage.

Fiona Twycross AM (Chair): What are the main disadvantages of the approach to contracts and pay for you? What are the main disadvantages that you find?

Mohinuddin Farooqui (Member, Hotel Workers Branch, Unite the Union): The first thing is that when I started the job, they did not give me any contract. After starting my job, I asked him, "I need my contract". He said to me, "Do you want a job or do you want a contract? Let me know".

Fiona Twycross AM (Chair): Did they eventually give you a contract?

Mohinuddin Farooqui (Member, Hotel Workers Branch, Unite the Union): No, they did not give me one, no contract, nothing.

Fiona Twycross AM (Chair): OK. How about for other people? Could you say what the main disadvantages to you are of the approach of the employers that you have worked for? Ewa, do you want to say something about the main disadvantages?

Ewa Jasiewicz (Member, Hotel Workers Branch, Unite the Union): Yes. I am also a union organiser. There is about a 50% turnover in housekeeping departments of room attendants.

If you are working for Omni, which is a big agency that is present in the top hotels throughout London, and if you are leaving before three months are up, you are going to be down on however many days you have worked in two weeks. This agency is making a killing. The fact that you are on a virtual zero-hours contract if you are guaranteed only four hours means that they will just send you home.

It is a very intense manual job. You do not get personal protective equipment (PPE) and some - mostly women - workers are wearing tights and they have to kneel on the floor. It is not a good uniform for intense toilet-cleaning and changing of beds. You are having to turn over 16 rooms a day and you have a half-hour lunch break, but you are also expected to get your linen, fill up your chemical bottles and do a lot of other work in that period of time. A lot of people are not taking their statutory breaks.

Also, I have heard of many cases of a lot of pressure on room attendants who have a longer-term presence in the hotel industry to do more rooms, whereas the new starters do less but they get exactly the same pay. The piece rate has gone and you are still paid by the hour, but sometimes you are not actually paid the minimum wage if you are staying a bit later or are unable to fulfil your rooms.

The real concern is that when the new minimum wage comes in - and it is not a living wage; really remember that - the agencies and the hotels are going to look for ways to not have any loss of profits and so they will be forcing mainly migrant women workers in housekeeping departments to do more rooms and to work harder. They will bear the brunt of that and possibly youth workers under the age of 25, to whom that new minimum wage will not apply. It is really disgusting and many women whom I work with call it 'slavery'. They call it a 'work camp'. That is the language that they use about it.

Fiona Twycross AM (Chair): Thank you. What would other panellists like to see changed? What would make a difference for you if one thing could change in terms of how your working lives are managed? Jesus, would you like to comment on what you think should be changed?

Jesus Ucendo (Member, Hotel Workers Branch, Unite the Union): I do not know if it is actually related to this topic, but I would like to call attention to Statutory Sick Pay (SSP) and the conditions in case of incapacity.

I can talk also about my specific case. I had an injury in my left ankle quite a long time ago. After surgery, it seemed that it did not work properly. Yesterday I went to the hospital and the diagnosis was that I am going to need another operation to fix the problem. It will take up to six weeks to recover. Based on my contract, I am guaranteed to get only the SSP, which is £88.45 per week. Right now I am earning around £1,200 a month. In that situation, I would be earning £383 and there is no other entitlement by contract. It is at their discretion, which basically means that they are not going to pay. With the SSP there is a wait that I may have along the process and, with that wait, it is impossible to afford the payment of the rent, transport and even food.

We are in a situation where we are working in an industry where getting an injury is quite likely, where we are working with knives, we are working with chopping things, we are working with these things all the time and lifting heavy things. It is quite likely to have an accident. In that case, there is no security for us. We cannot survive with that condition.

Fiona Twycross AM (Chair): You would like to see greater rights over sick pay?

Jesus Ucendo (Member, Hotel Workers Branch, Unite the Union): Yes.

Fiona Twycross AM (Chair): Anna, do you have any comments? What would you like to see changed?

Anna Gonçalez (Member, Hotel Workers Branch, Unite the Union): To start with, it would be very helpful if zero-hour contracts would stop. For that matter, it depends obviously whether you work full-time or part-time but, if you do work full-time, it is very ridiculous for you to have a 20-hour contract, for instance. At the end of the day, it does not provide you with any financial security whatsoever.

Also, you tend to feel quite oppressed within your workplace as well. Say, for instance, you do not agree with something. You are afraid to speak up, because it makes you think that there might be some consequences of you speaking up against whatever you think is not quite right because obviously your hours can just be cut. What do you do? You cannot really do much in that situation. That would be a step forward.

Also, in regards to the tip situation, it is absurd that a company can take a single penny from an employee's labour. If people do pay a service charge, it is because they are happy with your service and because they felt they were welcomed. Who provides that kind of experience? It is the waitress or the bartender or the person who is actually showing their face and doing the actual work that needs to be done in order for the business to function. Believe it or not, it can get very physically as well as psychologically exhausting. For a start, if that could change in some way for companies to make that more transparent and more clear to everyone, it would be great, really.

Fiona Twycross AM (Chair): That was really helpful. Thank you. Finally, before we move on to Darren's [Johnson AM] question, Nilufer, do you have anything to add to the comments others have made about what change you would like to see?

Kevin Curran (Vice Chair, Hotel Workers Branch, Unite the Union): Can I just summarise on behalf of Unite?

Fiona Twycross AM (Chair): Yes, very briefly afterwards. We will bring Nilufer in first.

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): I completely agree with Anna [Gonçalez], especially on the minimum wage. With these kinds of conditions, you are always left in the lurch. You can be called in at the last minute and you would, obviously, agree to do it because you have no money, yes. You are left very precarious and very flexible, but in favour of the manager. You are literally doing whatever they demand in terms of when you come into work. There is no actual choice there. It is just like being pulled in and pushed out.

Fiona Twycross AM (Chair): That was really helpful. We are hugely grateful to you all for coming in. We will give you the opportunity to come in on other points as we go through the session as well. Kevin?

Kevin Curran (Vice Chair, Hotel Workers Branch, Unite the Union): Chair, some of the stories you have heard and some of the evidence this morning gives some insight into what we have found as a union over the last ten years. Our branch has been campaigning against these conditions now for the last ten years specifically, and over that period of time we have interviewed thousands of hotel workers individually. We came to our strategy about five or six years ago and some of the points have been given in the evidence.

The five points that we are campaigning for in London hotels now are for a living wage, for English-as-a-second-language in-house training, which leads on then to possibilities for career development training, which is absolutely non-existent at the moment, for improved health and safety standards - a lot of our members and people who work in hotels now are actually building up prolonged health problems that are going to come to the fore in years to come and we are very worried about that - and also, at the end of the day, for access for trade unions to talk to employees in their places of work. We are effectively, as an organisation, on the outside. We cannot get into hotels to talk to staff about their rights and some of the issues that are raised.

We have a surgery every Monday afternoon, which Hugh [O'Shea] runs, and we literally have queues every Monday of people relating very similar stories to this. The only way we think we can effectively get to grips with this is to give some empowerment to the workers by allowing them to organise themselves inside their hotels. This is part of the strategy that we are pursuing and will continue to pursue. That is our policy in summary, Chair.

Fiona Twycross AM (Chair): That was very helpful. Thank you very much. Thanks again and we will come back if you have anything. Stephen, you have a question?

Stephen Knight AM (Deputy Chair): Yes. I just wanted to ask some of the people who are on zero-hour contracts. The advocates of zero-hour contracts often say that it suits both workers and employers because some workers want the flexibility of being able to pick and choose hours.

To what extent do you get any flexibility out of it in terms of choosing when you want to work and to what extent are you just dictated to over which hours you will be working or else? It sounds to me from what you are saying that there is a one-way power relationship in this. Is that right?

Anna Gonçalez (Member, Hotel Workers Branch, Unite the Union): Absolutely. Can I just say something in relation to that? Yes, this week, in fact, I am working full-time hours, even though my contract technically gives me only 20 hours. I came up to my manager because I am quite tired and I just asked her, "Is it possible to have an extra day off this week?" She came to me and she said, "You are meant to be on full-time hours". I said, "Yes, I know". I had never asked her for any time off since I started working there whatsoever. It was just this particular week that I felt I needed an extra day off. She said to me, "Yes, I will see what I can do for you". It is not very flexible, is it?

Stephen Knight AM (Deputy Chair): She could say to you, "I do not need you tomorrow. Take the morning off", but it is not really expected to be the other way around.

Anna Gonçalez (Member, Hotel Workers Branch, Unite the Union): Exactly, but when it was me being forced to ask her, "I do actually need some time off", she was a bit hesitant and she said, "Yes, I will see. If it suits me, I will perhaps give you an extra day off. If not, then you will have to come in".

Stephen Knight AM (Deputy Chair): There was just one other point I wanted to raise and that was over the tips issue. We were told at a living wage seminar the other day by a restaurant business that the only way it could afford to pay a living wage basic rate of pay to people in the restaurant business is if it took all the tip money. It struck me. Would people prefer to get a decent basic wage rather than get a minimum wage plus an uncertain tip pool? How would you feel about it if the tip pool went but you had the living wage instead?

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): We should have both. It is not funny. We should have both. The living wage is a living wage. It is something that is a bare minimum. It should be a bare minimum. It is something that pays for your housing, pays for your travel to and from work, pays for your food and pays for all these things that are necessary to get you back into work the next day. They benefit from us getting a living wage. By crushing us down further, it is not beneficial at all. Saying stuff like, "We should take your tips", I mean ...

Stephen Knight AM (Deputy Chair): I suppose my question is, if you had to choose between tips and a living wage, which would you go for?

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): Obviously, relying on tips is precarious, is it not?

Stephen Knight AM (Deputy Chair): Yes.

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): Regardless, we should not have to choose. Tips are given to us on merit and for the kind of work we provide to customers. Customers reward us for the hard work we do. Often we do not do the kind of labour that the front-of-house staff provides, affective labour, emotional labour; it is invisible. The managers or the companies feel like, "We do not need to pay for that. We pay for them to bring in the dishes and take out the dishes and that is it", but actually a lot of hard work is put into making sure that everything is to a T and everything is provided up to a high standard to ensure the customers return to the enterprise. Tips are underestimated a lot. They are really significant. They provide an incentive for you to work hard and they make you feel rewarded for the hard work you do.

A living wage should not be under any dispute and it should just be given because it is a living wage; it is something that you need to survive. I am barely surviving at the moment. I am earning on average £850 a month. My rent is £600. How do you think I survive on that? I am in a lot of debt, to be frank, basically.

Fiona Twycross AM (Chair): Thank you. Darren?

Darren Johnson AM: Thank you. I am going to put questions to Emma and Fiona [Wilson] first, but it would be very useful to also hear some perspectives if you want to chip in from some of the union representatives working in the sector.

Firstly, with Emma and Fiona, flexible workforce jobs now account for a higher share of the labour market than ever before. We were told last month by representatives from the employers' side that there were clear advantages and we have heard a lot of disadvantages just now. Can you sum up the main advantages and disadvantages from your research? We will start with Emma.

Emma Stewart (Chief Executive, Timewise Foundation): Absolutely. The first thing to say is that there are different types of flexible jobs in the labour market and you have, clearly, heard where flexibility is incompatible for individuals for --

Darren Johnson AM: It sounds more like bonded labour than flexibility, from what we have heard, basically.

Emma Stewart (Chief Executive, Timewise Foundation): Yes.

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): Precisely.

Emma Stewart (Chief Executive, Timewise Foundation): This is just to say that there are, clearly, other opportunities to create flexibility in jobs that are currently inflexible, as in a 9-to-5, five days a week. The piece of research that we have done and the work that we do with employers focuses, effectively, more on how you can unlock jobs to be done flexibility at a higher-quality level.

The main thing I wanted to say in terms of our research is that we have looked at the job market in London - the vacancy market, not the employment market - and we analysed how many jobs in London were advertised as either part-time or open to flexibility last year out of the full vacancy market. If you put a cap at £20,000 as the equivalent of a quality wage, full-time equivalent (FTE), only 3% of vacancies are either part-time or open to flexibility above £20,000 in London. That is half the national average. The national average is only 6% of vacancies are open to part-time or flexible work. There is a significant problem in that that flexibility is distributed at the bottom of the labour market, and it is distributed in there in sectors where there is an existing need for flexibility because of customer service: retail, hospitality and also social care.

We think there is a significant opportunity, and there are significant benefits to employers looking at how they can unlock standardised full-time jobs to be done flexibly.

Darren Johnson AM: When we are seeing that flexibility at the higher end of the jobs market, I am assuming that that flexibility is more evenly distributed and more evenly balanced between the rights of the employer and the rights of the employee, whereas flexibility at the lower end of the jobs market always seems to be in the employer's favour rather than the employee's favour. Is it a fair summary to say that it is far more of an even match in terms of the rights and responsibilities?

Emma Stewart (Chief Executive, Timewise Foundation): Essentially, yes, although it varies significantly by sector and by role type as well.

The benefit to businesses and the way we have seen businesses shift their approach to offering flexibility that works for the individual is on the basis of attracting talent, retaining talent, reducing attrition costs - you have heard of the churn that exists in the sectors at the lower end - and in optimising employee engagement, which ultimately drives efficiency. We know that two out of five women in the United Kingdom (UK) labour market currently underutilise their skills in the workplace, not because they do not have the skills but because they trade down in return for flexible part-time jobs.

There is a significant opportunity for businesses to capitalise on skills utilisation and productivity and to attract and retain talent. Businesses that have changed understand that and also understand that they have a competitive advantage. If you are one of the very few businesses in London that is open to flexibility at the point of hire, you are in that 3% category and you are going to get a competitive advantage on talent.

Darren Johnson AM: Thank you. Why do you think they are so reluctant at the higher end to embrace more flexible patterns?

Emma Stewart (Chief Executive, Timewise Foundation): It is at all levels. Essentially, the way we work has changed, but flexibility is often in many industries and at the higher end still wrapped around individuals and is based on somebody asking for flexibility. Businesses do not proactively design jobs on the basis of thinking about where, how and when people work. They think about the salary and they think about the competencies they need. The businesses that do think and are open to flexibility are able to shift that.

Darren Johnson AM: Thank you. If I can turn to Fiona, we heard in the session we had last time as well that flexible jobs can be rewarding and empowering and can benefit both the employers and the employees. The key point is that it is only if the power is evenly matched between employer and employee. Would you say that the balance of power has become skewed so far in one direction now, from USDAW's point of view?

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): From USDAW's point of view, our experience of flexible working very much reflects the evidence given this morning by colleagues from the hospitality sector.

It is worth just before specifically answering your question to go through that flexibility is a significant issue now in retailing. In theory, people should be able to choose certain hours to fit in with their work-life balance but, in reality, that is not what has happened, as we have heard from colleagues this morning. Many employers in retail use electronic scheduling systems, which very much reflect the experience of colleagues. We find that people are given very short notice. We find that that detrimentally impacts on people who have caring responsibilities, parents, etc. We also find, in terms of your question, that true flexibility - when the hours are agreed to suit both the worker and the employer - is increasingly rare in the retail sector.

What we do find often, looking at the point that Emma [Stewart] has just made, is that managers have lots of difficulty in getting flexible working. Managers are expected to work in full-time, put in all sorts of extra hours and do unpaid overtime, whereas the shop-floor workers have very little flexibility over their hours, reflecting very much the evidence this morning from people who are on, say, a low-hour contract but regularly work far more hours than they are contracted to. That, of course, is good in terms of the hours that people want. People are often working more than one job in retail. They may have a low-hours job in one retailer and a low-hours job in another retailer, and they juggle that to attempt to make a wage to live off.

What we really need to do is to find some way to address that imbalance between very low-paid workers - this is true across a lot of industries - and the higher end. In retail, the higher end of pay tends to also have no flexibility as well because they need to be there 24/7. Retail -- a flexible industry.

Darren Johnson AM: They just end up working extra hours for no extra pay, even at the higher end?

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): Often, yes. Can I just make a quick point on that? This also has discriminatory elements to it because, very often, women and parents in particular are much less able to meet the criteria. It creates an imbalance in the managerial structure that managers are male and the shop-floor workforce is female because it is impossible for a mum to give the commitment to be available in that way.

Darren Johnson AM: Are there employers that you as a union would say are responsible employers on this, do not exploit the workforce in the way that we have heard from the hospitality sector and do actually ensure that there is provision for flexibility, that people can choose their hours and that it is not all one-way traffic just to suit the needs of the employer rather than the employee? Are there examples or is it all as dire as it is starting to sound?

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): The distinction I would make is between the unionised sector and the non-unionised sector.

In the unionised sector, where you have all the major retailers, USDAW will represent workers and we have agreements in place. We police those agreements and, when there are issues, we get involved and we support as much as we can the workers to get the hours that they need. We had a particular issue when the hours criteria for tax credits was introduced some years ago to get people above the 24-hours criteria and to get the hours they needed. It is a bit historical now, but we had a lot of casework then.

In the unorganised sector, where there is not anyone like a trade union like USDAW to protect those workers, it is very much one-way traffic.

Darren Johnson AM: Emma?

Emma Stewart (Chief Executive, Timewise Foundation): I just wanted to add that we are currently running a pilot with a national retailer, through a Government programme, to try to test ways that we can help women to progress and to earn more money in the retail sector. What has been really interesting about that trial with the retailers is that they have recognised that they have a disproportionate number of men progressing and not women. They want to be able to support women better. Their attrition rates are very high, and so there is a business and a social case for doing it. However, the intervention is not been a skills intervention because their women can do the job and they have in-house training, but it has actually been a job-design intervention. They are now testing job-sharing part-time assistant manager roles within their four-tier stores so that they can effectively unlock the opportunity for women to be able to progress. Interestingly, already they have seen a real appetite - because they have surveyed their employees - for wanting to do that.

That is just one retailer in one particular environment, but it was not a skills-deficit; it was a timing and scheduling issue.

Darren Johnson AM: If I can just ask Kevin or Hugh, do you have examples in the hospitality sector where there has been a move to better conditions and where the union has helped to play a role in that, as we have heard from USDAW, or is it still pretty much all one-way traffic?

Kevin Curran (Vice Chair, Hotel Workers Branch, Unite the Union): It is still very much an unorganised sector. We are involved in tentative talks now with two major brands as a result of our campaigning and so we have brought two major brands to the table, as it were, through leverage and through ten years' hard work and through knocking on their doors. To be quite honest with you, we caused them a lot of grief by attacking their brands to bring them to talk to us because we had to address this issue somehow.

Whereas at the moment we would say that we have had some tentative progress with two brands, we are of the view that if we get one brand in London to come to the table to talk about the things that we have been discussing this morning, the other brands will follow. Therefore, our strategy is very much concentrated on knocking one over. I use that terminology because it is that difficult. This is not an easy sector to deal with. The stories you have heard today are everyday stories that are prevalent and are happening all the time.

This is a sector that is profitable. It is making an awful lot of money. We reckon on the latest figures that there is around 83% to 86% occupancy in London hotels, some of the highest room rates in the world. The same brands are making lots of money in this country and paying minimal wages, and making less money in other countries and paying very handsome wages. We are in contact with sister unions all around the world and the best example we have is in New York, where the same brands in New York are operating in very similar conditions as London as a world city and are paying a rate of £16 an hour to their housekeepers and room cleaners. We are saying to them, "If you can pay £16 an hour equivalent in New York to room cleaners, you can certainly pay the minimum wage in London, if not more".

Clearly, they are able to pay. We are not dealing with an industry that is impoverished. We are dealing with a very lucrative industry that is expanding by the week in terms of rooms coming into London. Londoners and the infrastructure in London is a major reason for their success; yet in terms of the workforce in London, we are not getting anything back at all.

What we are campaigning on is the five issues I mentioned earlier on, but the thing that we would particularly like to address to the general public is that, by these people getting paid a minimum wage and sometimes many times less, we are forcing them to go to the state for the Housing Benefit, which is tax-funded, of course, ultimately. Therefore, our argument is that we want these employers to meet their responsibility to pay a living wage because they can afford it and they should be paying it. It should not be the British taxpayer subsidising their profits.

Tony Arbour AM: -- agree with that.

Darren Johnson AM: Very good. If we could just hear any comments from the Unite members now on this. From what you have heard, obviously, some people are looking for a very secure, regular, full-time job with set hours and so on, but there will be other people who will be genuinely looking for something more flexible depending on their situation.

Do you think we can get to a stage in the hospitality sector where flexible work patterns could genuinely benefit employees and not just employers? I do not know if anyone wants to comment on that.

Nilufer Erdem (Member, Hotel Workers Branch, Unite the Union): It is possible, yes, but I do not know. I suppose it is about respecting employees when they demand or when they ask. It is actually just sticking to it and not going back on their word, not calling people into work every day when they only want to work two days.

Hugh O'Shea (Chief Convenor, Hotel Workers Branch, Unite the Union): Could I make a comment about flexibility? If you use the term 'flexibility' for a zero-hour contract, it is the wrong use of the word 'flexibility'. It is very flexible for the employer because --

Darren Johnson AM: But not at all flexible for the employee.

Hugh O'Shea (Chief Convenor, Hotel Workers Branch, Unite the Union): -- then it commoditises the workers: these are not people; this is a bag of potatoes and a case of wine and something else. They are regarded as economic units. They are not regarded as human beings. Flexibility for a worker is part-time or full-time, normally, sometimes evenings, sometimes weekends. This flexibility is welcome to the students and the people who need a bit of extra money. If this is available on a permanent contract, then this is perfect.

In one situation I met years ago in this industry, the union had a contract with an ice cream factory and it gave them annualised hours. When the weather was poor and they wanted to lay the staff off, there was no work and then they worked all the hours that God sent to make up. The staff are completely flexible because that would help their lives, but they are not flexible if it penalises them and pauperises them and turns them into commodities.

Darren Johnson AM: That is a good point. As we have heard, it is all one-way traffic and all in favour of one side and not the other. Does anyone else want to comment before I hand back to the Chair?

Ewa Jasiewicz (Member, Hotel Workers Branch, Unite the Union): Particularly in the hotel sector, it should be easy to manage a workforce. You have a pretty clear idea of how many guests are booked in and who is coming in. Housekeeping departments are constantly understaffed, which means that the pressure is so high and 90% of room attendants are on painkillers or they are on Red Bull. There is this built-in human obsolescence to that department. It is disgusting. It is a scandal. However, it is not impossible to manage. If the incentive to work is that or pauperisation, what is that doing? It is legalised abuse.

If people are treated well, if they are respected, if there is a constant negotiation and if greater flexibility is required, then do it with workers. Sit down and say, "This is the rota". It is planning and management. We come across shocking managers who do not know how to manage and do not know how to plan. This creates so much tension, abuses, aggression, poor customer experience as well when there is a lack of staff and genuine pain for workers.

The union can really help - and this is evidenced all around the world - when there is a managed relationship, where there is constant negotiation and support and you do not get things kicking off and blowing up, which, quite frankly, especially with the Trade Union Bill, is a recipe for wildcat strikes and a huge amount of instability. The answer for us is trade union dialogue, negotiation and support.

Darren Johnson AM: Thank you.

Fiona Twycross AM (Chair): Kevin wanted to come in and, Murad [Qureshi AM] and Kemi, you wanted to --

Kemi Badenoch AM: I will wait until after Murad. --

Fiona Twycross AM (Chair): Are you OK to wait for your section? OK. Murad, very quickly?

Murad Qureshi AM: Yes. I will just follow on from what Darren was asking. Kevin, you were saying about the hoteliers that pay $16 or was it £16?

Kevin Curran (Vice Chair, Hotel Workers Branch, Unite the Union): It was £16 equivalent.

Murad Qureshi AM: You did not name the chain, though. Is it the Hilton?

Kevin Curran (Vice Chair, Hotel Workers Branch, Unite the Union): It is the Hilton and the Intercontinental Hotel Group, the biggest chains in the world. They are signatories to an agreement in New York to pay that money. It is a positive. They run training courses jointly with the managers and with the employers. They have a full-time college, which is, again, jointly funded by the union and the employers in New York.

It is a model that, frankly, we are aspiring to. We are a long way from it but, if we had it in London, the guest experience and the economy in London would improve. Everything would improve. All the things you have heard about from the way the staff are treated through to the guest experience would improve dramatically.

Murad Qureshi AM: Are the workers in New York any less or any more productive than the equivalent hotel workers here?

Kevin Curran (Vice Chair, Hotel Workers Branch, Unite the Union): My direct experience is that they are much more efficient because they are well treated and they are trained. Again, if you look at the makeup of the workforce in New York, it is African-American, South American and Latino and there are similar challenges in terms of English as a second language, and so there is training there as well. All these are overcome in the way that everyone was explaining: in a managed way, in partnership with the union, to the benefit of all parties, basically.

Murad Qureshi AM: Was the Mayor of New York involved in any of this?

Kevin Curran (Vice Chair, Hotel Workers Branch, Unite the Union): It is something that the Greater London Authority (GLA) might want to consider sometime in the future if it is ever possible. What happens in New York is a different political setup. Basically, hotel owners have to go to the New York City Council for planning permission and at that stage the New York local authority introduces the owners to the union. They want this to be a good partnership and from day one there is political input. It is a different setup.

Murad Qureshi AM: Finally, do you think they would be open to the same approaches, whichever vehicle we use here, and to the same changes?

Kevin Curran (Vice Chair, Hotel Workers Branch, Unite the Union): What we are looking for - and we have had some political support from colleagues in this room in the past - is a concerted effort on behalf of the GLA to say to hoteliers, "Look, it is about time you took your responsibilities seriously".

Murad Qureshi AM: As they did in New York and in other places?

Kevin Curran (Vice Chair, Hotel Workers Branch, Unite the Union): Absolutely, yes.

Fiona Twycross AM (Chair): Emma has indicated and then Fiona [Wilson] has indicated. Do you want to come in quickly and then we will move on?

Emma Stewart (Chief Executive, Timewise Foundation): Just very quickly, there has been a piece of research done in the United States (US) and a book produced called *The Good Jobs Strategy* by Zeynep Ton, who is a Massachusetts Institute of Technology (MIT) professor. She has done some analysis to evidence the link with some low-pay sectors now, not hospitality, but she looked at retail. She looked at Costco. She looked at a number of chains in the US that invested in their people, overstocked staff and did a number of things that we talked about here that are not happening. She has evidenced the uplift in productivity, efficiency and profit as well. There is a really good evidence base to show that it can be done.

Fiona Twycross AM (Chair): Fiona?

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): Yes, I have two very quick points going back to re-equalising flexibility. We are working with one particular major retailer at the moment to concentrate on flexibility of skills, rather than flexibility of hours. There can be a system brought in, particularly with modern-day technology, so that workers can choose the hours and the skills base has improved to allow that to tie in.

The second point I want to make very quickly, which is very important to retail workers and which the GLA and the Assembly can really make a contribution on, is about Sunday trading and the potential devolution of Sunday trading to a local authority decision. Sunday trading is a perfect example of where flexibility just does not work for the shop workers. If you increase the number of hours that shops open, you will simply increase the number of hours people have to work. Employers will move things around. There will be no more money spent in retail. People do not have the money to do that.

We have done extensive research and I have taken the liberty of bringing a copy of our research findings along. I probably have just about enough for everybody and the Members here. Looking in London, we surveyed and

- our results were from all of our members' views but in London - 63% of people who work in large stores at the moment get a Sunday trading premium. That will all go if Sunday trading is devolved because that is how the employers will pay for the increased opening hours. To further emphasise that, only 47% of people in London who work in small stores get a premium. This is also how retail employers are going to pay for their so-called National Living Wage. That is how they are going to massage it. We are having now to negotiate premiums and the hourly rates.

You asked a question earlier to our colleagues in hospitality about which they prefer: tips or money in their wage packets. Exactly the same thing is true in retail. People do not want to lose their privilege cards and discount cards in exchange. It is not a fair exchange. It is helping people to make ends meet.

I know you want to move on, Chair, to the next agenda item, but perhaps I could hand these over to be distributed to Assembly Members. There may not be enough but I can send that in electronically if you need me to. It is a really key point where you can make a difference if Sunday trading is devolved, and we are hoping that that will not happen. If it does, do not fall into the trap of thinking that longer hours means more money being spent in shops and more jobs for shop workers because it absolutely does not. It will just lead to more unequal treatment of people in flexible working.

Fiona Twycross AM (Chair): Thank you for that. We have a couple more questions. We have run over time, but people were really appreciating the comments that the hospitality workers themselves were giving. Is anyone on the panel not able to stay for another few minutes to go through them?

Fiona Twycross AM (Chair): Yes, OK, because we have a question from Stephen [Knight AM] and then Kemi [Badenoch] has a question and I know she wants to come back on the points that were made earlier. Obviously, we have other guests who are coming. If we can try to keep this relatively short.

Stephen Knight AM (Deputy Chair): I will try to get through. My questions are about inclusion in unemployment rates amongst various different groups.

First of all, to Fiona, if you could start us off, the first question I have here is about young people. We know that in London 18-to-24-year-olds have a higher unemployment rate than the national average at 17.1%. Have you seen evidence of young people finding it more difficult to get into the employment market, and can you think of anything that ought to be done to help young people in particular?

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): From a retail point of view, the most significant thing we have seen for young workers in retail is that in our negotiated settlements we have eradicated youth rates. We have negotiated with all of the major retailers that every worker gets paid the same. It is absolutely possible for employers to pay all of their workers the same, bearing in mind that the young worker is doing the same job as the person next to them. I fear that that will change significantly once the new National Living Wage comes in and there is then a premium. There is an extra age-related scale of the minimum wage if you are aged 25 or over.

Stephen Knight AM (Deputy Chair): Employers will not want to employ young people because they are going to have to pay them properly.

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): That might be a possibility. They will, of course. Why would they not, from the employer's point of view? From our point of view, we work really hard to support young workers, a lot of whom do work in retail, because it is a job that will fit in with studying, for example. There are a lot of students who work in retail and then move to the retailer nearest their university place, etc.

Stephen Knight AM (Deputy Chair): Do you think we might see an odd spike in employment where employers are employing 20-to-25-year-olds who, once they hit 25-to-30, will find it difficult to get employment because of the differential in the pay that they have to be paid.

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): There is a serious danger that that will be one of the consequences of having a further age premium rate on the National Minimum Wage. From USDAW's point of view, representing low-paid workers, we work really hard to equalise outflows. In a retail environment, whether you are 45, 25 or 17, you are doing the same job. Once you have done your training and you have passed your initial probation, there is no reason at all why you should be paid differently.

Stephen Knight AM (Deputy Chair): Why? Are 24-year-olds paid differently to 25-year-olds?

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): Yes, absolutely.

Stephen Knight AM (Deputy Chair): Thank you for that. The next group I want to talk about is minority ethnic communities. We know that there remains a higher unemployment rate in London for those groups. I wondered whether you were aware of particular barriers that members of minority ethnic communities are facing in the employment market.

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): From a retail point of view, I do not think that there are any discriminatory elements working. In terms of retail, the workforce very much reflects the makeup of the country itself. That is because statistically black and minority ethnic (BAME) workers tend to work in lower-paid sector and retail is a lower-paid sector.

Stephen Knight AM (Deputy Chair): I want to move on to the issue of female unemployment, which again remains higher in London than the UK average. We have talked a bit about this already in terms of the hours.

Emma, do you want to comment on what barriers there are particularly in London's economy to the inclusion of more women, particularly mothers, in the labour market, apart from the obvious barrier of getting fathers to do their fair share of childcare?

Emma Stewart (Chief Executive, Timewise Foundation): Our view is that there are skills barriers but, fundamentally, there is a structural barrier around how the labour market operates in London. There is less part-time work in London than outside of London. There are fewer people working part-time in quality jobs than outside of London. Those who do work part-time are predominantly women. They choose to work fewer hours predominantly because they have caring responsibilities both for children and also for elderly parents.

As I said earlier, if you have only 3% of the jobs market to fish in, if you want to work part-time or flexibility and you want to work at a decent level of pay, then what happens is that we have a talent bottleneck in London. People are either locked out of work because the jobs that are available are being done by women who have downgraded into them, or locked out of progressing up in the jobs market because they look above and they cannot take the flexibility they have negotiated and fought for in their existing job with them because they have to go back into full-time employment.

It is a significant issue for worklessness and increasingly for in-work poverty because half of the jobs in London that are part-time are below the London Living Wage. It is going to be a very significant issue when it comes to Universal Credit because everybody on Universal Credit is going to be working part-time.

It goes back to the point of how you tackle that. There is a skills intervention, but there is a significant piece of work that needs to be done on the demand side, which is about looking at how you can influence employers to change their recruitment and hiring practices to unlock more jobs to be done flexibly because not everybody wants more hours.

Stephen Knight AM (Deputy Chair): Are there some sectors that are worse than others in terms of employing women and in particular offering those flexibilities that often women need? Are there different pay rates and skill rates within the economy within those sectors? It may be that at a board level they are perfectly happy to take people part-time, but not in middle management. I do not know. Is that the sort of thing that --

Emma Stewart (Chief Executive, Timewise Foundation): There are lots of issues and you have to take a sectoral approach. There is not one size that fits all here.

As we have talked about, the issue within social care, within retail and within hospitality is that a significant proportion of women are very badly paid. Lots of flexibility does not work for them.

The issue within the public sector is that a higher proportion of women than in the private sector have been able to negotiate flexibility, but there is currently very little recruitment going on. There is a lack of job mobility and so women are stuck. In fact, our research shows that 77% of people working part-time get stuck in their jobs.

In the professional services and the private sector, there are issues depending on the size of the business. Small businesses are actually quite open to flexibility for recruitment. We always say, "Why pay for five days when sometimes three is all you need?" The challenge there is that you have to get business owners understanding the value of that and the value of being able to fish a wider candidate pool. There is an assumption that everybody who is working part-time wants more hours. Eight out of ten people working part-time want to work part-time; they just want more of an hourly rate of pay and they want to not work precariously.

In the professional services, there is a big perception that you cannot do client-facing roles and be flexible. Actually, a lot of our clients now in our recruitment business and our consultancy business are professional service firms like law firms that, again, recognise that if they want to progress women and they are looking at the c-suite. It is not just about women on boards; it is about the pipeline. You have to progress them flexibly. Otherwise, they will leave. There are lots of different issues going on.

Stephen Knight AM (Deputy Chair): Again, I guess an awful lot of this is about the power relationship between the employee and the employer in terms of flexibility, is it not?

Emma Stewart (Chief Executive, Timewise Foundation): Yes.

Stephen Knight AM (Deputy Chair): If the employee is valuable enough, they will be offered the terms they ask for. Do entry-level jobs find it more difficult to demand flexibility than more senior jobs?

Emma Stewart (Chief Executive, Timewise Foundation): At all levels, there is a challenge. We know from our research that nine out of ten managers are open to a conversation about flexibility at the point of hire, but only three out of ten do it. The three reasons they cite are: they do not know if their leadership is open to a conversation about flexibility at recruitment; they do not know how to because when they say to someone, "How many hours", they get into a conversation about job design and no one has capacity-built them to do that; and they do not know how to communicate it and so they do not say so on job adverts.

We would say that one of the very simple things that the Assembly can do and that the Mayor can do is to take a leadership role on this and to start saying that City Hall and the City Hall group is open to flexibility for roles when you are advertising.

Fiona Twycross AM (Chair): Thank you. Apologies, again, to our guests for the next session for us overrunning. We have one more question, which is from Kemi.

Kemi Badenoch AM: Thank you. Very quickly, my question is about career prospects for London workers since 2008. This is for Emma and Fiona [Wilson]. What do you think are the key barriers faced by people in low-paid work to progressing to better-paid roles? I know you have touched on that a little bit, but what are the key barriers for everyone, not just women, to career progression?

Emma Stewart (Chief Executive, Timewise Foundation): I will answer from the group that we work with, who are predominantly people with caring responsibilities. That is not just women; it is men as well.

We have been doing some work around progression. We have just done a pilot for the Government looking at Universal Credit and how you can progress low-paid workers. What we have found is that there are skills barriers but increasingly there are, as I have said before, barriers around not being able to move up because you cannot negotiate the flexibility you need in the next-level-up job. Sometimes that is overcome just by looking at moving from zero-hours to permanent contracts. Sometimes that is overcome by looking at shifts at the beginning of the day with job-carving.

We know through our pilot that it is possible if you present employers with candidates who can do a job and negotiate on behalf of that candidate to get the flexibility that they need in order to enable them to progress. The research and the evidence that we had from our pilot when we supported 100 women was that over a third of them were moved into better-quality jobs, but they retained flexibility and were £5,000 better off a year. Therefore, there are barriers around flexibility that I would come back to.

Kemi Badenoch AM: Fiona?

Fiona Wilson (Head of Research and Economics, Union of Shop, Distributive and Allied Workers): We would like to see the emphasis on getting away from a two-tier workforce. You talked about barriers in the workplace, but it is actually about stopping there being a situation where there are very low-paid workers who are treated with no response to flexibility but just do the hours they are asked.

There are four things that really could be focused on to promote decent work that would address this issue. The first point, as we have heard this morning, is about tackling exploitative zero-hours contracts and short-hour contracts. We should have contracts that reflect the normal hours they work so that they are not precarious in that respect.

Promote sector-wide initiatives on training and skills with unions, education providers and employers. Work together to provide better workplace learning and to increase, therefore, the flexibility of skills rather than rely on the flexibility of working hours.

Give people a stronger voice in the workplace by strengthening consultation, not like what we are seeing at the moment with the Trade Union Bill, but strengthening and promoting the role of trade unions in the workforce. We have heard this morning of the activities that Unite and USDAW have been doing. We are supporting and improving difficulties in the workplace. It should be a real focus and an aim to assist in improving workplace barriers.

Finally, support workplace pay bargaining with stronger rights for trade unions. We have heard this morning from the organised sector that the situation, though difficult, is better than dire, where it is when people have no one to step up for them.

Kemi Badenoch AM: We have heard that investment in training is at a record low and is 30% to 40% lower than in the 1990s. Is this true in your experience?

Emma Stewart (Chief Executive, Timewise Foundation): Yes. From the employment skills providers that we work with, we know there are significant issues with massive cuts to English for speakers of other languages (ESOL) and significant cuts to adult training.

We would argue that if London wants to take a lead on evolving welfare reform and looking at Universal Credit, there is a real opportunity to think about a careers advancement service for London. That is not just about skills intervention, but is about working with existing colleges to provide some high-quality, holistic careers advice to people who want to progress and who are locked in low pay. There is a real opportunity to do something there. There is definitely a reduction in the training that is being made available at the moment.

Kemi Badenoch AM: Lastly, this is a question for Ewa and possibly Kevin [Curran] as well. I was quite interested in hearing about your experiences working in a hotel when the agency was trying to get you to work for free. Do you believe that the employer was aware that the agency was doing that?

Ewa Jasiewicz (Member, Hotel Workers Branch, Unite the Union): I absolutely think the employers are aware. I do not know how they could not be aware. It is just an open secret that these agencies will be competing against one another based on the prices that the hotels set. They have a lot of responsibility for this kind of Wild West, as it is called, subcontractor market. They do know, but they are not picking up the liability because they say, "This is outsourced. This does not concern us. They are not even our employees", even though these are the people making the profits and making the beds.

Kemi Badenoch AM: It does touch on the training question that I was asking, but you knew that what they were doing was wrong and possibly a lot of other people may not have known because they were not British citizens and might not have been aware of their rights. Do you think that if they were aware they would have spoken up or would they still feel so vulnerable that it was not worth challenging it?

Ewa Jasiewicz (Member, Hotel Workers Branch, Unite the Union): They would probably still feel so vulnerable. People in this sector are really vulnerable. That is why the English language lessons are so important. They move around a lot as well.

It is Omni that is operating that particular contractual clause. Other agencies will do things like short-change people on how much they are paying, or there will be constant mistakes in pay, and sometimes workers will not feel like they can raise it. If they do need to take the employer or the agency to a tribunal, it will cost them £390 just to get to the tribunal. These agencies know that and so they can cut off £50 here and £20 there.

Kemi Badenoch AM: In that case, we have working conditions and health and safety inspections, but if we had inspections on this sort of thing - perhaps with Trading Standards or the councils - where employers were fined if employees stated that this sort of thing had happened, would that be something worth investigating or would it not make a difference?

Hugh O'Shea (Chief Convenor, Hotel Workers Branch, Unite the Union): Hotels normally buy on price. When they buy on price, they normally buy from the company with the least-good standards and the least observance of law. If an agency goes bust, it is the taxpayer who picks up on the National Insurance and tax that is missing. Very often, almost always, a phoenix company arises the next day and normally it keeps 75 to 80% of its contracts. The hotel company will just say, "We tell our agencies to obey the law". That is nonsense. They know that at the prices they are demanding, they cannot do anything.

What the agency that Ewa [Jasiewicz] mentioned - Omni - is doing is, in effect, tax evasion. The client has given it an amount of money to pay National Insurance on the employer's side and the income tax that should be taken. That does not go to Her Majesty's Revenue & Customs (HMRC). It goes straight to their bottom line.

I am in the strange position of two or three times a year meeting agency bosses who come to see me and say, "Hugh, can you do something about this agency?" That never happened five or ten years ago. The agencies themselves are very aware that it is so cutthroat that they are killing each other, they are killing the staff and they are depriving HRMC of what it should rightly get. It is a disastrous scenario. Inspection does not work. The law needs to be changed.

Kevin Curran (Vice Chair - Unite Hotel Workers Branch): Can I make a very quick point?

Fiona Twycross AM (Chair): Very quickly because we are going to move on.

Kevin Curran (Vice Chair - Unite Hotel Workers Branch): Our argument is that those hotels that are trade union-organised will not need inspection. It would be self-regulated. These things would not happen. That is our argument.

Fiona Twycross AM (Chair): OK, thank you. I am going to draw the first session to an end there. We could continue discussing this for quite a long time still, but we have another session. We really appreciate your time. I would stress that if anybody thinks of anything they would like to add, please do send it in afterwards. We really appreciate you all coming along today, particularly the hospitality workers who have come to give us their very personal perspectives. Thank you.

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Economy Committee – 24 November 2015
Transcript of Item 8 – London's Changing Economy Since 2008 – Productive, Flexible, Inclusive?

Fiona Twycross AM (Chair): We will move on fairly promptly. Apologies, again, to the guests for the late start of our second session of what has turned out to be a pretty packed meeting. We have Sir Edward Lister, Fiona Fletcher-Smith and Gerard Lyons, who have kindly come to talk to us a bit more about the measures available to the Mayor to influence London's economy and labour market. Tony, you have the first question this session.

Tony Arbour AM: This relates to the way the jobs market has performed in London. I am very struck at the hollowing-out of the market, in the sense that we are told that there is very extensive job mobility right at the very bottom but in the middle of the job market mobility has declined because employers want to hang on to skilled workers. Is there anything in that?

Gerard Lyons (Chief Economic Advisor): I was not sure whether you were directing that to someone, sorry.

Tony Arbour AM: Pretty much everything is directed to you, surely.

Gerard Lyons (Chief Economic Advisor): Thank you. Good morning. It is a pleasure to be here again.

In terms of the question, it is hard to give a definitive answer to that in the sense that other people might have a different view. However, one of the interesting features of this post-crisis economy has been that economic recovery has been relatively weak compared to post-recession recoveries in the past. Although it has to be said, that given the extent of the financial crisis that hit the UK and in particular London back in 2007, 2008 and early 2009, how the economy has performed has probably been better than expectations at that time. Given the economy, in terms of economic growth, the employment picture has been particularly impressive.

It was interesting to note that early on in the post-crisis phase there was a big debate as to why this was the case. It links directly to your question, Mr Arbour. It seemed to be that employers were holding on to staff; either because they were optimistic about the eventual rebound in the economy and/or they were holding on to skilled staff, as you suggest. Whatever the reason in the early stage of the recovery, there is no doubt that as the economy has gathered some momentum the employment picture has improved further in terms of all types of measures. There was evidence - certainly in the early stages - of the economy's performance post-crisis that employers were very doing as you suggested, holding on to staff for a combination of reasons, one of which was likely to be keeping hold of their skilled staff.

Tony Arbour AM: Job mobility is very important, is it not, to the London economy?

Gerard Lyons (Chief Economic Advisor): Yes.

Tony Arbour AM: Presumably, skilled workers know that they are a valuable commodity. Is it skilled workers themselves, knowing that they are valuable to their current employers, sticking out for better work conditions or is there just possibly a feeling - because they have all lived through this crisis - that it is best to hang on in there for fear of finding something worse?

Gerard Lyons (Chief Economic Advisor): Again, it is difficult to give a definitive answer to that because it is hard to base it fully on the facts, but we can make some assumptions and try to read into the situation.

No doubt, just as employers clearly took an expectation about what was going to happen to the economy, so too did employees. There was so much uncertainty back in 2008 and 2009, as I indicated in the previous answer, that it was a surprise relative to what economists were expecting that employers held on to staff so much. In that respect, maybe employees were just thankful to be remaining in their positions. As the economy gathers more momentum, one would expect to see greater labour mobility if employees are more confident about the future.

Of course, as well as the headline figures of people in work increasing, we have seen changes in terms of full-time employment, part-time employment and, as we heard in the previous session, people on zero-hour contracts. There might be some evidence of greater flexibility coming in in terms of how contracts are broken down.

Coming back to the employee situation, it depends on a whole host of factors: their own individual circumstances, the sector in which they are working, as well as future expectations about the economy.

Certainly, coming back to your original proposition, I agree that greater flexibility tends to be seen as a positive for the London economy.

Tony Arbour AM: Do you think that there is confidence in the London economy on the part of employers? Secondly, are employees confident, as we have just been talking about? You said right at the very beginning that they wanted to hang on in because they were grateful still to be employed.

Gerard Lyons (Chief Economic Advisor): Clearly, there are different issues for employers and employees. Employers might be worried about the whole cost of London for some of them if they are in international sectors. For employees there are issues about the housing market, rental, etc. We should probably take those as given.

Coming back specifically to the employment situation, the data suggests that the employment picture in London has clearly improved. If we take the latest figures in terms of percentage of people in work back in 2008, it was 69.1%. In 2014, it was up to 71.2%. The latest figures for the three months to August of this year show that the employment rate is at 72.5% of all those of working age. That is the highest figure since records began in 1992. On that basis, it is a healthy jobs market. Clearly, it differs. Maybe across sectors people might have different perspectives based on their own opinion. The headline figure suggests a very healthy jobs market. At the same time, we are now starting to see wages picking up as well. Against the backdrop of relatively low inflation, all of that should be encouraging for both the employer and - more importantly, maybe - for the employee as well.

Sir Edward Lister (Chief of Staff and Deputy Mayor, Policy and Planning): Can I just jump in? There is also the issue of skill shortages out there, which one should not lose sight of. If you are in one of the sectors where there is a severe skill shortage - construction being absolutely the most obvious one out there - and you are a contractor or developer, you are not going to let go of anybody unless you are forced to. If you can get hold of the people, you keep them and you keep them tightly to you. That is not good for the economy in the sense that this skill shortage is undoubtedly affecting the cost of construction.

I am using that only as an example, and you could run the same example for several other sectors. It is affecting cost. It is also affecting availability and is actually slowing down a key employment area. The answer to that one is very much about increasing skill levels. Until we get that done we are not going to be able to do much else.

Tony Arbour AM: Very briefly - as an aside on the booming figures of the number of people who are in work - could it be that the nature of work has changed? It is suggested that very many more people are now working from home, running their own microbusinesses and things of that kind, people maybe who would hitherto not have been seen, if you like, as working and therefore entering into the statistics.

Gerard Lyons (Chief Economic Advisor): Yes. In terms of that type of people, they are normally kept in terms of self-employment. The number of self-employed in London has increased. It is still relatively low compared to what some people might expect it to be in the future if the number of people working from home continues to rise. The number of self-employed in London was 14% last year. Back in 2008, it was 12%. Those figures are identical to the UK national average.

There has been an increase in the number of self-employed, but there has been an increase in numbers in work and in part-time employment as well. Certainly, in a technologically driven era, there might be more scope for people to work from home. Also, at the same time, as older people remain in potentially active employment, they might increasingly work from home. Obviously this links into wider issues such as the need for the digital space in London to continue to improve to allow people to work from home. On top of that, of course, transport is an issue because London has the benefit of attracting lots of workers in from outside of the London area as well. It stretches and links into other areas. Certainly you would expect to see, in a technologically driven era, more people working from home but at the same time we are still seeing many people preferring to work for employers.

Tony Arbour AM: Thank you, Chair.

Fiona Twycross AM (Chair): Thank you. Murad?

Murad Qureshi AM: Thank you, Chair. I will move on to the next area of questioning: London's labour market productivity. Gerard, I will start with the economist. We all know that growth in activity supports real wage increases. Why is that it appears London has fallen behind in growth in productivity from the rest of the country?

Gerard Lyons (Chief Economic Advisor): Yes. In terms of productivity, maybe I could just before directly answering your question put it in the context that at a national level there has been a whole debate in recent years about the so-called 'productivity puzzle' in the UK. It touches the point Sir Edward Lister made a second ago about skills in the UK and it touches on the rate of investment in the UK. It also raises wider questions as to whether it is not just structural issues, but whether it is the nature of this cycle as well.

At a national level the productivity puzzle has been a key issue for policymakers. You are right that when one looks at London relative to the UK, in the post-crisis period the rate of productivity growth in London has been slower than the rest of the UK. When one looks at output per person productivity in London, as measured by that index, it is about 77% higher than in the UK. In Paris it is about 67% relative to the rest of France. In New York it is about 35 or 36% relative to the rest of the US. Obviously you can cut productivity data in different ways. If one looks at some of the big capital cities in comparable countries - France or the US - the capital city has higher productivity than the rest of the country. That certainly is the case in London versus the UK but with a much higher gap, shall we say.

Given that, I am possibly less worried about what has happened in the last few years because there is a cyclical element to it. Also, it is reflected in the fact that employment growth in London has been high relative to the rest of the UK. Productivity is not always everyone's favourite measure in terms of how one looks at performance. London has seen outputs pick up higher than the rate in the UK but it has also seen employment increase at a faster rate than the rest of the UK. Taking those together, it would suggest that productivity growth in London has been at a slower pace relative to the rest of the UK. Given that we have such a big productivity outperformance versus the rest of the UK, it is less of a concern than implied by the question. Certainly it is about trying to understand why it is.

It is also important to appreciate that in a service-driven economy productivity might not always be the best measure. Productivity really came into its own when one was looking at output in a manufacturing-driven economy. Many economic indicators have not really adjusted with the times. That is particularly relevant for London given the importance of services in a whole host of areas. If the economy were to see stronger future growth, then one would like to see productivity growth pick up.

I have two final points relative to employees and workers. If productivity growth does pick up in London, then it should be reflected not just in higher profits for companies but higher wages.

The second point is that at a national level; the Bank of England certainly looks at productivity for future projections of inflation. Therefore, if productivity picks up at a national level, then that should give the Bank of England more confidence about future inflation and maybe delay increases in interest rates. If one looked at the two indicators that are very important for many people in London - wages and interest rates - it does come into the debate both at a city level and at a national level.

Murad Qureshi AM: My latest reading of inflation is that it is practically zero at the moment.

Gerard Lyons (Chief Economic Advisor): Yes.

Murad Qureshi AM: We did get some insights into productivity earlier when one of the workers was talking about doing 16 beds an hour. I am not sure you could do more. It takes all day to start even thinking about changing my bed let alone 16 in one hour.

In the first session we had some representatives of employers. I had the sense that they were in denial about this. For example, I mentioned that in Paris workers there are actually doing in four days what we do in five. It strikes me possibly that investment by employers is probably one thing that has not kept up with what is happening in mainland Europe.

Gerard Lyons (Chief Economic Advisor): It covers a whole host of areas. I listened to the last session. Certainly the answer linked into that was about training, which is the point the trade union representative made. There is a need - if you want productivity to increase - to not only have high-skilled workers but the tools they use need to be high-skilled in some way, shape or form. Obviously, making the bed, we can go into different aspects there.

It comes back again to the point Sir Edward Lister made about skilled workers. It is about structural issues. Investment is a key part of this. A good thing linked into this in London is that the data I have looked at recently shows educational standards in London are really improving both at primary/secondary and at a tertiary level. Assuming they stay in London to work - and the bulk of workers come from London, although obviously it varies from sector to sector - that should give us confidence about future potential productivity levels. However, I completely agree with you that investment on behalf of employers is vitally important here.

Murad Qureshi AM: Thank you. I suspect that if we had asked the hotel workers, a lot of them would have been graduates from abroad. Should we know the figure?

Fiona Twycross AM (Chair): We cannot really speculate but we could ask them for information on that.

Murad Qureshi AM: Yes. I am always surprised by that, which is my personal opinion. I should apologise for coming in late and not hearing more about what they had to say.

Finally, Gerard, I am going onto Onkar's [Sahota AM] area a bit here but I will just give it to you and let you respond to Onkar. What has been the Mayor's approach to this issue of productivity? Has he done anything specific other than the more general stuff?

Gerard Lyons (Chief Economic Advisor): Yes. I am not sure if Sir Edward [Lister] wants to come in here.

I have spoken to the Mayor. It has come up in a number of conversations we have had. I have done a few pieces of work for him on productivity. He specifically has asked me about productivity levels in London versus other cities. We have also talked about productivity in the UK versus other countries. He has requested - and I am just finishing off - a piece of work on the competitiveness of London versus other international cities. Within that, productivity is an important issue. When that work is finished I will share it with you, if you want.

Coming back to your question, yes, the Mayor has asked me about this extensively and he has often produced a long list of different questions. Your question about productivity in the UK versus France certainly came up a lot earlier this year in terms of national debate. It also linked into the fact that productivity might not be the best guide. For instance, the fact that so many French people want to live in London compared to the number of UK people who live in Paris would suggest that the productivity figures are not the best guide to where people necessarily want to work. Employment growth in France is much less than in the UK. Whereas the 'shock absorber' might have been laying off staff in France, the 'shock absorber' might have been productivity not growing as much as it could otherwise have done here in London and in the UK. Certainly there is evidence to suggest that in some sectors the French invest at a much greater rate than in the UK. That is an aspect to it.

The gist of it is that it is a complex area. Certainly the Mayor has been trying to get behind what is explaining the outcomes.

Murad Qureshi AM: OK.

Fiona Twycross AM (Chair): Onkar?

Dr Onkar Sahota AM: Thanks. With this question I will start with reviewing what you have said and then you can come in. You have in your briefings the comments made by the Federation of Small Businesses (FSB) and also by the London Chamber of Commerce about what the Mayor could do notably in terms of skills, housing, infrastructure and pay. These were the five areas that he could have an impact on.

Looking at that, other than what the Mayor has done, what more could be done to support Londoners to get wealthy jobs and to make London a rewarding capital for our workforce?

Fiona Fletcher-Smith (Executive Director - Development, Enterprise & Environment): Shall I kick off? The first item on the list is around skills. You will be aware that the Mayor, through his chairmanship of the London Enterprise Panel (LEP) has constantly made a plea for a more responsive and flexible skills system. The work we are doing now with the LEP and London Councils is about a positive dialogue with the Government about the devolution of the skills system in London.

The feedback that we have had - not just from FSB and the Chamber but from employers whom we talk to on a regular basis - is that the skill system is behind the times. They deliver a set of skills, but they are not the skills that a particular sector would need. It hits us hugely, as Sir Edward [Lister] has said, in the construction industry. It has hit us in technology. We have calculated that about 22% of the higher-level skilled jobs are vacant. That is affecting businesses' ability to be productive and to deliver.

What we are asking the Government for is complete devolution of the skills budget and the skills system for London. Obviously we will wait for the Comprehensive Spending Review (CSR) tomorrow but it is in excess of £1 billion a year. That will be for all post-16 training. The Mayor will kick this off in terms of the devolution by chairing the steering group for the area-based reviews of the further education (FE) colleges, which will start early next year. As I say, it is a very positive dialogue with the Government.

What is linked to this is as well is the Chancellor's announcements on apprenticeships and the employer's levy. We are in dialogue with officials and the Mayor at ministerial level about how that could work for London. Again, everything that we are about is trying to get a system that delivers what employers need, rather than a system solely based on learners' desires. To be fair to the learners, it is an imperfect market in that they do not really know or understand which job is going to give them security of income and career progression opportunities going forward. We are right in the middle of it.

Sir Edward Lister (Chief of Staff and Deputy Mayor, Policy and Planning): If I could just follow some of that through, in the FE sector at the moment we have 48 FE colleges in London and we have 33 London boroughs. To put it into context, either we have an overprovision of FE colleges or they are not necessarily operating in the most economically viable way.

We have this issue that Fiona [Fletcher-Smith] has raised about the way in which the colleges are rewarded. They are basically paid for people on seats rather than for outcomes. Certainly they are not paid on the basis of what jobs they get.

We have a far-from-perfect careers advice service. We know that. Indeed, we put quite a lot of money at one stage into the school system to try to improve career advice and to try to help that along. We have mixed messages coming through the education system as far as work is concerned. The best example I can give was the trouble we had - admittedly, it is now more than a year ago - with the Tunnelling Academy when some children were being advised, "You do not really want to go and do that job. It is not really the sort of job for you". It was more because people envisaged tunnelling as being people with pickaxes on the coalface rather than driving £1 million machines underground, probably earning three times what the teacher ever earned and having the world at your feet as far as career prospects are concerned. I am just trying to say that the messaging was all over the place. It has become better but it has still a long way to go. That is about career advice, which is a real worry to us.

It is about the FE colleges not necessarily providing courses that employers want. We talked about construction, which I always go back to because it is the one I know the best. When you talk to the employers in that area about the Construction Industry Training Board (CITB) levy and the way CITB works, for example, they are rude about it. It does not deliver for them what they want. They all want to have a much bigger involvement in the actual provision of training. They want a much bigger say in it.

We have also other fairly obvious problems. Being blunt about it, if you are an apprentice bricklayer and you are a good bricklayer, you are not going to stay an apprentice for more than a few weeks because you will quickly realise you can earn a damn sight more money just because you are good at it. It is as simple as that. If you have the skill, you will get out there and do it. Therefore, we have that kind of problem out there as well. We are perhaps forcing people through courses that do not necessarily suit every young person.

Where does that take us? What does the Mayor want to do? As Fiona [Fletcher-Smith] said, it is about us having much more influence on those FE colleges and much more influence on the courses. We want to have control of those budgetary levers. We want to make sure the money flows with job outcomes. We need to get involved with the FE college review because that is going to be very painful across the boroughs. There is going to be a reduction. How do we make sure what we have at the end of this process is something that is really fit for purpose for London? That is where we are doing an awful lot of lobbying of the Government and talking to the Department for Business, Innovation & Skills (BIS) a lot. We are really keen to get mayoral involvement in that area.

That is not to say that we are trying to squeeze the boroughs out, by the way. We do think there are certain areas that are better done by the boroughs. We do see this as being little bit of joint working. Certainly some of those hard-to-reach groups are probably much better done at borough-level than by us. However, we can give a much better framework.

That is where the Mayor is going with all of this. That is where our priority lies and that is really where we are putting all our effort.

Dr Onkar Sahota AM: What about other areas you have not touched upon such as housing and infrastructure?

Sir Edward Lister (Chief of Staff and Deputy Mayor, Policy and Planning): Yes, I fully accept those ones. On housing, we have to acknowledge that the old models - in my opinion and I appreciate that this is not shared by everybody by any means - of social rent and affordable rent are going to be in deep trouble following the Housing Bill. They are going to have to change.

Therefore, in my opinion, we have to go down the route, as the Americans and Europeans have done, of the private rented sector (PRS). That is attractive for lots of reasons. Firstly, you can build scale and we can get numbers through very quickly. Secondly, if you have market rent discount arrangements - and there can be a blend of different discounts, everything from 80% down to 40% or whatever is applicable - they can be tenure-blind, which is very attractive as well. It is an entirely different model.

At the moment, a lot of the boroughs are struggling to understand that model. It does then get into building viability models and how you do it and also how you, as a developer, get a return on that because it is not easy initially to see how you get that return. We think it can be done by covenants and other mechanisms that keep that social housing content in the PRS in the economy for the longest period possible, maybe 20 years or 15 years, whatever is applicable. We believe that that is the way we can get a lot of additional low-priced housing out there, which will help to deal with that problem and, indeed, is probably the only way. It is the European model. It is the American model. One cannot help but make the point that it works pretty successfully there.

On the infrastructure, I am afraid that it is back to this old problem about the further you live out, which of course means the cheaper the property, the higher your fares are. That is a real problem. It is shown up best, in my opinion, with somewhere like Ebbsfleet in Kent, which has the capability of building thousands upon thousands of potentially low-priced homes but you are into such massive train fares that unless you have £5,000 a year to pay for your season ticket, how do you get into London to pay your mortgage or whatever? Transport mobility is a big challenge. It will be a growing challenge because we need to open up a lot of that housing in outer London, which will be affected by fare structures. That is something we have to look at again in the future and something we have to constantly keep in mind. It is a different type of problem. We have not thought that way in the past. We are going to have to think that way in the future.

Dr Onkar Sahota AM: What do you think will be the impact of a mandatory London Living Wage by, say, 2020?

Gerard Lyons (Chief Economic Advisor): I was going to say something else about what the Mayor was doing very briefly before answering that.

In addition to creating and enabling an environment with a focus on infrastructure, housing and transport, one of the interesting aspects of the last few years particularly post- crisis has been the recognition that London has a key financial sector that we should be proud of and play to our strengths, but at the same time there is a need to diversify the London economy so that there are other clusters of activity. I would say that the Mayor has played an important role in trying to help to not only play to the strengths of what currently exists in London such as the City and the financial consulting sector, but also support, both directly and indirectly, the growth of new clusters, MedCity being one cluster linked to life sciences, Tech City, as has been already mentioned by Fiona [Fletcher-Smith], universities as well and also the creative sector. In many respects, while the City and the associated businesses of professional financial services and consulting are still very important, we have seen City Hall pushing to give more momentum to some of the other clusters of the London economy. That has been an important aspect both in how the economy has done in the last few years and hopefully how it will grow in the future.

Coming to your question about the mandatory living wage, when the living wage was introduced by the Labour Government 11 or 12 years ago there was a whole debate at that time about whether it would be positive or negative. However, everyone accepted that the real benefit of having a compulsory National Minimum Wage was that it stopped exploitative pay which, at that time, was quite significant. It was still below 10% but, if I remember rightly, it was at 7% to 8%. It was a high figure. The National Minimum Wage was very effective in putting an end to exploitative pay as such.

Since then, obviously, there has been a big debate about the London Living Wage. You heard in the last session some of these issues mentioned. The success of the London Living Wage has been that more employers have taken it on board. Obviously, it would be nice to have even more employers take it on board. The voluntary aspect has been an important part of the London Living Wage. If you force small and medium-sized firms to pay too high a living wage, they might decide to have fewer people in work. It is getting the balance right. Coming back to your question, the fear is that if you have too high a living wage, then it might be at the expense of less people in work.

When the Chancellor announced the new living wage in the summer by 2020, the independent Office for Budget Responsibility (OBR) did an analysis. Its implication was that if you added 1 million jobs you might be losing 60,000 because of the living wage being set too high, but by implication it would fall disproportionately on smaller types of firms.

In answer to your question, it is very hard to quantify because you have to have all these other variables happening at the same time. In an environment where the economy is very strong and more jobs were being created, it should be the main positive driver. However, certainly there will be an impact primarily on small-sized firms that do not have room to manoeuvre. They could be forced to take on less staff or, indeed, possibly even lay staff off.

Tony Arbour AM: Can I quickly ask? On that statistic, did you say that if there were 1 million jobs being paid the London Living Wage the lost jobs will be just 60,000? Statistically, that is nothing.

Gerard Lyons (Chief Economic Advisor): Yes, it was not for London. That was the independent OBR looking at the whole UK-wide implications of the Chancellor's planned 2020 living wage.

Tony Arbour AM: It is the living wage, not the London Living Wage?

Gerard Lyons (Chief Economic Advisor): The living wage. Not the London Living Wage, just be precise.

Tony Arbour AM: Thank you. Thank you, Chair.

Fiona Twycross AM (Chair): Can we clarify that is the National Living Wage?

Gerard Lyons (Chief Economic Advisor): Yes, the National Living Wage.

Fiona Twycross AM (Chair): Yes, thank you. Stephen, did you want to come in?

Stephen Knight AM (Deputy Chair): Just on that one point. We heard earlier from one of our witnesses that the Hilton, for instance, in New York pays £16 an hour to the people making the beds. Do you think it employs fewer people making beds because it has to pay those rates, or is it more likely that a hotel room in New York costs a couple of dollars extra a night than one in London?

Gerard Lyons (Chief Economic Advisor): I took note of what was said by Kevin Curran. In fact, I approached him after and I have asked him to send me that piece of work. Maybe after I have had a chance to look at it I will come back and answer your question. The way you have asked your question would suggest that, yes, there are other issues.

Stephen Knight AM (Deputy Chair): The problem we have with London's economy is that low pay is dominant in sectors where we know there are exploitative practices of the type we heard earlier this morning. In a sense having a voluntary scheme - asking people to do something voluntarily when they are exploitative employers - is unlikely to be successful in coping with issues of exploitation given that the sort of people who are engaging in these kind of practices are less likely, perhaps, to be the ones who care about their ethical standing.

Gerard Lyons (Chief Economic Advisor): There are three low-pay sectors in the London economy: social care, hospitality and catering, and the cleaning services. If these issues arise, then you might be more worried that they would arise in those low-pay sectors. It is a whole complex area. Certainly you want to have a living wage where it has an impact for the workers who are receiving it. All the evidence suggests productivity performance improves for those on living wages. What I heard from the other session were issues linked in particular to one key sector. Certainly it needs further examination.

Stephen Knight AM (Deputy Chair): It strikes me that low pay in the sector is likely to be linked to all these other kinds of issues.

Gerard Lyons (Chief Economic Advisor): Yes, quite possibly.

Stephen Knight AM (Deputy Chair): You are right; low pay is dominant in these key sectors. That is where the focus needs to be.

Chair, may I ask a question on another area I wanted to follow up on? Sir Eddie talked about the housing issue and London's housing crisis - which is often talked about - and the high cost of housing. Does the Mayor want to see house prices in London fall and, if so, by how much?

Sir Edward Lister (Chief of Staff and Deputy Mayor, Policy and Planning): I do not think want anybody wants to see the price of houses fall.

Stephen Knight AM (Deputy Chair): You have acknowledged there is a crisis and housing is costing too much, but you do not want them to fall?

Sir Edward Lister (Chief of Staff and Deputy Mayor, Policy and Planning): What we want is for the rate of increase to slow down. The current rate of increase is unsustainable. The current rate of increase will not go away unless we increase supply.

Stephen Knight AM (Deputy Chair): Sorry, you do not think house prices are too high but just that they are going up too fast?

Sir Edward Lister (Chief of Staff and Deputy Mayor, Policy and Planning): I am saying to you that I do not think falling house prices would be a very popular decision for many people. Secondly, you will start to switch off the construction market, which is the last thing you want to do. What you need is more to come through the system.

Stephen Knight AM (Deputy Chair): We all need more. Presumably part of the reason one needs more is the argument that if you provide more supply prices will come down.

Sir Edward Lister (Chief of Staff and Deputy Mayor, Policy and Planning): All I am saying is that if you provide more, prices will stabilise more than they are at the moment. That is what you want.

Stephen Knight AM (Deputy Chair): Can I just be clear? You do not --

Gerard Lyons (Chief Economic Advisor): Just to reinforce what Sir Edward Lister is saying --

Fiona Twycross AM (Chair): We are getting slightly off the economy and the labour market.

Stephen Knight AM (Deputy Chair): I am sorry.

Gerard Lyons (Chief Economic Advisor): The Mayor cannot control it as the price is set by the market.

Stephen Knight AM (Deputy Chair): I am not asking him to control it.

Gerard Lyons (Chief Economic Advisor): Normally, you can influence price or output/supply. Certainly all the evidence from City Hall is that the determination is to improve the supply of affordable housing. We cannot influence how many people in the UK want to migrate to London, how many people internationally want to migrate to London, the rate of population growth and also people's expectations. Banks, quite frankly, want to lend for housing. All of these are factors are outside the control of City Hall and the Mayor and, indeed, outside the control of any single individual. What we can try --

Stephen Knight AM (Deputy Chair): I appreciate some of that. My question was really quite a fundamental one. People talk about there being a problem that London housing is too expensive. The Mayor says the answer is to build more.

Gerard Lyons (Chief Economic Advisor): Yes.

Stephen Knight AM (Deputy Chair): Presumably that means the answer to bringing prices down is to build more, but we are told the Mayor does not want prices to come down.

Fiona Twycross AM (Chair): I appreciate that this is a really important area but we are running late.

Stephen Knight AM (Deputy Chair): I am sorry, Chair.

Fiona Twycross AM (Chair): People are starting to go away from the labour market, which is what this investigation is about. Kemi, was your question about the labour market?

Kemi Badenoch AM: Yes, it was about the labour market and it does touch on Stephen's point. Would you agree that falling house prices would create lots of people with negative equity, which would affect their flexibility to move around and be able to participate in the labour market fully?

Sir Edward Lister (Chief of Staff and Deputy Mayor, Policy and Planning): Absolutely. The damage from that would be enormous.

What I was trying to argue, if I may, earlier was that you have to get other models out there for those on lower pay. I am suggesting that those other models are things like the PRS. There is evidence that that is moving now. We are doing some work here at City Hall to get some advice out to the boroughs as to how they calculate the viability of those kinds of schemes. That is work underway at the moment. There is evidence that some of the big players in this area are showing an interest. People like, if I may, Crown Estate are buying land in places like Bermondsey to build schemes like that. That is a fundamental change. A few years ago they would never have done that. They are now doing it. British Land has a massive scheme and so on. These are the sorts of people that are now looking at this. I am suggesting that is one of the ways we can get low-priced units of housing out there for people. I am not saying it is the only way, by the way, but it is the quickest and easiest.

Kemi Badenoch AM: Thank you.

Fiona Twycross AM (Chair): OK. Can we move on to Darren's question, which is the final question?

Darren Johnson AM: Yes, I promise not to cover housing. I am on the Housing Committee anyway.

Stephen Knight AM (Deputy Chair): Yes.

Darren Johnson AM: Sir Edward, can you just spell out in terms of devolution what would be a good deal for London in terms of improving the labour market, the business environment and productivity?

Sir Edward Lister (Chief of Staff and Deputy Mayor, Policy and Planning): Number one: control of the skills agenda in London. That means direct influence on the FE colleges, the courses that are being provided and everything else that goes with it.

Greater involvement in apprenticeship grants and how those are distributed is a secondary area that would be very powerful. Those are probably the two most obvious skills-based things. Both of those are achievable by City Hall. For the next Mayor, probably the greatest prize is to move that forward over the next four years.

There is probably a third one in the skills area, which is to recognise that skills training is not necessarily done by FE colleges; it can be done by other entities. There is evidence of that. For example, the Fashion Retail Academy in Oxford Street, which is largely owned by the Oxford Street stores, is a very successful training ground where all the people who go through it end up with jobs in Oxford Street, as you would expect. It is a great success story. There are other models out there that we can --

Darren Johnson AM: Presumably the Mayor is better placed to take a cross-sectoral overview than the current arrangements that we --

Sir Edward Lister (Chief of Staff and Deputy Mayor, Policy and Planning): It cannot be on a borough basis. Nobody understands borough boundaries when it comes to skills. People move across boundaries. It is really very much a City Hall type of function. I am not saying that there is not a role for boroughs in this. I do think particularly - as I mentioned earlier - that the hard-to-reach group is better done on a local basis. The boroughs are probably better equipped at that. That is where City Hall and the boroughs must work together to create the best model that we can.

Darren Johnson AM: I would be keen to get Gerard Lyons's views on this. Do you believe that there are any risks for London in terms of skills, the labour market and so on in terms of the devolution package?

Gerard Lyons (Chief Economic Advisor): On risks, the key thing is that if more responsibility is given to London and more devolution, then the budget needs to go with it. When one looks at the international comparison, our direct competitors in other international cities have greater control of their spending. If more power is to be ceded to London in skills, etc, then to be able to achieve maximum potential the key thing is to have the funding to go with that. That is the biggest risk, I would say.

Darren Johnson AM: That is an argument that continues to be made by City Hall across all sides. Thank you, Chair.

Fiona Twycross AM (Chair): Thank you. We will end the meeting there.

GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Summary List of Actions

Report to: Economy Committee	
Report of: Executive Director of Secretariat	**Date: 21 January 2016**
This report will be considered in public	

1. Summary

1.1 This report sets out actions arising from previous meetings of the Economy Committee.

2. Recommendation

2.1 **That the outstanding actions arising from previous meetings of the Committee, as set out below, be noted.**

Actions arising from the Committee meeting on 24 November 2015

Item	Topic	Status	For Action
6.	**The Impact of Climate Change on London's Economy** – The Committee delegated authority to Jenny Jones AM to engage with key stakeholders on work to increase the engagement of the financial services sector in integrating climate resilience into investment portfolios.	Ongoing.	Clerk
8.	**London's Changing Economy since 2008** – Gerard Lyons (Chief Economic Adviser, GLA) to provide the Committee, when finalised, with a copy of his work for the Mayor on the competitiveness of London versus other international cities (in which productivity was a main issue).	In progress.	GLA

Actions arising from the Committee meeting on 15 October 2015

Item	Topic	Status	For Action
7.	**Site Visit to Tech City** - Delegated authority be given to the Chair, in consultation with Group Leads, to agree a summary of findings from the site visit to Tech City.	In progress.	Scrutiny Manager
9.	**London's Changing Economy since 2008** – Ian Brinkley (Work Foundation) agreed to provide the Committee with details of the latest national statistics relating to 'under employment', including the share of part-time workers who would like to work longer hours	In progress.	Work Foundation

Action arising from the Committee meeting on 14 July 2015

Item	Topic	Status	For Action
5.	**The Role of the Third Sector in Employment and Skills Programmes** Rob Hancock (SERTUC) agreed to provide the Committee with statistics relating to the extent to which mandatory work placements are replacing actual jobs.	Awaiting response.	SERTUC

Actions arising from the Committee meeting on 9 December 2014

Item	Topic	Status	For Action
7.	The Chair agreed to write to the Department for Business, Innovation and Skills (BIS) to find out if they intend to commission a further assessment of the illegal money lending national project, as they had previously done in 2010.	In progress. A letter was sent by the Chair to BIS. No response has been received, as yet.	BIS

3. Legal Implications

3.1 The Committee has the power to do what is recommended in this report.

4. Financial Implications

4.1 There are no financial implications to the GLA arising from this report.

List of appendices to this report:
None.

Local Government (Access to Information) Act 1985
List of Background Papers: None.

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GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Manufacturing Site Visit

Report to: Economy Committee	
Report of: Executive Director of Secretariat	**Date: 21 January 2016**
This report will be considered in public	

1. Summary

1.1 This report provides a note of the London Assembly Economy Committee visit to explore the current state of manufacturing in London, at Brompton Bicycles in Brentford, and The Central Research Laboratory in Hayes.

2. Recommendations

2.1 **That the Committee notes this summary of the Committee's manufacturing site visit to Brompton Bicycles and The Central Research Laboratory.**

2.2 **That the Committee delegates authority to the Chair, in consultation with Group Leads, to agree a summary of findings from the visit.**

3. Background

3.1 In recent years manufacturing has continued to change and adapt. Far from the decline which many imagine, it continues to play an important role in London's economy.[1] From 1997-2007 the overall number of manufacturing businesses in London declined by 17%. Yet half of all firms in London and the South East (144 manufacturers.[2]) reported an increase in sales in the last 6 months. And the period of 2001-2007 saw around 1,500 new manufacturing businesses registered each year, suggesting an evolution of the sector as old was replaced with new.

4. Issues for Consideration

4.1 On 16 December 2015, members of the London Assembly Economy Committee visited Brompton Bicycles in Brentford, and The Central Research Laboratory in Hayes. The aims of the visit were:

- To gain a better understanding of the current state of manufacturing in the capital;
- To explore the challenges facing manufacturers in London;
- To consider what action could be taken by the Mayor and LEP to support small and medium sized manufacturers in London.

[1] Just Space London (Feb 2015) London's Industrial Land: Cause for concern?
[2] The Manufacturer (Mar 2015) London and South East's SME manufacturers defy slowdown

Brompton

4.2 At Brompton, the Committee heard from CEO, Will Butler-Adams. He spoke of the huge potential for manufacturing growth in London. It is his belief that manufacturers can benefit from being located in the capital due to its unrivalled innovation and international influences – he credits the dynamic nature of London's economy for Brompton's success.

4.3 All workers on the factory floor start out as 'apprentices' on Brompton's in-house training scheme. Most have few formal qualifications but work their way up to specialise in a specific area of the business, earning up to £25,000 per year when fully qualified. Brompton believe that they are providing rewarding work as well as the opportunity to develop valuable skills, to those otherwise unable to find work. However despite paying staff the London Living Wage, Butler-Adams is concerned it is insufficient for staff to live on given rising living costs in London.

4.4 Brompton's apprenticeship has also been the cause for some concern. Their scheme has not be afforded recognised apprenticeship status as it is run entirely in-house. As a result they receive no benefit from government subsidised apprenticeships despite being required to pay the annual central government apprenticeship levy. They say that, as their needs are not met by existing FE provided apprentice programmes, they have been forced to design and teach their own, despite the financial disadvantage.

4.5 Brompton has found the poor availability of suitable commercial property to be one of their largest challenges. In 2012/13 an estimated total of 72.5 hectares of industrial land was recorded for transfer to other uses, despite the annual benchmark for 2006-2026 being 41.0 hectares.[3] The area around Brompton's Brentford site is owned by a large pension fund which is unwilling to develop the site for commercial use. As a result Brompton are unable to expand their operations in situ despite a pressing need to do so.

4.6 Ideally, Brompton would like to purchase a site in order to have space for growth but cannot afford to do so in London at present. They are relocating in the New Year to Greenford to a new, leased, site. The move will cost millions, to dismantle their current factory and production line, and then refit the new property to meet their specific requirements. It may only remain suitable for around 10 years if the company continues to grow at its current rate.

4.7 Butler-Adams suggested that manufacturing space ought to be incorporated into Section 106s agreements. Integrating industry and housing within new developments would create affordable light industrial land suitable for small to medium sized manufacturers to purchase rather than just rent their properties.

Central Research Laboratory

4.8 The Central Research Laboratory is a design space for entrepreneurs, and represents a growing movement in London, of 'makers' or small-scale manufacturers taking advantage of the demand for luxury, specialist and innovative goods. It currently hosts a fixed workspace for eleven start-ups and is designed to support designers and engineers through every step, from concept development, to prototyping and first batch production, with a focus on making those companies profitable.

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[3] London Plan Annual Monitoring Report 10, 2012-13, pg. 32

4.9 The CRL also spoke of the benefits of London's dynamism and innovation, which attracts entrepreneurs and designers to the capital. Locating within London means that they can work with students at the cutting edge of design, and many of the people working at the CRL are graduates of the Royal College of Art.

4.10 CRL faced a significant challenge when trying to secure initial funding. Initially, the CRL was to be funded by £7.7m from the LEP's Growing Places Funding. However, after over 2 years, the LEP confirmed that they would be unable to offer a preferential rate on the investment despite a higher administrative burden than would be required from a private investor. As a result, and despite having spent £100,000 and considerable time to reach that stage, CRL decided to seek private investment instead. In July of this year, the LEP confirmed that the CRL no longer required the GP funding. The CRL are now in partnership with Brunel University and the Higher Education Funding Council who have committed to fund the business & support those start-ups.

4.11 Whilst Outer London had been a good location for the CRL, affording more space to expand, the cost of physical space also remains a challenge to the company. The Committee heard that rate relief at a council level is very important as this is a significant annual cost.

5. Summary of findings

5.1 The Committee will follow the visit by producing a letter for the Mayor which summarises their findings. This will also set out recommendations to promote the growth of the manufacturing sector and to reap maximum benefit from the skills and employment opportunities which it provides.

6. Legal Implications

6.1 The Committee has the power to do what is recommended in this report.

7. Financial Implications

7.1 There are no direct financial implications arising from this report.

List of appendices to this report: None

Local Government (Access to Information) Act 1985	
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GREATER**LONDON**AUTHORITY **LONDON**ASSEMBLY

Subject: A Mayoral Digital Manifesto
Report to: Economy Committee
Report of: Executive Director of Secretariat — **Date: 21 January 2016**
This report will be considered in public.

1. Summary

1.1 This paper sets out for noting the Committee's report on the Digital Economy, resulting from its September 2015 site visit.

2. Recommendation

2.1 **That the Committee notes its report *A Mayoral manifesto for the Digital Economy,* as set out at Appendix 1.**

3. Background

3.1 In July 2015, the Committee agreed the terms of reference for a site visit to London's Tech City. They were, to explore:

- How the tech sector is rising to the challenge of a shortage of digital talent. In particular, how it is working to ensure that Londoners, especially less-advantaged youth, and the long-term unemployed, are given the skills to benefit from opportunities in the tech sector;
- The impact of the Mayor, LEP and others' interventions to support technology skills training for Londoners;
- What actions the Mayor, LEP and others could take to ensure Londoners benefit from the growth of London's tech sector, with a view to production of a Digital Manifesto for the new Mayor.

3.2 On 10 September, members of the London Assembly Economy Committee, London Assembly Education Panel, and John Biggs AM, met with various prominent individuals in the tech sector with a role in digital skills growth and connectivity improvement. Through their discussions and observations they uncovered three key issues relating to the terms of reference: poor broadband connectivity, a lack of diversity in the sector, and a significant shortage of skilled workers.

3.3 The final report was published on 03 December 2015.

4. Issues for Consideration

4.1 The terms of reference for this project were approved by the Committee at its meeting on 14 July 2015. Officers confirm that the report and its recommendations fall within these terms of reference.

4.2 In October 2015, the Committee delegated authority to the Chair, in consultation with the party Group Lead Members, to agree the final output from the Committee's visit to Tech City. The Committee published *A Mayoral manifesto for the Digital Economy,* in December 2015.

4.3 The full report is attached for Members and officers as **Appendix 1**, and can also be found on the London Assembly website at: https://www.london.gov.uk/about-us/london-assembly/london-assembly-publications/mayoral-manifesto-digital-economy

4.4 The report made the following recommendations:

Recommendation 1:
The Mayor should ensure clear guidance is made available, to help businesses establish their connectivity needs, and set out the full range of options available to help address them.

Recommendation 2:
The Mayor could endorse a redefinition of the 'Superfast' target, to recognise that many SMEs, particularly in the tech sector, require superfast to apply to both their download and upload speeds (i.e. to be symmetrical). Achieving 95% asymmetric superfast speeds is not enough.

Recommendation 3:
The London plan should include a clear commitment to promote strategic investment in connectivity infrastructure. This should reflect the new ambition to achieve symmetrical superfast speeds.

Recommendation 4:
The connectivity vouchers scheme represented a series of missed opportunities for the Mayor and City Hall. Future schemes to enable SMEs in London to improve their connectivity must be more ambitious in scale. And, to ensure their success, they must be easier to understand, better explained, and marketed earlier.

Recommendation 5:
The Mayor should highlight the need for wider availability of high-speed broadband infrastructure, including FTTP, fixed wireless infrastructure and other innovative technologies, which are needed to achieve the ultrafast 100Mbps download and upload speeds worthy of a leading digital economy.

Recommendation 6:
The Mayor, and GLA, should continue to support Central London Forward in designing and delivering the new standardised wayleave, ensuring its existence is widely known and understood, by both landlords, and their business tenants.

Recommendation 7:

The Mayor should lobby government to introduce, as a condition of planning consent for new developments, a requirement to have installed 'super-fast' connectivity infrastructure.

Recommendation 8:

As part of the LEP's London Ambitions Careers framework, more emphasis must be placed upon tech businesses engaging directly with schools in their local areas, to bring local opportunities to life (see recommendation 16).

Recommendation 9:

Additionally, tech apprenticeships and digital skills provision must be designed to enable the most disadvantaged young Londoners to benefit from the best training available. (See apprenticeships under 'Challenge 3 – Skills.')

Recommendation 10:

The Mayor could further champion the role of women, such as his new tech ambassador, Sarah Wood, in the digital economy.

Recommendation 11:

The Mayor could endorse and promote the newly launched, industry-led, Tech Talent Charter which aims to increase gender diversity in tech. In particular he could support the goal for industry leaders to monitor and publish data on their diversity record.

Recommendation 12:

With increased devolution of skills funding the Mayor, and LEP, should work together with digital skills providers, and further education establishments, to re-design an apprenticeship which is fit for the purposes of the digital sector (See box).

Recommendation 13:

In the meantime, as well as supporting existing apprenticeship schemes, the Mayor and the LEP should carefully target the £5m Digital Talent Programme to enable a range of providers to benefit. Making funds available to providers offering courses other than conventional apprenticeships, would ensure those most in need could access the very best training available in London.

Recommendation 14:

The Mayor, and GLA, should gather and maintain real-time data on the sectoral demand for tech skills, to ensure skills providers are designing training appropriate to the needs of businesses.

Recommendation 15:

The Mayor, LEP and GLA, could ensure that SME interests are represented in high level decisions as part of the Digital Talent Programme. They could support SMEs to collaborate on building a sustainable, shared apprenticeship programme from which they would gain value, without disproportionate resource burden.

Recommendation 16:

The Mayor, London Councils, and the LEP could use the tech sector to pilot The London Ambitions Careers Offer, bringing together digital business leaders, local authorities and schools, to build better, universal, careers provision at a local level (see recommendation 8).

Recommendation 17:

To underpin this, and avoid the array of digital skills offerings becoming confusing for young Londoners, the Mayor should use the Tech.London website to provide a clear, well explained, source of information and advice on the range of pathways to a digital career, and the financial help available

4.5 Responses to the report are outstanding, pending a deadline of 31 February 2016.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

List of appendices to this report:
Appendix 1 – *A Mayoral manifesto for the Digital Economy*

Local Government (Access to Information) Act 1985
List of Background Papers: Member's Delegated Authority Form 607

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LONDON ASSEMBLY

Economy Committee

A MAYORAL MANIFESTO FOR THE DIGITAL ECONOMY

Introduction

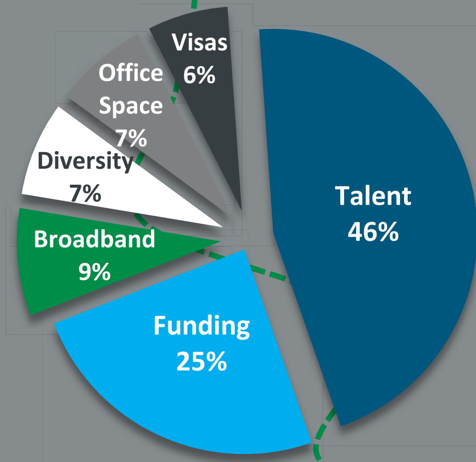
Fastest Growing Sector

The digital economy has grown from around 250 tech firms in 2010 at the launch of the Tech City initiative, to more than 5000 today.[1]

Whilst those companies include the likes of internet giants Google, Cisco, Intel and Airbnb, 98% of the UK's digital businesses are SMEs.[2]

UK wide, jobs in digital companies are growing by 28%, year on year, with over 1 million vacancies advertised in 2014. Around 40% of those jobs were in London,[2] and over 250,000 people are currently employed in Inner London's digital sector.

Barriers to Digital Growth[3]



No Time To Rest

Promoting and developing London's world leading, fast growing, digital economy is a key priority for City Hall and the London Enterprise Panel.

The Mayor has a focus on promoting growth in tech: digital infrastructure features prominently in the London Infrastructure Plan 2050; and he has begun to take action to improve connectivity and access to broadband for SMEs in the capital.

However, the Mayor came late to tackling the issue of poor connectivity. And leading stakeholders in the sector have identified several ongoing issues, which require strategic attention, if London is to maintain sustainable growth in its digital economy.

It is also widely agreed that there is work to do, to guarantee that the growth of the tech sector brings maximum benefit to those Londoners living on its doorstep.

A Manifesto for Mayoral Candidates

In September, the London Assembly Economy Committee visited businesses in East London's Tech City, to explore these issues in more detail. This report sets out our findings, and suggests ways for a future Mayor to boost London's digital economy, and ensure the benefits reach all Londoners.

We have focussed on **three key barriers** to inclusive growth which the Mayor could do more to address:

- **Poor broadband connectivity for London businesses**
- **A lack of gender, and socio-economic, diversity in the digital labour market**
- **The significant shortage of skilled workers**

[1] Rohan Silva (ES, 16 June 2015);
[2] Tech City – Tech Nation Report, January 2015
[3] Tech London Advocates Survey, 2015

Challenge One: Connectivity

Must Try Harder

The productivity of London's economy hinges upon fast, reliable access to broadband. Not only is the tech sector built upon near-instant downloads *and* uploads, but recent research indicates the value to the UK economy of businesses further developing their digital potential, could be up to £90 billion.[1]

However, Ofcom reports that BT and Virgin have focussed fibre-optic network upgrades on residential lines.[2] And superfast coverage for SMEs (which make up 98% of London's tech sector[3]) lags behind average urban coverage, at 67% vs. 83%. It seems London's connectivity is far from equal to the task in hand.

Committee Members heard…

"Broadband installation takes up to 3 x longer in London than other UK cities"

"Some businesses have had a 12 month wait for fibre-optic installation"

"TfL are a part of the issue – preventing essential works taking place"

"This affects <u>all</u> businesses with digital capabilities, not just Tech City."

Physical Infrastructure

- Much of the capital's critical 'last-mile' infrastructure is copper telephone wire. In the best case this runs from a cabinet close to a property, which is itself supplied by fibre (Fibre To The Cabinet - FTTC). But Inner London has an unusually high incidence of copper wire running over long distances directly from the exchange.
- Copper cable is capable of superfast download speeds (>24Mbps). However in reality the average speed is just 7Mbps[2] – the further the cable must run (see above), the slower the speed.
- Copper Cable is *not* capable of superfast upload speeds - only downloads. It is therefore known as 'asymmetric' and is unsuitable for many important business functions.
- There is limited business incentive for Broadband providers to offer better infrastructure over the 'last-mile,' given the high costs involved.
- Privately upgrading to a dedicated leased-line, which provides fast, symmetrical connections directly to the property (Fibre To The Premise - FTTP), is often prohibitively expensive for SMEs.

Bureaucratic hurdles

- Where companies can afford to upgrade to fibre, planning red-tape, and poor cross-borough standardisation, create administrative burdens for providers, increasing delivery times.
- Poor tactical coordination between providers, local authorities, and key property owners such as TfL, too often results in further long delays to installation of infrastructure.
- Complex wayleave arrangements (legal agreements governing access to and from properties for the installation of infrastructure) delay access into shared or leased properties.
- Even in new build properties, there is no obligation for developers to consider broadband infrastructure.

[1] Oxford Economics, October 2015
[2] Ofcom 2014
[3] Tech City – Tech Nation Report, January 2015

Challenge One: Connectivity

What has been done?

• The Mayor facilitated the Super Connected Cities voucher scheme, offering up to £3000 toward the costs of upgrading to ultrafast business broadband. The central government run scheme was funded via a grant funding agreement with Broadband Delivery UK (BDUK) and £25million was allocated to London.

Despite £25million being a relatively low amount (enough to provide the full £3000 to fewer than 8,500 businesses[1]), due to poor early awareness building, and so slow initial uptake, it was not spent. It was instead pooled into a central pot of £40million available to 50 cities nationwide. This enabled additional London businesses to be reached, however arguably more could have been done to ring-fence the Capital's initial allocation. In total, just 12,500, fewer than 1.4%, of London's SMEs were reached.[2]

Applications to the scheme have now closed, and no replacement scheme has been announced. Furthermore, questions have recently been raised, by the GLA audit process, regarding the procedure for granting vouchers.

• The Mayor has invested in a connectivity ratings scheme, to enable tenants and property brokers to identify commercial spaces which meet their connectivity needs. This is intended to encourage developers to provide better broadband infrastructure. However there is no planning requirement for such infrastructure to be provided, even in new buildings.

• The Mayor has created a connectivity map by which providers can demonstrate the availability of super and ultrafast broadband. In return, businesses are able to register geographical demand for superfast connectivity.

• Central London Forward, (which represents several London Boroughs) has commissioned the British Standards Institute (BSI) to produce a standardised wayleave to be used by landlords in London, simplifying the process for access to premises for the installation of broadband infrastructure.

Recommendations:

1. The Mayor should ensure clear guidance is made available, to help businesses establish their connectivity needs, and set out the full range of options available to help address them.

2. The Mayor could endorse a redefinition of the 'Superfast' target, to recognise that many SMEs, particularly in the tech sector, require superfast to apply to both their download <u>and</u> upload speeds (i.e. to be symmetrical). Achieving 95% asymmetric superfast speeds is not enough.

3. The London plan should include a clear commitment to promote strategic investment in connectivity infrastructure. This should reflect the new ambition to achieve symmetrical superfast speeds.

4. The connectivity vouchers scheme represented a series of missed opportunities for the Mayor and City Hall. Future schemes to enable SMEs in London to improve their connectivity must be more ambitious in scale. And, to ensure their success, they must be easier to understand, better explained, and marketed earlier.

5. The Mayor should highlight the need for wider availability of high-speed broadband infrastructure, including FTTP, fixed wireless infrastructure and other innovative technologies, which are needed to achieve the ultrafast 100Mbps download **and** upload speeds worthy of a leading digital economy.

6. The Mayor, and GLA, should continue to support Central London Forward in designing and delivering the new standardised wayleave, ensuring its existence is widely known and understood, by both landlords, and their business tenants.

7. The Mayor should lobby government to introduce, as a condition of planning consent for new developments, a requirement to have installed 'super-fast' connectivity infrastructure.

[1] MD1272 Revised super-connected cities_plan

[2] 933,000 SMEs in London as of Jan 2014 (BIS), 12,500 vouchers issued by November 2015.

Challenge Two: Diversity

A Homogenous Sector?

It is widely accepted that ideas and innovation flourish better in a more diverse talent pool. However, recent reporting found that the majority of the UK's startups (80%) are founded by children of middle class families.[1] Added to which, Tech City is heavily biased towards white, male, employees.

Yet all children now grow up as active consumers of technology with considerable potential to turn their skills into a career. And London's tech sector is centred in one of the capital's most diverse areas, both socio-economically, and ethnically.

Additionally, equal employment opportunities for women are front and centre of the current government's economic agenda. So why are digital employers lagging so badly behind, and what can be done about it?

Reaching Young Londoners

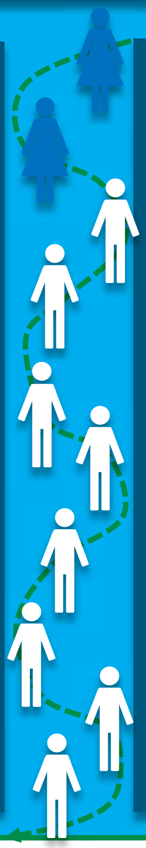
Bridging the gap between the digital community, and young people living in Hackney, Tower Hamlets and surrounding areas, is a challenge with which the tech sector has so far struggled. Social enterprises, like Code Club, have taken the lead, running after-school coding and technology sessions for children.

However the sector has yet to find a satisfactory means by which to connect this activity to formal school careers offerings. Local young people are unaware of the job opportunities available on their doorsteps. Or of the doors, which good results in Science Technology, and Maths (STEM) subjects, can open.

Recommendations:

8. As part of the LEP's London Ambitions Careers framework, more emphasis must be placed upon tech businesses engaging directly with schools in their local areas, to bring local opportunities to life (see recommendation 16).

9. Additionally, tech apprenticeships and digital skills provision must be designed to enable the most disadvantaged young Londoners to benefit from the best training available. (See apprenticeships under 'Challenge 3 – Skills.')



Gender Imbalance

Less than 20% of the current ICT workforce of the UK is female.[2] Given the overall talent crisis in the sector, this is a huge missed opportunity. And a lack of diversity is undermining the competitive position of London's digital economy.

Social enterprises like Code First:Girls and Stemettes, are working to reverse the trend by raising the awareness of girls and young women of opportunities available with the sector. But the divide originates in the under-representation of girls in STEM subjects, at GCSE and above. Leading women in tech have called for an end to the false binary between science and the arts at school. Recent research shows that 60% of 12 year old girls think STEM subjects are too hard, reducing the likelihood that they will choose them at GCSE.[3]

Recommendations:

10. The Mayor could further champion the role of women, such as his new tech ambassador, Sarah Wood, in the digital economy.

11. The Mayor could endorse and promote the newly launched, industry-led, Tech Talent Charter which aims to increase gender diversity in tech. In particular he could support the goal for industry leaders to monitor and publish data on their diversity record.

[1] *Start-up DNA report*, Wayra
[2] *'Women in the UK STEM workforce 2015*, WISE
[3] *Accenture*, 2015

Challenge Three: Skills

Mind the Gap

"London is facing a technology skills shortage, preventing Londoners gaining maximum benefit from the capital's digital economy." **London Enterprise Panel[1]**

Most agree that a certain level of skills shortage may be expected for a young, fast-growing sector. But the technology skills gap is widely held to pose one of the most significant risks for tech growth in the capital. The UK's economy will need 745,000 additional digital skilled workers in the next two years including programmers and developers, as well as those skilled in marketing, cyber security, product management and more.[2]

At the same time, there are high levels of youth unemployment in East London, where many of the capital's tech firms are based. It seems those young people are not being given the skills to benefit from opportunities in the tech sector. And a focus on importing talent from abroad, instead of nurturing skills among those closer to home, may have allowed the problem to solidify.

"We have 5 years to fix the tech skills gap before businesses begin to leave London for Europe."

What is Being Done?

The formal education system is rapidly embracing digital skills. From September 2014, the ICT curriculum was updated with a focus on digital literacy, teaching children as young as 5 to code. And the Mayor's London Schools Excellence funding is being channelled into increasing the uptake of computer science in 450 London schools. However computing is still, far too often, being taught by non-specialist staff, and lacks innovation and careful integration into the curriculum.

Beyond the classroom, more innovative solutions are a part of the mix. Code clubs for kids and "hack-a-thons" have been established to promote technology to children. And companies, such as Technology Will Save Us, have created coding kits, to teach children the basics of computer programming in an informal way.

For school-leavers and adults, digital learning opportunities are springing up all over the city. Many choose fast-track courses with private organisations such as Makers Academy, and General Assembly, as a launch-pad to a new career. However, fees of up to £8,000 for a 12 week course, mean many Londoners cannot afford to access these well-regarded courses, or benefit from their high employment outcomes.

Digital Skills for All?

In an attempt to democratise access to digital learning, technology apprenticeships are growing, with schemes such as Tech City Stars, and Tech Up Nation, supported by the Mayor's Fund for London.

However, in our 'Trained in London' report, we found that London's tech sector had less than 0.4 apprenticeships per 100 employees, making it the second lowest performing sector in the capital.

The House of Lords Select Committee on Digital Skills found, in February 2015, that the number of digital technology apprenticeships, particularly higher-level apprenticeships, was far below what the economy needed. In 2013/14 less than 3% of the total number of apprenticeship starts were in ICT.

As a result, not only is the sector missing out on much-needed talent, but Londoners without £8,000 to spend are struggling to access the full range of job opportunities available to them.

[1] London-2036, London Enterprise Panel, 2015
[2] This is for everyone Centre for London.

Challenge Three: Skills

What are the Key Challenges?

• Despite the Mayor's 'Smart London Plan' setting an ambition to double apprenticeships between 2013 and 2016, digital apprenticeship starts in London have shown no growth in the period. They average just 1,300 per annum and most are offered at NVQ Levels 1&2, despite demand for apprentices trained to Levels 3&4.

• Training providers need to be more responsive to business requirements. Further education establishments are producing graduates with theoretical, often outdated, skills. Whereas private sector learning providers, with courses better tailored to industry needs, cannot supply talent at the rate required. Plus their fees, of up to £8,000 per course, exclude many Londoners.

• There is insufficient current data on the demand for tech skills. This limits the ability of both private and public skills providers, to fully respond to business need.

• Most businesses in need of talent are SMEs. Despite a desire to be socially responsible, SMEs offer few apprenticeships, due to cost, and the perceived burden of staff who are not yet appropriately skilled. Plus, they struggle to influence curriculum content, and thus are less likely to consider apprenticeships fit for their needs.

• Existing free digital skills activities for young people are small scale, disparate and under-funded. They are not often well linked to schools, job centres, or third sector skills providers, and so cannot guarantee all young people are reached.

• Careers advice is insufficiently specialised to enable young people to fully understand the opportunities which are most appropriate for them. Careers outreach programmes, run by tech companies, to inspire young people to strive towards tech careers, are limited to date.

These findings are echoed by Centre for London in their 'This is for everyone' report, which highlights how opportunities in the tech sector could be made available to all.

They have explored various ways to democratise digital skills, Including building a website, wearedotdotdot, as a means to communicate the opportunities available.

However they admit that restrictions, posed by policy constraints, structural issues within the tech sector, and the current lack of integration with the further education sector, mean initiatives require assistance from the Mayor, and others, to ensure success.

A Digital Skills Case Study

Provider: Makers' Academy

Offering: 12 week, fully immersive, developer course.

Cost: £8,000 for 12 week course.

Outcome: 85% employment within 3 months.

Funding : Private finance. Limits intake to 'those who have.'

Equality: Makers' have developed a fellowship scheme, (with Centre for London) for one person to attend each of their standard 12 week courses. Student are fully funded for the duration of the course. They repay the grant on entering employment.

Challenges: The fellowship is not eligible for apprenticeship funding or student loans. Among the reasons for lack of eligibility are absence of formal qualification outcomes, short course length, lack of workplace experience, and absence of soft-skills training.

Challenge Three: Skills

Recommendations:

12. With increased devolution of skills funding the Mayor, and LEP, should work together with digital skills providers, and further education establishments, to re-design an apprenticeship which is fit for the purposes of the digital sector (See box).

13. In the meantime, as well as supporting existing apprenticeship schemes, the Mayor and the LEP should carefully target the £5m Digital Talent Programme to enable a range of providers to benefit. Making funds available to providers offering courses other than conventional apprenticeships, would ensure those most in need could access the very best training available in London.

14. The Mayor, and GLA, should gather and maintain real-time data on the sectoral demand for tech skills, to ensure skills providers are designing training appropriate to the needs of businesses.

15. The Mayor, LEP and GLA, could ensure that SME interests are represented in high level decisions as part of the Digital Talent Programme. They could support SMEs to collaborate on building a sustainable, shared apprenticeship programme from which they would gain value, without disproportionate resource burden.

16. The Mayor, London Councils, and the LEP could use the tech sector to pilot The London Ambitions Careers Offer, bringing together digital business leaders, local authorities and schools, to build better, universal, careers provision at a local level (see recommendation 8).

17. To underpin this, and avoid the array of digital skills offerings becoming confusing for young Londoners, the Mayor should use the Tech.London website to provide a clear, well explained, source of information and advice on the range of pathways to a digital career, and the financial help available.

What should a best practice digital apprenticeship look like?

It should be:

- **Industry led** to ensure relevance;
- **Informed by** better, localised, **data** collection on the needs of the sector;
- **Agile**, and over as short a timeframe as possible, to ensure content, and cohorts, keep pace with changes in the industry;
- At a skill level high enough to meet the needs of the sector and produce better employability outcomes i.e. **equivalent to NVQ level 3 or 4**.
- **Integrated technical and workplace skills** to guarantee employability of graduates;
- **Centrally coordinated** to ensure SMEs are able to participate, in both curriculum development and hiring;
- **Better promoted** in schools, with hands-on input from businesses, to ensure all young people recognise their value and the opportunities they offer.
- Accreditation should be offered based upon **employment outcomes** not an examined qualification, enabling private digital skills providers and further education establishments both to compete on a level playing field, and to clearly demonstrate the value of their provision, to businesses and applicants.

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About the report

This is a summary of the findings from the Economy Committee's visit to Tech City in September 2015. The Committee met with individuals from several organisations to discuss issues threatening the growth of the tech sector, particularly relating to digital skills and connectivity:

- **Russ Shaw** CEO, Tech London Advocates
- **Ruben Kostucki** COO, Makers Academy
- **Sarah Wood** CEO, Unruly Media
- **Bethany Koby** Founder, Technology Will Save Us
- **Anthony Impey** CEO, Optimity
- **Jessica Tyrrell** Centre For London

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Aims:

- To investigate how the tech sector is rising to the challenges of connectivity and a shortage of digital talent.

- To observe how the tech sector is working to ensure Londoners, especially the less advantaged, are given the skills to benefit from opportunities in the sector.

- To determine the impact of the Mayor, LEP and others' interventions to support improvement of broadband provision, and technology skills training for Londoners.

- To agree priorities for Mayoral candidates' attention, to ensure London's Digital Economy continues to grow, and that its growth delivers maximum benefit to Londoners.

Economy Committee:

The London Assembly Economy Committee scrutinises the work of the Mayor, and investigates issues of concern to Londoners in the areas of economic development, wealth creation, culture and sport. Its members are:

- Fiona Twycross AM (Chair)
- Stephen Knight AM (Deputy Chair)
- Baroness Jenny Jones AM
- Tony Arbour AM
- Onkar Sahota AM
- Murad Qureshi AM
- Kit Malthouse AM MP

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GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Welfare Reform and London's Changing Poverty Profile

Report to: Economy Committee	
Report of: Executive Director of Secretariat	**Date: 21 January 2016**
This report will be considered in public	

1. Summary

1.1 This paper provides information for a Committee meeting on welfare reform and London's changing poverty profile.

2. Recommendations

2.1 **That the Committee agrees the scope and terms of reference for a meeting, in February, on welfare reform and London's changing poverty profile.**

3. Background

3.1 At its meeting on 15 October 2015, the Committee agreed for officers to scope how the Committee might use its February 2016 meeting to explore the issues of low income households. The Chair has since agreed to examine recent and proposed changes to the welfare and tax systems, and their impact upon Londoners.

4. Issues for Consideration

4.1 The Trust for London and the New Policy Institute have recently published an updated version of "London's Poverty Profile" which provides an independent assessment of the depth and extent of poverty in the capital. The report, the fifth in the series, sets out a number of key findings across a range of domains including homelessness, worklessness, inequality and low pay. Its top line findings are that 27 per cent of Londoners live in poverty after housing costs are taken into account, compared with 20 per cent in the rest of England. The majority of people in poverty are in a working family; for while the number of unemployed adults is at its lowest level since 2008, the number of jobs paying below the London living wage continues to rise – with the largest rise among men working full time.

4.2 The report also sets out how welfare reforms have affected the life chances and quality of life of Londoners. The trends in benefit claims suggest that things have improved in London in recent years. There has been a substantial fall in numbers claiming out-of-work benefits as employment increases. The report finds that "even housing benefit, which has been slower to start falling has fallen due to fewer claims from workless families." But the report has also shown that high housing costs and benefit cuts are making it increasingly difficult for low-income households in London.

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4.3 Following the post-election announcements of further welfare reform, most notably cuts to family tax credits, the Mayor commissioned GLA Economics to produce a detailed assessment of the likely impact of the changes on working families in London. The Comprehensive Spending Review (CSR) subsequently amended some of the previously announced changes to tax credits though other changes, such as the removal of the family element and the limit of the child element to two children for children born on or after 6 April 2017, remain.

4.4 Other significant welfare announcements in the CSR included the delay for migration of existing caseloads to Universal Credit and changes for social renters, who will now only be able to claim Housing Benefit to the level of the relevant Local Housing Allowance for private rented accommodation. Funding for those in temporary accommodation will now be paid directly by local authorities and not by DWP. However there are several elements of the new welfare reform arrangements which remain opaque. For example there has been some discussion of a cap on social renting allowances. Furthermore benefits to be paid through the Universal Credit system are expected to be far less generous than previous JSA benefits.

4.5 To develop a better understanding of these changes, and how they will affect the livelihoods of low income Londoners, the Committee will discuss these issues with the following organisations.

- The New Policy Institute will brief Members on the 2015 edition of their report "London's Poverty Profile".
- Centre for Social Justice (tbc)
- Local Authority representatives (tbc).
- The Child Protection Action Group will provide more detailed insights from their caseload.
- Z2K (tbc)

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

List of appendices to this report: None

Local Government (Access to Information) Act 1985
List of Background Papers: *London's Poverty profile 2015*

http://www.londonspovertyprofile.org.uk/2015_LPP_Document_01.7-web%255b2%255d.pdf

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GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Extending Childcare Provision - An Ambition Too Far?
Report to: Economy Committee
Report of: Executive Director of Secretariat / **Date: 21 January 2016**
This report will be considered in public

1. Summary

1.1 This paper provides information on the Committee's meeting on the government's extension of free childcare entitlement and how that will be delivered in London.

2. Recommendations

2.1 **That the Committee agrees the scope and terms of reference for an investigation into the extension of free childcare provision, as set out in Appendix 1.**

2.2 **That the Committee puts questions on childcare provision to invited guests, and notes the subsequent discussion.**

3. Background

3.1 At its meeting on 15 October 2015, the Committee agreed to use the January meeting to explore progress on, and challenges to, delivering childcare entitlements in the capital. It was agreed that the specific focus of the meeting would be the implications, for London, of the government's commitment to extend free childcare provision from 15 to 30 hours per week for all three and four year olds of working parents.

4. Issues for Consideration

4.1 The scoping document is attached at **Appendix 1.**

4.2 The proposed terms of reference for the investigation are:

- To explore experiences of delivering the current free childcare entitlements for two, three and four year olds, and any challenges to date.

- To explore the implications of the extension of the entitlement for three and four year olds for working parents, and any additional barriers to its delivery.

- To consider what action could be taken by the Mayor to support delivery and uptake of the current and future entitlements.

4.3 At this meeting the Committee will put questions to the following guests:

- Jill Rutter, Head of Policy, Family and Childcare Trust;
- Claire Schofield, Director of Membership, Policy and Communications, National Day Nurseries Association;
- Shannon Hawthorn, Press and Public Affairs Director, Pre-School Learning Alliance; and
- Munira Mirza, Deputy Mayor for Education and Culture.

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

List of appendices to this report:
Appendix 1 – Childcare Scope

Local Government (Access to Information) Act 1985 List of Background Papers: None.	
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Scoping Paper - Extending Childcare Provision in London. An ambition too far?

Introduction

In its 2015 manifesto, the Conservative Party committed to providing 30 hours of free childcare to working parents of three and four year olds. This was an extension of the previous offer of 15 hours for disadvantaged two year olds and all three and four year olds. London has had mixed success in delivering the previous commitment, and the cultural, infrastructure and funding barriers it currently faces to successful delivery are likely to be exacerbated by the new commitment. The provision of childcare is essential to London's economy, allowing parents the opportunity to enter the workforce and develop the skills necessary to progress their career.

As a result, the London Assembly Economy Committee has agreed to examine the provision of childcare in London at its meeting on 21 January 2016. The terms of reference previously agreed by the Committee are:

- To explore experiences of delivering the current free childcare entitlements.
- To explore the implications of the extension of the entitlement for three and four year olds for working parents, and any additional barriers to its delivery.
- To consider what action could be taken by the Mayor to support delivery and uptake of the current and future entitlements.

Background

Changes to statutory entitlements

Local authorities currently have a statutory duty to secure free part-time early education for 15 hours per week for 38 weeks of the year (or 570 hours per year) for:

- the 40 per cent most disadvantaged two year olds; and
- all three and four year olds.

There are significant numbers of families taking up the entitlements. However, the uptake rate is lower in London (46 per cent) than the average rate for England (58 per cent). In particular, the uptake rate in inner London is lower (40 per cent) than outer London (50 per cent), particularly for two year olds.[1]

The Government is now extending the entitlement of three and four year olds to 30 hours per week (or 1,140 hours per year), but for working parents only.[2] So it should be considered as distinct from the current entitlements, particularly in terms of its implications for boroughs and providers. This new entitlement should be fully in place by 2017, with pilot schemes in 2016.

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[1] https://www.gov.uk/government/statistics/provision-for-children-under-5-years-of-age-january-2015

[2] 'Working' households will be where both parents, or single parents , are earning the equivalent of 8 hours per week on national minimum wage and this can include self-employment. However, there are a number of other qualifying circumstances in recognition why some parents may not be in work - see page 10 here: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/465446/Childcare_Bill_Policy_statement.pdf)

Challenges to delivery

There are a number of obstacles to delivering the current entitlements, including:

- Levels of funding from central government;
- The number of providers who are willing to deliver the entitlement; and
- Barriers to uptake by parents.

London also has a range of specific issues which make successful delivery of the childcare commitment more challenging than in other regions:

- Childcare costs, across all types, are higher in London than the rest of the country. However, the levels of government funding do not adequately recognise this difference;
- Parents require more hours of childcare in London, due to the length of commutes, the lack of a family network compared with other parts of the country and the increasing numbers of jobs which require evening or weekend work; and
- The high cost of property in London makes it harder for providers to expand.

While, the extension is expected to exacerbate some of these issues, there are also new challenges thrown up by the extension of the new entitlement for three and four year olds of working parents. There are likely to be a number of consequences from providers' requirement to offer 30 rather than 15 hours. Table 1 highlights the main issues for councils and providers;

Councils	**Providers**
A lack of available data. Councils do not know the employment status of recipients of the current entitlement so cannot easily estimate the demand for the new entitlement.	The loss of 'cross-subsidy', ie, providers often use additional hours purchased by parents at a higher rate to subsidise the lower rate paid by councils for the current free commitment.
A tension between whether the focus of the policy is to deliver childcare for working parents, or provide additional early years education.	The loss of the ability to deliver 'two shifts' of childcare within the same setting.
Whether voluntary sector providers will have access to venues they currently operate out of when hours are extended.	Limited space and capacity to expand, and the need for capital investment.
The viability of schools' expanding their provision.	The impact of the National Living Wage increase on providers' salary costs.
	How viable is the delivery of a mixed model of childcare provision (combining both setting-based and childminder provision).

Update from the Autumn Statement

Further details of how the Government will fund the extension were announced in the Treasury's Autumn Statement. These included:

- **Eligibility (1):** The government has said that parents who each work at least the equivalent of 16 hours per week at the national living wage, and who earn less than £100,000 will be entitled to the new extension.
- **Eligibility (2):** Eligibility is based on income earned, not hours worked, so if a parent works for less than 16 hours, but in that time, earns more than the equivalent of 16 hours per week at national living wage (or minimum wage for under-25s), they will still be eligible.
- **Funding:** The Treasury has previously announced funding of £640 million to deliver the new childcare commitment. It has also pledged an additional £300 million to raise the funding rates for providers from £4.71 to £4.88 per hour of childcare from 2017/18 to the end of the current Parliament. These rates are a national average; specific regional rates will be set after a period of consultation in 2016.
- **Timescales:** Pilot schemes will start in early 2016. These are intended to explore how the extra childcare commitment can be delivered in different regions. £15m will be invested in 2016/2017 for the pilot scheme, rising to £365m in 2017/2018 (the predicted cost of the full roll-out of the scheme from September 2017 to the end of the financial year in March 2018). In 2018/2019, the government will invest £640m, rising to £670m by 2020/21.
- **Capital Funding:** £50 million is being made available to increase the physical infrastructure in the childcare sector. How this money will be distributed has yet to be announced.

The role of the Mayor

Current key activities include:

- The GLA is commissioning a parental employment project as part of its ESF-funded programmes, which would cover childcare costs for a limited period for eligible parents;
- The London Plan states that "access to adequate, affordable and high quality childcare (pre-school and school age) provision plays a key role in children's development and enables parents to go back to work."[3] It recommends that proposals housing and commercial facilities should provide suitable childcare for those in need of it.; and
- The Mayor and London Councils have been lobbying the Government to take account of the specific challenges that London faces and to adjust funding and conditions accordingly.

Devolution

Members may also wish to explore if there is a case for devolving control of childcare funding to London Government. The Mayor will gain control of the adult skills budget from 2019, and a case is being made for devolving additional Employment Support Programmes to better target funding and improve outcomes.

Previous work by the Committee

In December 2013, the Economy Committee published *Parental Employment in London*. This analysed the childcare sector as a barrier to parental employment. The Committee was told that the

[3] The London Plan

LEP was working on a strategy for parental employment which would include several childcare provisions. In developing this strategy, the Committee recommended that the LEP provide:

- A more detailed explanation of how future EU and national skills funding will be used to support parents into the workplace.
- How the LEP might work with schools and local authorities to provide innovative solutions to providing 'wrap around' childcare.
- How the LEP might work with employers to increase the number of quality part-time positions, and flexible work practices.
- What further support the LEP could offer through its SME programme to promote childcare business and employment opportunities.
- How the GLA could encourage Business Improvement Districts and Enterprise Zones to provide more crèche and nursery spaces within developments.

Since 2013, no strategy has appeared. Both the LEP's Jobs and Growth Plan and the 2014-20 European Structural & Investment Funds (ESIF) Strategy for London acknowledge the need for a greater range of lower cost childcare options for disadvantaged groups to work, but they contain little detail about how the GLA or LEP might assist in this area.

Meeting structure

The meeting will take part in two sessions. The first will address the first two points in the terms of reference, i.e., how the current childcare provision has been delivered, and the likely consequences for London of the extension to 30 hours.

Guests are:

- London Councils (to contribute a pan-London perspective)
- The Family and Childcare Trust (to provide data on London's childcare sector)
- Pre-School Learning Alliance (to provide perspective from providers)
- The National Day Nurseries Association

The second session will explore what the GLA has achieved in expanding childcare provision since the Committee's last meeting in 2013, and will include representatives of the GLA's social policy and diversity team and early years education team.

GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Economy Committee Work Programme	
Report to: Economy Committee	
Report of: Executive Director of Secretariat	**Date: 21 January 2016**
This report will be considered in public	

1. Summary

1.1 The Committee receives a report monitoring the progress of its work programme at each meeting.

2. Recommendation

2.1 That the Committee notes its work programme as set out in this report.

3. Background

3.1 The topics listed below have been agreed as priorities for the Committee's work programme during 2015/16:

- **Mayoral programmes and commitments on economic issues.** The Committee will continue to scrutinise the Mayor's economic programmes and commitments, including those related to apprenticeships, the London Living Wage and job creation.
- **The role of the third sector in employment and skills programmes.** The report was published in October 2015.
- **Digital economy**. A digital report as published in December 2015.
- **London's flexible labour market.** The Committee is exploring the changing nature of London's economy and labour market and the impact of the changes for London's employers and employees. A report is due for publication in January.
- **Manufacturing**. In December the Committee will visit manufacturing businesses in the capital to better understand their potential, the challenges which they might face and any opportunities for the Mayor to support the sector. A letter summarising the findings from the visit will be published in January.
- **Childcare**. The Committee will explore progress on, and challenges to, delivering childcare entitlements in the capital, in light of government plans to extend free childcare entitlement.
- **Welfare reform**. The Committee has agreed to examine recent and future changes to the welfare and tax systems, and their impact upon Londoners.

- **Food poverty among older people.** The Committee has agreed to consider what action could be taken, by the Mayor and partners, to support provision of nutritious food for older people at risk of food poverty.

4. Issues for Consideration

4.1 All topics for discussion at meetings in 2015/16 have now been agreed. This is the final version of the work-programme table.

Meeting Date	Main discussion
18 June 2015	Role of the third sector in employment and skills programmes
14 July 2015	Role of the third sector in employment and skills programmes
10 September 2015	Informal site visit to explore London's digital economy
15 October 2015	London's changing economy – Productive, Flexible, Inclusive?
24 November 2015	London's changing economy – Productive, Flexible, Inclusive?
08 December 2015	Informal site visit to explore the current state of London's manufacturing sector.
21 January 2016	Childcare
24 February 2016	Impact of welfare reform on low-paid Londoners
15 March 2016	Food poverty and older people

5. Legal Implications

5.1 The Committee has the power to do what is recommended in this report.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

List of appendices to this report: None.

Local Government (Access to Information) Act 1985	
List of Background Papers: None.	
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