AGENDA

Meeting	**Economy Committee**
Date	**Tuesday 13 December 2016**
Time	**10.00 am**
Place	**Chamber, City Hall, The Queen's Walk, London, SE1 2AA**

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www.london.gov.uk/mayor-assembly/london-assembly/economy

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Members of the Committee

Fiona Twycross AM (Chair)
Kemi Badenoch AM (Deputy Chair)
Shaun Bailey AM
Andrew Dismore AM
Joanne McCartney AM
Caroline Russell 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
Monday 5 December 2016

Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Rachel Greenwood, Committee Officer; telephone: 020 7983 4285; email: rachel.greenwood@london.gov.uk; minicom: 020 7983 4458

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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Certificate Number: FS 80233

Agenda
Economy Committee
Tuesday 13 December 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: Rachel Greenwood, rachel.greenwood@london.gov.uk, 020 7983 4285

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 - 32)

The Committee is recommended to confirm the minutes of the meeting of the Committee held on 8 November 2016 to be signed by the Chair as a correct record.

The appendix to the minutes set out on pages 9 to 32 is attached for Members and officers only but is available from the following area of the Greater London Authority's website: www.london.gov.uk/mayor-assembly/london-assembly/economy

4 Summary List of Actions (Pages 33 - 36)

Report of the Executive Director of Secretariat
Contact: Rachel Greenwood, rachel.greenwood@london.gov.uk, 020 7983 4285

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

5 Action Taken under Delegated Authority (Pages 37 - 46)

Report of the Executive Director of Secretariat
Contact: Rachel Greenwood, rachel.greenwood @london.gov.uk, 020 7983 4285

The Committee is recommended to note the recent action taken by the Chair, Fiona Twycross AM, under delegated authority, namely to agree, in consultation with party Group Lead Members, the Committee's report on the EU Exit and financial services.

6 Impact of the EU Exit on London's Big Businesses (Pages 47 - 48)

Report of the Executive Director of Secretariat
Contact: Carmen Musonda, carmen.musonda@london.gov.uk; 020 7983 4351

The Committee is recommended to note the report as background to the discussion with invited guests on the impact of the EU exit on London's big businesses.

7 Economy Committee Work Programme (Pages 49 - 52)

Report of the Executive Director of Secretariat
Contact: Carmen Musonda, carmen.musonda@london.gov.uk; 020 7983 4351

The Committee is recommended to agree the work programme and priorities for 2016/17, as set out at paragraphs 4.2 – 4.4 of the report.

8 Date of Next Meeting

The next meeting of the Committee is scheduled for Tuesday, 17 January 2017 at 10.00am in the Chamber, City Hall.

9 Any Other Business the Chair Considers Urgent

GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Declarations of Interests	
Report to: Economy Committee	
Report of: Executive Director of Secretariat	**Date: 13 December 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:

[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
Tony Arbour AM	Member, LFEPA; Member, LB Richmond
Jennette Arnold OBE AM	Committee of the Regions
Gareth Bacon AM	Member, LFEPA; Member, LB Bexley
Kemi Badenoch AM	
Shaun Bailey AM	
Sian Berry AM	Member, LB Camden
Andrew Boff AM	Congress of Local and Regional Authorities (Council of Europe)
Leonie Cooper AM	Member, LFEPA; Member, LB Wandsworth
Tom Copley AM	
Unmesh Desai AM	Member, LB Newham
Tony Devenish AM	Member, City of Westminster
Andrew Dismore AM	Member, LFEPA
Len Duvall AM	
Florence Eshalomi AM	Member, LFEPA; Member, LB Lambeth
Nicky Gavron AM	
David Kurten AM	Member, LFEPA
Joanne McCartney AM	Deputy Mayor
Steve O'Connell AM	Member, LB Croydon
Caroline Pidgeon MBE AM	
Keith Prince AM	Member, LB Redbridge
Caroline Russell AM	Member, LFEPA; Member, LB Islington
Dr Onkar Sahota AM	
Navin Shah AM	
Fiona Twycross AM	Chair, LFEPA; Chair of the London Local Resilience Forum
Peter Whittle AM	

[Note: LB - London Borough; LFEPA - London Fire and Emergency Planning Authority.
The appointments to LFEPA reflected above take effect as from 17 June 2016.]

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:	Rachel Greenwood, Committee Officer
Telephone:	020 7983 4285
E-mail:	rachel.greenwood@london.gov.uk

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GREATERLONDONAUTHORITY LONDONASSEMBLY

MINUTES

Meeting: Economy Committee
Date: Tuesday 8 November 2016
Time: 10.00 am
Place: Chamber, 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)
Shaun Bailey AM
Andrew Dismore AM
Joanne McCartney AM
Caroline Russell AM
Tony Devenish AM

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

1.1 Apologies for absence were received from Kemi Badenoch AM, for whom Tony Devenish AM substituted.

2 Declarations of Interests (Item 2)

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

2.2 Joanne McCartney AM informed the Committee that she had recently become the Mayoral appointee to the Living Wage Commission. This declaration was noted for the purposes of transparency only.

2.3 **Resolved:**

(a) 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; and

(b) That the declaration from Joanne McCartney AM, as outlined in paragraph 2.2 above, be noted.

3 Minutes (Item 3)

3.1 **Resolved:**

That the minutes of the meeting held on Tuesday, 11 October 2016 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 completed and outstanding actions arising from previous meetings of the Committee be noted.

5 Response from the Mayor to the Committee's Letter on Food Poverty and Malnutrition in Older People (Item 5)

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

5.2 **Resolved:**

That the response from the Mayor to the Committee's letter on food poverty and malnutrition in older people be noted.

6 Impact of the EU Exit on the London Labour Market (Item 6)

6.1 The Committee received the report of the Executive Director of Secretariat as background to putting questions on the impact of the EU Exit on the London labour market to the following invited guests:

- Megan Dobney, Regional Secretary, Southern and Eastern Trades Union Congress;
- Clare Ludlow, Director of Innovation, Timewise Foundation;
- Conor D'Arcy, Policy Analyst, Resolution Foundation; and
- Gerwyn Davies, Labour Market Advisor, Chartered Institute of Personnel and Development (CIPD).

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

6.3 During the course of the discussion, the Labour Market Advisor, CIPD undertook to provide the Committee with the findings from the CIPD's survey of employment legislation, once it had been completed.

6.4 **Resolved:**

That the report and discussion, and the commitment outlined at paragraph 6.3 above, be noted.

7 Economy Committee Work Programme (Item 7)

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

7.2 **Resolved:**

(a) That the work programme and priorities for 2016/17, as set out at paragraphs 4.3 – 4.6 of the report, be noted; and

(b) That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output arising from the Committee's work on the implications of an EU exit for the London economy, as outlined at paragraph 4.3 of the report.

8 Date of Next Meeting (Item 8)

8.1 The date of the next meeting of the Committee was confirmed as Tuesday, 13 December 2016 at 10.00am in the Chamber, City Hall.

9 Any Other Business the Chair Considers Urgent (Item 9)

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

10 Close of Meeting

10.1 The meeting ended at 11.36 am.

Chair

Date

Contact Officer: Rachel Greenwood, Committee Officer; telephone: 020 7983 4285; email: rachel.greenwood@london.gov.uk; minicom: 020 7983 4458

Economy Committee – 8 November 2016

Transcript of Item 6 – Impact of the EU Exit on London's Labour Market

Fiona Twycross AM (Chair): Today's main item is a discussion on the impact of Brexit on the London labour market. I welcome our guests. Megan Dobney is the Regional Secretary of Southern and Eastern Region, Trades Union Congress (SERTUC). We are expecting Clare Ludlow from the Timewise Foundation. She is Timewise's Director of Innovation. Conor D'Arcy is a Policy Analyst from the Resolution Foundation and Gerwyn Davies is a Labour Market Advisor from the Chartered Institute of Personnel and Development (CIPD).

We have a number of questions and so we will start with question 1, which is initially aimed at Gerwyn Davies and Megan Dobney. It is a broad question about the role that the European Union (EU) has played in protecting United Kingdom (UK) workers' rights. What is the likelihood that an EU exit will jeopardise that protection and could you comment on which rights you believe are most at risk?

Megan Dobney (Regional Secretary, Southern and Eastern Region, Trades Union Congress): Thank you very much. It is of course a mixed picture because we have domestic rights that have either been brought in or reinforced from Europe, but it is worth noting that the rights that have come from the European route were not created out of thin air. They are also, in many cases, a result of trade unions' work across the European continent rather than purely within the UK.

I am not going to give a learned lecture on that because it is only a two-hour meeting, but there are a number of things that we could look at; for instance, the Working Time Directive. When that came in, many workers did have paid holidays but many did not. We estimate that about two million workers had paid holiday for the first time and six million gained in the amount of paid holiday that they received at work. That is a good benefit particularly for part-time workers, who very often had no entitlement to paid holiday in their workplaces and of course many of those were low-paid women.

The Health and Safety at Work Act [1974] predates EU legislation of course, but it has been reinforced and a range of other directives associated with it have supported health and safety rights at work.

Again, with maternity and pregnancy rights for workers, we had maternity leave before EU law required it but improved protections have come from Europe for pregnant women and new mothers, including the right to paid time off for antenatal appointments, for instance. Areas such as parents' and carers' rights came in following the Parental Leave Directive.

Equal pay, which we had achieved through the Equal Pay Act [1970] - or, rather, we had achieved the Equal Pay Act if not equal pay - was reinforced from Europe for equal pay for work of equal value.

With discrimination in terms of working rights, we had raised sex and disability discrimination laws before the EU required them, but the EU led to improvements. For instance, it removed the exemption that applied to small businesses in terms of disability discrimination. The first rights to equality on the grounds of sexual orientation, religion or belief and age came from European directives.

In terms of part-time, fixed-term and agency workers, the Fixed-Term Work Directive was implemented from Europe and gave us increased rights and equally so agency workers have gained from European employment rights.

Rights to information and consultation, which are particularly important and given consideration now that the Government has stated that it will be ensuring that there is a voice for the workforce on company boards, were impacted through from Europe in the first instance. It started many years ago, I recall when I was a trade union activist, starting with large companies and working its way down so that workers in smaller companies have to be informed and consulted on a number of various things.

In general, what has happened is that the EU has given us a minimum floor and we have, in many cases, superior rights, but that is the importance. It is a level below which we cannot drop.

In terms of the second part of the question about what could be jeopardised, we do not really need a crystal ball on this one. It is possible to look at what has been stated as the aspiration of various political people.

For instance, when the last Government - not the current Government - conducted its Employment Law Review, it announced its intention to review discrimination compensation because, as you may be aware, in employment tribunals that is uncapped, unlike other awards that can be made. The Beecroft Report [Adrian Beecroft, *Report on Employment Law*, 2012] suggested that the Temporary Agency Work Directive was too much of a burden on businesses and should be reconsidered.

The last Government does not need excuses in any case because, as you will also know, it increased the qualification period for taking employment abuses to an employment tribunal from one year to two. There had been concerns when the paid holiday right came in and cases were taken to ensure that there was a wider range of some atypical salaries that received the appropriate holiday pay. The Government immediately moved to reduce that compensation for underpayment to a maximum of two years.

It is reinforcement, again, that the European law is a floor. We are above it in many cases and it will be very dependent on political perspective what happens if we are not protected by that floor, but I do believe that anything could happen. Then again, there is consensus on a number of things. That is the end of the crystal-ball gazing.

Fiona Twycross AM (Chair): To what extent do you think the Great Repeal Bill could reduce any short-term risks?

Megan Dobney (Regional Secretary, SERTUC): It will guarantee everything for, I suppose, five minutes because the point of the Great Repeal Bill is that everything stays as it is, but then of course nothing moves.

Then there are two options. One is that we slip behind because it is quite likely that the EU competitive nations, if you like, in terms of business, will be improving their employment rights and we will not be taken with that. Secondly, of course, it would give the opportunity through Parliament, through a normal process, to amend every piece of legislation that is then on the statute book.

Fiona Twycross AM (Chair): How might the potential erosion of workers' rights over the longer term be best avoided, then?

Megan Dobney (Regional Secretary, SERTUC): It can be best avoided with stronger trade unions, great recognition that working rights are not some gift to the workforce but are part of a good business and part of good productivity, recognition that without workers there are no businesses and an understanding by more companies - many do, of course - that that is the case. Political will is the only other thing. It is a very wide question.

Fiona Twycross AM (Chair): Gerwyn Davies, I wonder if you could comment on the role that the EU has played and what the potential impact of Brexit will be.

Gerwyn Davies (Labour Market Advisor, Chartered Institute of Personnel and Development): We do not see any changes in the short term and we see some difficulty with actually making changes in the medium term to existing legislation, nor do we think that there should be any substantive legislative changes. We think that the current legislative framework strikes the right balance between protecting the employee and the interests of the employer.

If you look at the international evidence, the Organisation for Economic Co-operation and Development (OECD) evidence in particular, we are the third least regulated labour market in the OECD, which suggests that there is very little more that we can do in the so-called interests of competitiveness to repeal any existing legislation.

Just to echo the point as well, there are many examples of areas that we have transposed into UK law for our own purposes such as the Working Time Directive and there are many other examples that go way beyond the EU statutory minimum. For example, we have parental leave, which has a statutory minimum of just three months but we have 12 months and we are now looking to extend that right to request flexible working to grandparents. The UK is seen as something of a leader across the EU. Rather than chipping away, we should celebrate the success that we have.

Fiona Twycross AM (Chair): How do you feel that the Great Repeal Bill will mitigate any short-term risks?

Gerwyn Davies (Labour Market Advisor, CIPD): I have to confess that I am not the employment law expert on --

Fiona Twycross AM (Chair): No, that is fine.

Gerwyn Davies (Labour Market Advisor, CIPD): In terms of the CIPD's position, we ultimately do not see any great changes in the foreseeable future and, therefore, that any risks will necessarily be offset.

Andrew Dismore AM: I have two or three points on that. First of all, Megan, rights are very important but they are only important if they are ultimately underpinned by an ability to enforce them.

One of the concerns I have had recently is about the way that enforcement has been significantly undermined, particularly by employment tribunal fees. For example, unfair dismissal claims are down 73% since those fees came in. I go right back to when I started doing industrial relations and employment law in the early 1970s and late 1960s. In those days - unfair dismissal came in in 1971 - the biggest single cause of industrial disputes was unfair dismissals.

If it goes on like this, how do you see this actually impacting on industrial relations and do you see the risk of enforcement becoming even further undermined as a result of us leaving the EU?

Megan Dobney (Regional Secretary, SERTUC): I do. There are enormous concerns about enforcement. If we just take one sector for health and safety at work --

Andrew Dismore AM: I was going to go on to health and safety next, actually.

Megan Dobney (Regional Secretary, SERTUC): Were you? I pre-empted. The Health and Safety Executive of course has had its enforcement abilities cut through financial cuts and that means there is no longer the same level of unexpected checks on workplaces or, indeed, the same ability to pursue checks on workplaces where there are concerns.

The whole issue of employment tribunal fees is extraordinarily worrying and I have some memory that there was a vague promise that it would be reviewed at some point, but forgive me for not knowing the facts.

One of the things that is worth noting - and businesses do note this on occasion - is that most people who take employment tribunal claims are not members of trade unions because many trivial and, indeed, larger issues are dealt with by trade unions in the workplace. It is quite often the most vulnerable people who are now being denied justice. It could be justice that it is to do with a £40 or £50 underpayment, which to some of us may not be the end of the world but can be if you are a low-paid worker. The first thing I want to see, of course, is the repeal of employment tribunal fees. There should be no payment to access justice and the idea that individuals pay for justice is really inappropriate. I would wish to see that. I am not holding my breath at this moment, though.

Andrew Dismore AM: You touched on health and safety and that was what I was going to ask you about next because health and safety is part of workers' rights and seems to have been completely overlooked as part of this debate. We know that a lot of our present health and safety law is now rooted in the EU, going back to the 1986 pact [Single European Act] and so forth. Lord Young [of Graffham, former Secretary of State for Trade and Industry] produced a report three or four years ago looking at undermining a lot of those health and safety protections as well.

To what extent do you think the detail of health and safety law and the regulations are vulnerable as a result of leaving the EU?

Megan Dobney (Regional Secretary, SERTUC): The only things that are more vulnerable are those that are absolutely underpinned by the EU. Everything that is underpinned by the EU is vulnerable when we leave, in my view.

It would take a health and safety expert to suggest perhaps where the greatest vulnerabilities are, but my concern has quite often been for workers in smaller companies, where the workplace structures are perhaps not so well developed, participation is not so good and the voice of the workforce is not necessarily heard so well. It is fair to say that in many large businesses the health and safety culture is embedded. That is not to say it is perfect, but I am continually concerned in terms of workers' rights about the idea that it benefits small businesses by "releasing them from the shackles" of some of the health and safety legislation and that is a big error.

Andrew Dismore AM: Particularly in industries like construction.

Megan Dobney (Regional Secretary, SERTUC): Exactly, yes.

Andrew Dismore AM: The third point I was going to put is this. When we saw trade union law eroded in the 1980s, it was done in a very gradual chipping-away way of doing it. It was not a big bang. They knew where they wanted to get to and it was done very gradually over a period of I suppose about ten years all together. Are workers' health and safety rights and so forth at risk of that gradual erosion rather than anything else?

Megan Dobney (Regional Secretary, SERTUC): I suppose it is a probably a bit of a false comparison, if I may, because the gradual erosion over the ten years of the Government led by Margaret Thatcher was not, in my view, an accident. It was not, "I will have a bright idea and do something else". It was a carefully planned process. The fact that it was determined to do it in that way perhaps was the way that was most effective for the Government of the day at that time, whereas today we have just been hit by the Trade Union Act, which is still to be regulated and so it is not actually happening as yet but is waiting for Government activity, although I imagine it has other things on its plate.

Andrew Dismore AM: I was thinking more in terms of a comparison not with "trade union reform", in inverted commas, but more with employment law reform because that, in parallel with what happened in the 1980s with trade unions, was also watered down during that period in a very gradual way that people did not recognise; for example, extending qualifying periods and so forth.

Megan Dobney (Regional Secretary, SERTUC): Yes. That is possible. The other thing to say is that the strength of health and safety legislation is in its collective nature and the danger that we face is the erosion of individual rights. The erosion of collective rights will have an enormous impact on it but there is often a much quieter and more subtle erosion of individual rights, which is what the employment tribunal fees are about. I am not sure if that helps you very much.

Tony Devenish AM: We have had a glass-half-full discussion so far. To be positive, Richard Lambert, the former Confederation of British Industry (CBI) Director General, wrote in the *Financial Times* (*FT*) at the weekend:

> *"Consistency, clarity, stability. These are the three essential qualities that businesses look for in government policy."*

I am sure the trade unions, too. There is a quote in our paper from legal expert Lewis Silkin that concludes that very little would change in terms of EU-derived law because it is so embedded in UK law and it would be very complex to unpick.

Although I understand your different perspectives, we have been a little bit negative. The Government has not said anything negative that I can recall - or even positive, actually - at the moment in terms of this issue. You have no evidence or facts at the moment. You are really going back to the 1980s and history, which is all great. I was Mrs Thatcher's ward councillor, and I personally have a different view of her than perhaps some Assembly Members or this panel do, but the reality is that that is irrelevant to what we are trying to discuss today.

Would you agree that, firstly, at the moment you are making your own opinion with no facts and that for any of us, really, it is too early in this Parliament and that, secondly, on the point that the expert made, all these EU-derived laws are so embedded that, even if the Government wanted to do what you perhaps fear it will want to do long term, there is no evidence and there is no practical way that it could do it easily if it wanted to?

Megan Dobney (Regional Secretary, SERTUC): You are absolutely right that it is an opinion, although it is based on, I suppose, experience of the nature of things. I would also very much welcome some clarity in the Government. It would be much easier for us all if we knew what direction we were going in. Then we might know where it will end up at the point of the Great Repeal Act. We are talking about possibilities and we have no clarity from the Government and so that is the best we can do at the moment.

Gerwyn Davies (Labour Market Advisor, CIPD): Yes, that is a fair point. On that, we will be carrying out our own survey of existing employment legislation. The last time we did this was about nine or ten years ago and so it is probably of little value to share with the Committee but we will, clearly, share the findings with the Committee as soon as we get them. Just to summarise that last piece of research, it essentially said that the current framework is working incredibly well and the voice from employers was, "We do not want any substantive change".

Andrew Dismore AM: Just a couple of points. There is evidence of Government policy going back over the last few years about where it wants to go, not necessarily linked to the EU but Brexit will provide an opportunity for it to do so. For example, Lord Young's report on health and safety law and regulation gave a very clear direction of travel for where the Government wanted to go and, indeed, it has started to implement some of that already. The furore over agency workers' rights is another example where the Government had to be dragged kicking and screaming to deal with that. There is an indication of Government policy - it may not be specifically linked to Brexit - about where it wants to go.

Shaun Bailey AM: Just to pick up the point again on this concept of glass-half-empty, listening to you speak, it would suggest that as a nation we have very active trade unions and we seem to be a leader in workers' rights across Europe. Where has this assumption and this analysis come from that we will immediately row back? Why do we want to row back? If you are saying to me that workers' protections are good for business, why would the Government row back? It seems to me that at one end you may be scaring people without any evidence or any reasoning as to why the Government would row back. Where has it come from? That is what I want to know.

Megan Dobney (Regional Secretary, SERTUC): Just echoing Andrew's [Dismore AM] point, it comes from experience and it comes from what people have said in the past and the way that different Governments have implemented laws they have had to implement at the minimal level. We have had a whole raft of statements from different Government ministers at different points saying, "We think this is a burden on business", but many businesses will not agree with them and that is important to note.

There is an ideological point that people take on employment law. There is a whole strand of people who think it is a burden, as opposed to those people who think it ensures a safe workplace and a profitable business. It is experience that makes me speak like that.

Shaun Bailey AM: Earlier on, the comment was made that we do not know where this Government is going but everybody is speaking with such certainty about the fact that it will be rowing back. It is one or the other.

Megan Dobney (Regional Secretary, SERTUC): It is an opinion, still.

Shaun Bailey AM: I do not know. It seemed to be stated as fact thus far. The point about history - and one thing that I am sure we can all agree on - is that we have not historically been at this point. These are unprecedented waters, for sure.

Fiona Twycross AM (Chair): We are asking members of the panel to predict what they think is likely to happen and so, while you might disagree with what their predictions are, it is reasonable for them to make predictions.

Shaun Bailey AM: I just asked where that analysis is coming from.

Andrew Dismore AM: It comes from policy announcements over the last few years.

Fiona Twycross AM (Chair): Let us move on.

Caroline Russell AM: This area is looking at low pay and in-work poverty specifically and I have a question for Conor. One in five people in employment is in a low-paid job. Can you set out first what is meant by "low pay" and also the key findings from your recent analysis, *Low Pay Britain*, from 2016?

Conor D'Arcy (Policy Analyst, Resolution Foundation): The main measure of low pay that we use is below two-thirds of what the median hourly pay is at the moment. Basically, about £8 across the UK is the current level but that varies over time. That is a measure used by the OECD and it gives you a sense of how people towards the bottom are doing relative to people in the middle.

It is not an absolute value and some people when they talk about low pay will talk about the "living wage", for example, which is more about what exactly you need to have a decent standard of living. There are pros and cons to each of these, but in terms of how the labour market evolves, we have had good statistics on median pay for a long time. The living wage is a newer concept. It lets us talk in the long term about things. On this low pay measure that we use, it is two-thirds of the median and people earning below that.

The trends have not shifted very much over the last 20 years or so but it has been stuck at that one-in-five level for quite a long time. There has been a lot of change within that. We have seen some groups' risk of low pay increase. For instance, young people are much more likely to be low paid now than they have been in the past. Similarly, men's likelihood of being low paid has increased over time. We have seen the likelihood of women being low paid drop off a bit, even though they are still the majority of low-paid workers, and similarly for older workers. They are less likely to be low paid than in the past. This year in our report - and this is the sixth year that we have published our report - the headlines have not changed very much. One in five people is low paid.

The focus that we took this year with Brexit and with the National Living Wage as well, which is a really massive policy for this group of workers, was to see how things were set to evolve over the next few years. Based on the projections for the National Living Wage - and we might come back to what exactly Brexit means for that - and based on where we are expecting it to get to, we are expecting to see low paid fall by about 800,000 workers. It is about 5.3 million workers at the moment and we are expecting to see a significant drop in the share of low-paid workers. It is a real positive.

Brexit really adds to the picture in terms of adding uncertainty. We do not know exactly how the National Living Wage is intending to increase. The £9 has been much discussed, but it is meant to be 60% of what the median worker over 25 earns. That is very much based on how wages more broadly are doing and so exactly how quickly the wages of those at the very bottom rise will depend on how those in the middle are doing and that does influence where we end up on some of these measures. The broad direction of travel that we expect to see happening is that wages grow very quickly for people at the bottom compared to people in the middle. That is the pre-Brexit position to some extent.

I guess the concern that we have is that even though these wages will be growing reasonably well for people at the bottom in nominal terms, in real terms, because we now expect inflation to be that much higher as a result of Brexit - and, again, this is all just based on projections and is the best picture that we have at the moment - it does mean that the value of that wage in the person's pocket will be worth less. In terms of families trying to get by, things might be a bit tougher even if the direction of travel is still roughly the same.

Caroline Russell AM: Going on from that, in light of the recent Uber ruling, are some current working practices - for instance, in the sharing economy - perpetuating a rise in the number of people in London who are on low pay?

Conor D'Arcy (Policy Analyst, Resolution Foundation): It is really tricky one to say and this is something where we try to dig into the sharing economy, the gig economy or however you want to refer to it. Just from the data, it is quite hard to get a grip on exactly how big this industry is. If you just judged it off newspaper headlines, you would imagine that this has massively ballooned in terms of the number of people working in these sorts of jobs, but when you look at the data it is really quite hard to pick that up. That is not to say that it does not exist or is not real; it is just not fully coming through in the data. We are very data-based organisation and so it is slightly hard to pick out.

We have seen self-employment grow very rapidly over the last few years and an extra 1 million workers are now self-employed. In terms of whether or not that is boosting low pay, if they are being classified as self-employed within those statistics that we look at, they will not be showing up because our analysis is just looking at employees. The best data we have on this is just for employees. When we look at self-employed people, it is hard to do an hourly measure for self-employed people because they often do not think about their wages in hourly terms, but if you look at more of a weekly measure - again, thinking about below two-thirds of what the median or typical self-employed person across the economy earns - about half of self-employed people are low paid. There is a concern that if we are seeing self-employment grow and grow, even though most people from the surveys we have done say they are happy being self-employed, in the long run, if their earnings are not growing very well, it does present a concern for how those families are going to support themselves. When they are trying to fall back on rights when issues emerge with their employer, it is more of a concern.

We really welcome the Government's Matthew Taylor-led [former Director, Number 10 Policy Unit] review into this, which will hopefully throw a bit more light on exactly how large the problem is, if it is a problem and what can be done to secure the rights of these workers in these sectors.

Caroline Russell AM: For some people, being self-employed suits them when people are in creative businesses or whatever, but there seem to be a lot more people who are being classified as self-employed but who are effectively employees and the type of work they are doing would be much more suited to being an employee. Are we able to tell how many more jobs that might have historically been employee jobs are being classified as self-employed?

Conor D'Arcy (Policy Analyst, Resolution Foundation): Again, it is one of the really tricky areas of employment law to say who is self-employed and who is an employee. It is really tough for a court even to decide that in many cases and then Her Majesty's Revenue and Customs (HMRC) has a slightly different view on employment law in terms of who is an employee and who is a self-employed person.

We look at data from things like the Labour Force Survey and it asks a worker, "What is your economic position? Are you self-employed? Are you an employee?" They will give their answer as they see best. If someone has been told constantly that they are a self-employed worker by their employer, they are probably going to answer to a survey that they are self-employed. We have seen some movement in terms of the number of people who describe themselves maybe as freelancers, but that has not massively increased. Again, this is one where there is definitely an underlying trend, it seems, from the way people talk about it but it is really not coming out fully in the data yet.

One thing that we are going to publish in the next couple of months is an analysis of agency workers because we do not even have a great sense of how many agency workers there are out there and how much there is an overlap with some of the borderline employees/self-employed people as well as zero-hour contract workers and those things. At the moment, it is not something in our data that we have a really good grip on as to how big of an impact these sorts of trends are having on low pay.

Shaun Bailey AM: Is there a published definition of what it is to be self-employed? Does the Government issue that?

Conor D'Arcy (Policy Analyst, Resolution Foundation): Again, I am not an employment lawyer and so I cannot give you the word-for-word but, if you go on the gov.uk website, it will say, "Here are some things that are typical of self-employed workers. If you meet most of these criteria, you are probably considered self-employed". It is things like having control of your own working patterns and deciding when exactly you want to work and when you do not. It is things like whether or not you can substitute someone else in to take your position if you need to. It is some of those kinds of things. It is, again, whether or not you have control over your work and the extent to which you have control or whether you have a boss who is telling you, "You need to be here at this certain point for this certain time", and you have less flexibility over your rights.

Then, from an HMRC perspective, there is another view. Again, I am not a tax expert and so I am not sure exactly what it says, but it is slightly different again to what the employment law perspective would be. Someone could be defined under employment law as self-employed but not necessarily from a tax perspective be self-employed.

The Office of Tax Simplification has looked at this recently to try to say, "Is there some kind of simplification we can do on this to clear up the picture?" However, the risk is always that you just end up adding more complexity any time you try to resolve this. With things like Uber and the rise of the gig economy or the sharing economy, because the labour market is evolving particularly rapidly at the moment, it appears, it is always hard to say, "This is the point where we need to draw the line", and then move on.

This is why the Government's review should be really helpful, if it is done in a sensible way, to say, "Here is where there are lots of views. This is where we can see there are some issues arising. This is where there has been big growth in a certain kind of worker. Maybe we need to offer more protection for these kinds of workers".

Tony Devenish AM: I am going to make a positive point. I have worked over the years - certainly the last five years - for myself before I came to this place and the reality is that a lot of workers, particularly those who have children, want flexible working and so it is not all doom and gloom. There are some good points to flexible working and being self-employed. Sometimes we forget that at these forums.

Conor D'Arcy (Policy Analyst, Resolution Foundation): I completely agree with that. When self-employment really started rising rapidly in 2013 and 2014, we did a survey to see exactly whether this was, at the worst end of it, people being forced into self-employment because their just were no employee jobs in the economy or whether this was people genuinely choosing to become self-employed. About one in five workers said they had been forced into this position and felt like they had no other option, but the vast majority felt happy to be self-employed.

Gerwyn Davies (Labour Market Advisor, CIPD): Just to echo Tony's point, one thing I would add is that we have published similar research that looks at zero-hour contracts, among other things, which we may come on to. That suggested that there is a huge problem with levels of awareness not just among workers but among employers.

You mentioned the confusion around the different categories and a key confusion is around not just the difference between "self-employed" and "worker" but the difference between "worker" and "employee". It comes back to, as Conor said, the degree to which an employer or manager has control over that person. The Taylor Review could shed some important light on that.

Also, one thing that could come out from that review, potentially, is to ensure that employers do offer written terms and conditions to their workers. We set a timeframe of two months and that is, obviously, up for debate, but that is something that is not happening and it is having huge implications, we think, for the relationship in the workplace.

Clare Ludlow (Director of Innovation, Timewise Foundation): You made a point about low pay. As we know, in London 43% of the low-paid jobs are part-time and so we need to consider the structure of the low-paid jobs as well as the fact that they are just low pay. People who are stuck in low pay are often stuck because they cannot get the part-time jobs they want at a higher level and London is the worst place to find a quality part-time job. One of the things we need to do in London is to make sure that we can get part-time jobs and flexible jobs at all levels of business.

Joanne McCartney AM: My questioning is going to start with Conor and is about what effects an EU exit may have on the projected increase to the National Living Wage and how that would then impact the London Living Wage. I noticed that in the last couple of weeks you have been quoted in the press, if I can quote back at you, to say that:

> *"While there is much uncertainty over Britain's long-term economic outlook, most economists agree that wage growth in the next few years is likely to be weaker than expected prior to the referendum."*

You then cast doubt on whether in the Autumn Statement we are going to get the rate of National Living Wage that was expected. Could you just give us a bit more detail about that and what your predictions are, then, for the future for the National Living Wage?

Conor D'Arcy (Policy Analyst, Resolution Foundation): When the National Living Wage was announced back in July 2015, the figure that the Chancellor at the time, George Osborne, discussed was £9. That was where we were trying to get to by 2020 and that was the figure that was much discussed. As I mentioned, it was intended to be 60% of what the typical over-25 worker was earning rather than a fixed cash point. That was a really sensible move on our point because inflation projections move around, how the economy is doing moves around quite a bit and it is very hard. Picking a cash figure out of the air five years in advance is not the best move, whereas tying it to how the typical worker is doing is a sensible move. You are saying that we should see the wages of those at the bottom rise roughly in line with how those in the middle are doing to make sure that prosperity is shared as much as possible. The actual figure that was published back in July 2015 was £9.35. That was their best estimate of where that 60% would be by 2020.

As always happens, wage projections are wrong and things get revised up or down. It so happened that over the next couple of Budgets and Autumn Statements we saw that go down to £9.20 and then, in March 2016 with the last Budget a few months ago, it went down to £9 and so we were then at that target. That was based on the Office for Budget Responsibility's (OBR) best projections of where it thought average wage growth would be, what that would mean for the typical worker and how that then would link through to the National Living Wage.

Based on the collections of wage growth estimates that [HM] Treasury does all the time - this is not a post-Brexit thing - it has always collected what independent forecasters think will happen to the economy over the next years - we have used a version of that from August to say how we think wage growth is going to progress over the next few years based on these post-referendum expectations. At the moment, instead of that £9 figure announced in March 2016, it now looks to be a bit lower, down to £8.60. It is worth underlining that there is a huge amount of uncertainty on this. We do not know what is going to happen. Wage growth could be stronger than expected; it could be weaker than expected. That is the position that we are in.

In terms of getting to that 60% aim that the Government set, the Low Pay Commission's role is to make sure that, firstly, it is not causing massive damage to the economy but it wants to try to make a straight line to that point. It has been the position that, rather than moving in any big jump at the start or the end, moving gradually up to that 60% figure, whatever it might be, is the best approach. Basically, what we mean is that we are going to see a similar trajectory in terms of moving up to that 60% figure. We are currently at about 55% or 56% and gradually over the next few years we will move up, but that exact cash figure that we are reaching will not be quite as high.

We have heard some people say that it should be higher and calls for a £10 minimum wage from certain places or for linking it explicitly to the Living Wage. We have heard some employers say that in the post-Brexit environment there is too much uncertainty and it is really difficult for businesses to go ahead with and so we should pull away from the policy. Our position has been very much that that link to how the typical worker is doing is a really good tie to how the economy is doing overall. If the economy is not doing as well, we will see it slowing down a little bit. If it is going more strongly, we will see that 60% figure being higher and passing on more wage growth to low earners.

Joanne McCartney AM: Does EU exit present any opportunities for adoption of the London Living Wage, do you believe?

Conor D'Arcy (Policy Analyst, Resolution Foundation): Sorry, I did not follow up on your second question. In terms of how that plays through into the London Living Wage, there should not be a direct link because the National Living Wage is based on a somewhat arbitrary 60% of what the median worker earns, whereas the London Living Wage is intended to reflect what a family needs to have a decent standard of living. It is based on research that was done on typical families and a range of different family types and what they need to meet that minimum acceptable standard of living. Then it looks at the tax and benefit system and how that offsets anything or improves their incomes and then it comes out with this wage figure that you need to earn per hour to meet that standard.

In terms of the knock-on effect from leaving the EU to the National Living Wage to the London Living Wage, there is not a direct line there, but there is definitely an impact from leaving to the EU on the London Living wage and the rate that that gets set at. Because it is based on this basket of goods and services that families need to have to meet that minimum standard, if the prices of those goods are rising faster, then that means the London Living Wage will increase that bit faster as well, just in broad terms.

There are other policies that could change things. If we saw some of, for instance, the planned cuts to Universal Credit being shelved, it would have the opposite effect and would reduce the level of the [National] Living Wage because it would not need to rise as quickly to match that. There are different elements.

Then, in terms of the uptake, it is hard to say. I know from talking to the Living Wage Foundation about this that they have seen, at least since the National Living Wage was introduced, quite a big increase in the number of employers who are paying it. There will always be this really strong argument that even as the National Living Wage goes higher, it is not reflecting what you need to have that decent standard of living. The London Living Wage will always be a gold standard for what employers should pay to make sure their staff can have that decent standard of living.

Joanne McCartney AM: Is it fair to say that it might be quite unpredictable, in effect? We have already had reports of inflation with regards to basic foodstuffs, for example, at the moment and reports that the immigration cap could limit the amount of workers, which may raise the wages that employers have to offer. Are all of those things factored into your predictions?

Conor D'Arcy (Policy Analyst, Resolution Foundation): On the National Living Wage and our projections into that, we do not factor those things in. We are taking the best estimates that various forecasters - banks and other consulting agencies - say, "Here is what we think wage growth is going to do". We just take theirs without saying that this is a strength or weakness of any particular assessment. We will update it once the OBR publishes its new figures at the Autumn Statement and we will be able to adjust it again.

Absolutely, there is so much uncertainty on this. It is so hard to predict which of these predictions will be correct, which things we should be particularly concerned about and which things are going to fade into the background and not have a really big impact. At this stage, before any of the terms of the eventual deal are negotiated, it is really hard to say and so this is just our best picture of what we think might happen over the coming years.

Andrew Dismore AM: I was going to ask about public procurement in the EU in this context of employment conditions, pay and so forth. For example, we have just seen Sadiq [Khan, Mayor of London] say that every contractor contracting with whatever aspect of the Greater London Authority (GLA) has to meet the London Living Wage. We found some contractors in Transport for London (TfL) who were not being paid that, for example. That is permitted under the EU and is probably encouraged.

If we leave the EU, do you see any change in that policy? Sorry about the history lesson but, going back to the 1980s, up until then we had the Fair Wages Resolution, which from 1946 had imposed or required public contractors to have decent standards until Mrs Thatcher abolished it in 1983. Do you see any impact on public procurement policy towards things like the London Living Wage as a result of EU withdrawal? That is a question for Megan [Dobney] as well as for Conor.

Conor D'Arcy (Policy Analyst, Resolution Foundation): It is not one where I would have a particularly strong view either way, to be honest. It is one, again, where there will be evolving priorities. If that is something that the Government or the new legal system wants to commit itself to, it would be helpful in many ways to boost the number of people who are paid the London Living Wage.

Megan Dobney (Regional Secretary, SERTUC): That was very interesting about the interdependence you outlined of the economy and the National Living Wage and the London Living Wage or lack of it, as it were. One of the contexts that we have not mentioned is the fact that in London 17% of public servants have been subject to first of all a pay freeze and then a pay cap over a whole number of years. That is a Government decision and it weakens the economy, reduces the tax take and impacts then on other things such as wages.

Procurement is not my area of expertise, I must say. I understood that there are more limitations in European law than there are in British law. I may be completely wrong on that and so I will ask another expert to say if removal from the EU will enable us more widely to use procurement as a tool or weapon. It certainly should be and we do not use it sufficiently and to the ability that we do have at the moment.

Conor D'Arcy (Policy Analyst, Resolution Foundation): I remember something similar to that being discussed in Scotland where the Government there was particularly keen on it, but I am not sure to what extent it was tested to see whether it was really a limit or not.

Megan Dobney (Regional Secretary, SERTUC): We are not experts on procurement, any of us.

Andrew Dismore AM: Does anybody else know about it? No? All right.

Caroline Russell AM: I just want to go back to the Living Wage and EU exit. Unite has done a report recently, *Unethical London*, which is about low pay in the hospitality sector. It showed that 63% of workers in hotels and restaurants in London are paid less than the London Living Wage. The hospitality sector is also incredibly dependent on migrant workers. In the hospitality sector, 69% of workers are people who have come here to work.

If an EU exit means that it is harder for migrant workers to come here, do we think that the big hotel chains like Hilton and Melia, Accor and those big internationals ones are going to have to start raising the wages that they pay in order to attract people to service their businesses? Certainly in New York, workers in the hotel trade are paid significantly more than people in London in some of these international chains. Might it have an impact? Might an EU exit have an impact on these workers' wages in London?

Conor D'Arcy (Policy Analyst, Resolution Foundation): It is a very interesting one. I have been speaking to employers about the National Living Wage and how they reacted and, separately from any Brexit impact, how they responded to this big increase in their wage costs. Most of them are coping quite well. They have said that it has had some impact but nothing serious so far. However, when we got into it with a few of them on if there were significantly fewer migrant workers for them to draw up, what that would mean for their business model, that was when there was quite a significant state of panic with a couple of employers I spoke to. They were so dependent on workers from overseas that they did not know how they would fill this big gap in their workforce.

For hospitality, to take that example, the British Hospitality Association (BHA), the body that represents that industry, has been very keen to try to promote British workers and to say that the hospitality industry is a place to go and have a career. It is not just somewhere where you go and work in a low-paid position for a little while, but is a place where you can progress and move up to higher wages with better terms and condition. The challenge is always translating that into action and really seeing that happen.

I have spoken to some Living Wage employers, for instance, in hospitality who say that they get great people and that it boosts their trade, boosts how well they do and boosts customer satisfaction and those sorts of things. However, if there was a really big reduction in the number of available workers for these industries, economic theory would say that fewer workers means higher wages to try to offset that. Whether or not those wages would increase so much that prices would become unmanageable for customers to pay is a bigger question.

This is all so hypothetical because we have no idea what is going to happen to the number of workers and, if there was a massive impact in a specific sector, it would be hard to imagine not seeing some kind of response to bring more workers in to offset that. It is very hard to predict.

Megan Dobney (Regional Secretary, SERTUC): If I could, the fact that the New York model exists on a higher level of wages shows that it is quite possible and, indeed, the Living Wage employers in the industry show that it is possible.

There is another concern expressed by some of my colleagues, which is that the removal of migrant workers from the workforce in London will increase the import of workers from further north in the country. We are a comparatively low-unemployment economy in London, the southeast and the east of England. Unemployment is higher in the northern regions, the northwest and the northeast, and so that another possibility. Of course, we might not care to worry about that, but it may well be the case that people will be concerned about it. It is a possible consequence.

Gerwyn Davies (Labour Market Advisor, CIPD): Can I come in, just to summarise a few of the questions? Overall, our outlook on pay is somewhat bearish for two reasons. If you look at the Annual Survey of Hours and Earnings (ASHE) data, which was published very recently, and if you look at the distribution of workers, it shows almost a U-curve. What that is telling us is that employers are rewarding the star performers and those at the bottom end of the distribution are benefiting from the Living Wage and it is squeezing the middle and squeezing affordability in terms of the basic pay award increases. That is reflected in our data at the CIPD, which shows that the basic pay award projection is at an 18-month low. We are about to publish some research, which is going to continue that trend.

The second factor, we believe, is Brexit. The elephant in the room here is productivity growth. We know from our research that employers are not just uncertain about the outlook but concerned about the cost implications of Brexit, in particular the currency depreciation. It is perhaps no surprise, therefore, that more employers say they are going to be cutting investment in both skills and physical capital than say they are going to increase it. That phenomenon is particularly acute in London and so there is a potential productivity point there and, as you rightly pointed out, there is a potential labour supply issue. Many employers have benefited not just from the low-skilled end but from the high-skilled end. You only have to look at the salary profile of the EU14 to see what an incredibly valuable contribution they are making to the EU economy.

We have done some research on this in the last couple of years. To answer your question, it is fair to say that undoubtedly some employers will raise their wages, but there are a whole manner of responses that will take place ranging from simply curbing expansion plans, partly because of the productivity issue. An employer can afford a National Living Wage increase or a wage increase if productivity increases in line with that. If it falls, that affordability is further squeezed.

Also, we were very struck in particular when speaking to some of the hospitality employers that they had not looked at other potential routes and had not faced a scenario where labour supply growth would be curtailed and, as a result, many had not developed the relationships with local colleges and schools and looked at a wider range of diverse talent. Women returners are a classic case in point with the lack of flexible working arrangements. It would force employers to perhaps be very much more imaginative about their policy response.

Clare Ludlow (Director of Innovation, Timewise Foundation): That is exactly what I wanted to pick up on. If we are going to lose a labour market, we need to look at how we can utilise the existing talent more cleverly. Our research shows that there are about 400,000 people nationwide who are locked out of the labour market because the structures of the jobs do not allow them to work. Industries like hospitality and also social care, which rely a lot on migrant labour, need to think about how they structure the jobs to make them more compatible and the flexibility more compatible to encourage women returners - millennials also want to have much more flexibility - and to be more creative about their job design.

Gerwyn Davies (Labour Market Advisor, CIPD): We know from our data that flexible working is a bigger challenge in London than it is across the rest of the country. It is the quality of leadership of management that is partly responsible. People feel as though they have to be at their desks more in London than in the rest of the country, which chimes with perhaps some of our own experiences in London over the past couple of decades.

Shaun Bailey AM: Can EU regulation work against flexibility in the labour market?

Clare Ludlow (Director of Innovation, Timewise Foundation): We are not experts and we do not lead on the legislation. I am going to leave that to you. I will give you some time. Where we have made progress in encouraging employers to open job flexibility is through the business case. It is not policy-driven. It is not driven because they have to. It is because it is best for business and there is a strong business case. The CBI's report - and the CIPD also did reports - proved that productivity increases, you can attract more people and people stay in their jobs. We felt that you would make more difference in making businesses change the way they recruit and the way they design jobs by making a strong business case.

Megan Dobney (Regional Secretary, SERTUC): As a non-lawyer, I would only emphasise that successful flexible working is a two-way street. It benefits the employer and they are engaged through the business case being expressed. It benefits the employee, if you are talking about some of the people outside of the market at the moment like people returning to work after having children and so on. It benefits both people and it works. It is not a matter of legislation. The only time I hear legislation of any kind, European or UK legislation, being used against flexibility is when it is protecting people. We do not want people to have the flexibility to dangle off cranes unattached in an unsafe manner. I do not really see the connection, but I am interested if you have a specific example to share.

Shaun Bailey AM: No, I just asked to understand. I am going to move on to zero-hour contracts and I address this to you, Megan, and to anybody else who wants to come in afterwards. How do you see regulation around zero-hour contracts changing post-EU? Is it all good or all bad?

Megan Dobney (Regional Secretary, SERTUC): To be honest, legislation and zero-hour contracts are very difficult things to put in the same box because, in our view, the problem is not zero-hour contracts; the problem is exploitative contracts. For instance, there were suggestions that we ban zero-hour contracts and, therefore, you could have a five-hour contract. That may take you to no different place than the abuses that occur with some zero-hour contracts when you have no knowledge from one week to the next whether you can earn and therefore you cannot rent and have difficulties making any kind of arrangements and so on. For me, it is not about zero-hour contracts; it is about the abuse that some employers have given.

For instance, we very strongly campaigned against exclusive contracts; in other words, "I will give you a job and I will tell you when I want you to work, but you may not work for anybody else and you will only be available for me". That is an abuse, in my view, whereas if we have a mutual arrangement that is well paid and well supported and the hours suit you and me, it is a reasonable thing. Legislation is a very difficult one there.

Gerwyn Davies (Labour Market Advisor, CIPD): I do not see any prospect of further legislation. We have seen the likes of the exclusivity clause being introduced relatively recently and we think the current framework works very well. Yes, there are undoubtedly many examples of zero-hour contract workers who do struggle to make ends meet, but what we should also recognise is that it suits the majority of zero-hour contract workers and they say that they are happy. Indeed, the proportion of people who say that they are happy among zero-hour contract workers is no different to the all-employee average.

What we need to do is to address not the policy but the practice because what it ultimately boils down to is the quality of leadership and management. Again, it is poor management that is often the cause of bitterness amongst staff. In particular, one of our recommendations is that we have picked up evidence that there is no discussion, for instance, that takes place 12 months into a relationship and we think that that should be continually reviewed to ensure that both parties are happy and to see whether there is a solution. There may not be.

What I would also like to point out is that further regulation would not be the answer. If you look at what has happened in terms of the wider labour market, again, to come back to the point, the UK is a success story to celebrate and the flexibility has ensured that we have a much higher proportion of people in permanent employment than our economic partners in Europe, on average. There is a wider point here that it can often have unintended consequences if you do introduce more stringent regulation.

Clare Ludlow (Director of Innovation, Timewise Foundation): On zero-hour contracts, a lot of people want them, as we know, but we often ask the question, "Do you want a zero-hour contract", but we do not offer the alternative. "Is the alternative full-time for 36 hours or full-time and having to work in school holidays? Yes, I do want my zero-hour contract." We need to think about what a credible alternative is.

Social care is where they are predominantly used. We need to think from a business perspective and an employee's perspective. What are they both looking for? The employee is looking for security, they want predictability of hours, they want to know how much money is coming in, they want protection for sickness, they want holiday pay and they want a decent contract. An employer wants to manage the risk of that industry. An employer wants to have security and to know that they have their employees there. They want to keep the continuity of their employees. We need to find something in the middle that can meet the needs of both the employee and the employer.

Particularly in social care, which is a challenging industry, part of that is in the way contracts are procured. We need to look at the procurement and the way that we procure those services to enable employers not just to pass the risk on to employees but to take the risk of the fluctuation of demand, and also to look at the way we schedule the work. That is the job design. We are doing some trials in social care at the moment about how we can schedule work to make it secure for the employee while also meeting the needs and being affordable for the employer.

Gerwyn Davies (Labour Market Advisor, CIPD): Can I come back on that? We have published research that shows that the majority of zero-hour contract workers are actually employees. There is an issue with raising awareness but we should not make a distinction between zero-hour contract workers and employees because the majority are. This is why we make the point about giving terms and conditions, at the outside, at the two-month mark.

In terms of the idea that every worker wants job security, it does not square with our evidence. If you look at what McDonald's did recently, which is an interesting example, it offered their staff, "Do you want an alternative arrangement to a zero-hour contract?" The vast majority - I fail to remember the exact figure but it was at the 80% mark - said that they wanted to remain on the contract.

That squares with the research that we have done because we know that more people definitely want more security but especially young people and especially older people really enjoy the flexibility of saying, "I have control. I do not want to work on Saturday or Sunday. I want to work when it suits me". That is the real benefit of zero-hour contracts, which is often understated.

Conor D'Arcy (Policy Analyst, Resolution Foundation): I would just come in and say that the focus on zero-hour contracts sometimes misses out the broader end. You could be in a short-hours contract or you could be an agency worker and face some very unpleasant situations in your work practice. We just focus in on this one particular trend that has had so much attention over the last few years.

Our position on it is not massively different from the CIPD's. The one area where we have said that there should be some kind of change in the law is to, after a year, have that official break point and say, "You have been on a zero-hour contract for a year. You have been working, on average, this number of hours over the last six months or so. Would you like a contract that guarantees that number of hours?" The idea is that you have gone past a particular seasonal demand period, for instance, and you can take account of that and factor it in, whether it is a pub that has a sunny day and needs extra staff or Christmas peaks. It would always be up to the employee. If they did not want to take that on, like the McDonald's example, if it was not for them and they were happy the way they were, they would not have to take it, but that conversation would have to happen and give the option there. It would be one step.

Andrew Dismore AM: Just on zero-hour contracts, I am with Megan [Dobney] and to an extent Clare [Ludlow]. It is a question of sharing the risk and also making sure abuses are eliminated.

I worked part-time as a judge for three or four years and that was effectively a zero-hour contract. I worked when they wanted me to and when I wanted to and that suited me fine. On the other hand, I was in a restaurant not so long ago and saw one of the waiters turn up for the start of his shift, got changed and was sent home. That, to my mind, is an abuse. It is a question of trying to find that right way of making sure that that risk -- that guy should have been kept on. He had been asked to come to work, he had turned up and it was completely wrong to send him home, in my view.

It is reflecting, also, the different economic powers of the individuals as well. To me as a judge, it was not a big deal. To someone who is working as a waiter on possibly minimum wage, it is a big deal. I do not know if anybody wants to comment on that before I go on.

Megan Dobney (Regional Secretary, SERTUC): I will just say that you have covered very much the over-25s and, for London, because it has a very large young workforce, they distort so many things. They distort the salaries because they tend to be on lower salaries. My personal experience is that they may well still live at home, in which case the flexibility or insecurity is not so life-threatening as it might be if, for instance, you have a small child that you are trying to find a home for. There are strands of requirement here that are quite useful to recall.

Gerwyn Davies (Labour Market Advisor, CIPD): What I would question is whether zero-hour contracts are the cause. Ultimately, we have always had casual labour and would an employer simply resort to an alternative, which may be a more casual arrangement?

I come back to the point that it is also recognised that zero-hour contract workers make up a very small proportion of the workforce, as Conor [D'Arcy] said. It is possibly taking on too much significance in the public debate. The UK enjoys a very high proportion of permanent workers in relation to our OECD counterparts.

Andrew Dismore AM: I was going to go on to look at the impact of migration on the labour market and some of the issues have already been explored by Caroline [Russell AM] in her supplementaries earlier on, but some important points came out of that exchange and some points to follow up.

One of the issues in the hospitality trade, as I understand it, for example, is not just EU migration but migration from India and China, particularly for Indian and Chinese restaurants that find they cannot recruit the staff. They thought Brexit would give them the opportunity to do so and they have been sadly disabused by the Government's recent announcement on that. It is right, is it not, that it is not just EU migration that is important?

Gerwyn Davies (Labour Market Advisor, CIPD): Absolutely. It has come at a time, of course, when we are seeing the introduction of some very stringent restrictions on non-EU workers, especially from the Indian subcontinent. By implication, it is particularly clamping down on what is called "intracompany transfers", which allow a global organisation to transfer staff from one part of the world to another. That is where the salary thresholds have increased and that is going to have a bigger impact on Indian information technology (IT) workers than anybody else.

You have raised an important point. Again, we should not perhaps be too fixated on EU migrant labour because we have more non-EU migrant labour in the UK than EU still. Nonetheless, we really should be alert to the risks of stringent restrictions on EU migrant workers as well because we know that they deliver a productivity dividend to the UK. We have published research in the past couple of years that has shown a tentative association between employing EU migrants.

I would also like to destroy the myth that this reduction in EU migrants will have some impact on training investment. Again, we have published research that shows that employers with high EU migrants seem to have very sophisticated human resources (HR) practices and they are more likely to train their staff than those who do not employ EU migrants or non-EU migrants more generally. It really does underline the point that the trading arrangements, if at all possible, should be as close to the current ones given the implications for migration restrictions, potentially.

Andrew Dismore AM: The Office for Budget Responsibility assessed earlier this year that the net impact of the labour contribution of EU migrants was 0.6% additional growth to the UK economy and so that makes that point.

The other issue about EU migration generally is a point that the Chamber of Commerce and Industry made quite recently at an event I was at. Everybody is focused on high-end migration for the City but, to make London work, it also very much depends on unskilled and low-end migration and a lot of those migrants are here on a temporary basis, not permanently settled. Is that your experience?

Gerwyn Davies (Labour Market Advisor, CIPD): Absolutely. The research I referred to earlier on EU migration covered both the skilled and unskilled end and really did illustrate the different reasons why EU migrants are making such a valuable contribution.

This is perhaps not necessarily that relevant to London, but we know from the employers we spoke to across the country in the hospitality sector, for instance, that they find it very difficult to recruit local people, despite what I said earlier, but one thing that they valued was the geographic mobility of EU migrants. They are much more likely to move around. That restricted access not only at a macro level has an impact but from a flexibility point of view and a geographical mobility point of view could have an impact, too.

Andrew Dismore AM: That militates against the discussion earlier on about unemployed people from the north coming down to take all of these jobs in hospitality and care down in London. That is pie-in-the-sky, personally. Where are they going to live? Are they prepared to work the difficult, unsocial hours in tough conditions that EU migrants or, indeed, migrants from the rest of the world are prepared to tolerate?

Gerwyn Davies (Labour Market Advisor, CIPD): That definitely chimes with our research.

Andrew Dismore AM: Could I go on to talk about the effect on pay in lower-paid sectors of EU migration and whether you consider that that has a depressing effect on pay?

Conor D'Arcy (Policy Analyst, Resolution Foundation): This is something we took a look at. Most studies of the impact of migration on wages across the economy find no impact, essentially, and that it just evens out. What we tried to do was to say, within specific sectors where we have seen a large increase in migration, whether that seems to have had any impact. Roughly, what we found was that if you brought down migration by 2018 to that target level of below three figures or 999,000, you might lift wages in some of these lower-paid sectors by about 0.5% at most. There could potentially be some impact. There is so much uncertainty around that and there is no reason why the trends that we have seen in the past will exactly follow through.

The overall point is that if you work to massively reduce migration, it would be as a result of leaving the EU and our overall estimate that I was referring to previously with the National Living Wage of the effect that Brexit would have on wages is in the region of 3.5%. We are talking about multiple times the size. Any wage gain that there might be in these low-paying sectors would probably be dwarfed by the knock-on impact of Brexit.

Andrew Dismore AM: The London School of Economics (LSE) published a study earlier in the year on this and the conclusion was that the falls in wages after 2008 were due to the financial crisis and the weak recovery rather than migration. It estimated that in relation to low-skilled workers, particularly care work, the hospitality trade and so forth, the net effect over eight years was less than 1% in terms of depression of wages.

However, the problem that comes from Brexit is that if there is a slowdown in the economy and if there is significant inflation as a result of that, it then cancels out whatever increase you are talking about as a potential just by cutting off all of this bottom-end migration, which in practice you would not be able to do anyway for the reason that I just canvassed with Gerwyn: there is no one to do the jobs.

Conor D'Arcy (Policy Analyst, Resolution Foundation): Exactly, yes. That 3.6% fall that I mentioned that we would expect to see is by 2020 in real terms. About three quarters of that are coming from pay dropping off and about a quarter of that is from higher inflation and so there are two different things. There is not a "Brexit boost" coming to local workers, basically.

Andrew Dismore AM: The lesson from all of this is that immigration does not have much of an impact on wages.

The last question I wanted to canvass is about the lot of talk about a regional visa system. I know that the City [of London] produced a report two or three weeks ago. The London Chamber of Commerce and Industry (LCCI) is going to produce a report next week on the issue of some sort of special arrangement for London. Do you think that that is a realistic way forward? I know that the Government has ruled it out but, assuming the Government may be open to argument - I do not know - do you think that that is a possible way of solving some of these problems particularly for the London economy?

Gerwyn Davies (Labour Market Advisor, CIPD): Personally, I am sceptical. If you look at the current arrangements for non-EU migrants, it is very bureaucratic for employers to hire a non-EU migrant worker and it would be very bureaucratic to have a different system on top of that for a region like London. It would be difficult from an operational point of view for organisations that operate across the country. Also, it possibly would send a slightly negative signal to the rest of the country that London has this privileged access to EU migrants, whereas the rest of the country does not, which would fuel that gulf --

Andrew Dismore AM: The City [of London] was talking about a regional system rather than one just for London in the paper. One suggestion we had when we first started looking at this straight after the Brexit vote was that we could do it by having a suffix on the National Insurance numbers, for example, and putting a letter "L" on it or something to say that you can work anywhere within the M25.

Gerwyn Davies (Labour Market Advisor, CIPD): Again, you would have to put in place some kind of infrastructure to deal with that operation. Put it this way: there are less costly and bureaucratic arrangements that could be in place. I come back to the point that if we can find an arrangement that can be as close to the current one that we have, then that would solve a problem. In addition, from a regional perspective, it would serve a purpose almost if each region had a different centre of excellence in terms of a particular industry, but we do not. With certain exceptions such as East Anglia and its agricultural sector, we are largely uniform as a country.

Andrew Dismore AM: What they have in Canada, you do not think that would work?

Gerwyn Davies (Labour Market Advisor, CIPD): The other point as well is, if you are a regional system, how you will monitor individuals and stop them from crossing to different parts of the country. Canada is a vast country and perhaps the opportunity and potential to do that is much less in the UK, which is very easy to travel in.

Andrew Dismore AM: Conor , do you want to come in?

Conor D'Arcy (Policy Analyst, Resolution Foundation): It is not something I have much to say on.

Andrew Dismore AM: Megan?

Megan Dobney (Regional Secretary, SERTUC): We are unequivocally in favour of retaining access to the single market, which of course continues the free movement of labour. I am more interested in ways that that can be encouraged.

We were talking about the density of migrant workers in various areas of London's business and economy and I saw a thing in the paper - so it must have been true - that said one in nine workers in adult care is from the EU. We are aware that adult care in London is at a crisis point already and the idea of the removal of those people would have an enormous impact on a small sector of the economy, which is also a vital part of our social fabric. Some sectoral work on where migrants are, not just in the top floors of the City but in other parts of London, would be quite useful.

In terms of the visa, I have to say that I have a real discomfort with it. It makes me concerned about the impact on social mobility and social cohesion. They are separate things, of course. My region also covers the east of England. Perhaps we want to go for Polish and Portuguese to come in working food processing. We could have Latvians and Lithuanians come in to do agricultural seasonal work. Maybe some more Portuguese can come to London to do some of the hotel tasks.

One of the things about migration - and this is regardless of whether EU workers have come over here and then decided to go back - is that people do not stay static. I do not just mean physically; they move. They embrace maybe a partner, but they embrace part of the culture, they develop and then maybe they will do an evening course and then life changes and moves and they decide to go and move to Norwich. To me, there is something extremely uncomfortable about it. I can say I do not believe the TUC has a fixed policy on it, but I am not that happy.

Andrew Dismore AM: If we go back to your original point, I remember seeing a statistic several years ago - and it has probably improved or not depending on how you look at it - that something like a quarter of the doctors in the National Health Service (NHS) and just under half the nurses were not born in the UK. I suspect the statistics have probably gone further in the migrants direction on those as well, particularly so in London.

Megan Dobney (Regional Secretary, SERTUC): Yes. Accurate statistics are available for both foreign-born staff and EU staff and they would make you think twice.

Tony Devenish AM: Can I come back and make a plea for positivity? When I listen to my colleague on the Assembly to my second left, I sometimes wonder. The Mayor is saying that we are open for business. We are open for business. This is a great city and we are a great country. Whether on the trade union side or on the Labour side or on the Conservative side or on the business side or from the think-tank world, I am sure we can all agree that London is a great place.

Clearly, there has been a democratic deficit in some people's views because we did vote for Brexit and people are concerned about the level of immigration. I am not of that view personally and I am happy with immigration in London, but I know a lot of people, particularly in my party, who share that view.

Could any of you deal with the issue that long-term unemployed in London and long-term communities, some of them, do feel that they are not doing well? I particularly use the Portuguese example. If we did not have so many Portuguese coming in, perhaps some of those communities in the north of the Royal Borough of Kensington and Chelsea and the London Borough Westminster, which I represent, would be better. How can we help those communities get even further into employment? Let us try to come up with positive measures rather than say that we are doomed and gloomed.

I will just finish by saying that I went to a business seminar this morning where most people in the room probably took your point of view about the EU referendum rather than my point of view but most of them, from bankers to retailers, said, "We will make this work. It may be a challenge, but we will make it work".

Megan Dobney (Regional Secretary, SERTUC): I will focus on just your very specific question. Last year I sat on an employment commission that was organised by Islington Council and it drew in a range of businesses and public services like Jobcentre Plus and so on. The commission sat for a year. It was fascinating because then we started unpicking everything. We found in Islington there are more jobs than there are unemployed people. However, the jobs and unemployed people are absolutely not a match. That clearly then opens the door to what you need to do. That work at a local level is what can make a difference.

Children are always a problem; people with children find it difficult to get jobs that suit them. You have disabled people for whom it was difficult to get appropriate work. You had young people who were not going from school into apprenticeships or anything useful, however you have big development sites like Kings Cross going on. It is that somewhat tedious but practical work that really makes a difference. Perhaps London would have a rather blue-sky approach to it because it is so big, but certainly local authorities can gain value from the experience at Islington [Council].

Clare Ludlow (Director of Innovation, Timewise Foundation): Your point is about being inclusive and making the labour market more inclusive, not just for woman who return as parents but also for people with long-term health conditions and older workers. With Brexit, if we lose the migration there is a real opportunity for employers to think about how they design jobs to include the existing talent that is available in London. You are absolutely right.

How do we do this? We need to understand the sectors and the sectors need to look at what their particular needs are. Yesterday we had 12 national retailers in a room from John Lewis to Sainsbury's to give them a guide of how they can provide progression for part-time workers. Part-time workers so often get stuck in the low-paid jobs, which creates a bottleneck. If we can support employers to think about how they can progress their existing workers to enable more people to come in at the bottom and progress, (a) the jobs are more attractive and (b) we can use the skills that we have by making the jobs accessible for all.

Tony Devenish AM: Thank you for that.

Clare Ludlow (Director of Innovation, Timewise Foundation): Can I add one more thing? Also, if we have the wrong skillset for matching the job needs, then we need to think about how we make the skills market accessible for these people. We need to think about things like part-time apprenticeships because apprenticeships are only full-time and generally focused at 16-to-18-year-olds. Let us think about other people in different parts of the population who need skills to access the labour market and progress in it.

Gerwyn Davies (Labour Market Advisor, CIPD): I would echo that. The other thing I would say as well is that it is more than just the skill systems but the education system as well. We know that the UK has a long tail of school leavers who do not achieve five General Certificates of Secondary Education (GCSEs) or the international equivalent. You compare that with the profile of EU migrants. If you take the profile of the EU8 migrants, for instance, two-thirds of them are graduates. You have this dichotomy which, understandably, employers are happy about because of the productivity contribution that they can make.

What was really interesting and relevant is the point that the Migration Advisory Committee made, which was that perhaps the A-to-C target that schools are set is not helpful to that tail of people who do not go on to get five GCSEs. There is anecdotal evidence I know that people have picked up that perhaps schools are letting go of people who are not likely to get those five A-to-C grades. That then leaves the skill system with a real challenge in terms of the employability of those individuals.

Apprenticeships have an important role to play and we all welcome and are very supportive of apprenticeships and are doing our very best to promote them for the Government because we think they can fill that vacuum partly.

Ultimately we need to recognise that the education system could change. We know that the Office for Standards in Education, Children's Services and Skills (Ofsted) was very damming in its verdict of the quality of schools career guidance and simply raising awareness with school leavers of what opportunities there are in London. It is not just about low-skilled work, either. I am often staggered that more is not made of sectors like IT, which was the only sector that did not suffer any fall in employment levels following the recession. It continues to grow exponentially and we continue to recruit vast numbers, especially from the Indian subcontinent. Why are we not doing more to channel and transfer the school leavers into those highly productive areas?

Fiona Twycross AM (Chair): Thank you. Just to wrap up, one of the roles of the Committee is to make recommendations to the Mayor about what we would like him to do in relation to this area around employment rights and Brexit. What assurances or measures should we be asking the Mayor to be looking to secure on behalf of London workers?

Megan Dobney (Regional Secretary, SERTUC): Some of these things he is doing anyway. For instance, he is demanding, to my knowledge unsuccessfully, a voice for London in terms of the negotiations and discussions about the way that the exit will be carried out and that is absolutely correct. I suppose the point is that he has power and then he has authority, if you like. What he does with his power he will do, but he also has influence and authority and that should be utilised.

For instance, I just noticed today that the benefit cap that came in yesterday will hit 19,000 families in London, who will lose £3,000 a year. That is a human disaster and it is not good for anything else, either. I also noticed that End Child Poverty has just come out with statistics that show that 11 of the 20 local authorities with the highest levels of child poverty are in London. 43.5% of children in one borough are in poverty. That is going to be exacerbated by things like the benefit cap and so on. He needs to continue to speak out about that.

One of the things that has coloured this discussion is that some of it is really not to do with Brexit but it is to do with recognising a new situation that may have an impact. The problems were there before, but it is just that the impact may change. He has certainly been supporting what is essential for the economic future, which is the development of infrastructure. I know that he did not support Heathrow but he did support Gatwick and we have Heathrow - when is another question - and of course Crossrail and the housing development, which is good for people and good for the economy. Indeed, the development of higher quality procurement strategies - and do not ask me what they look like in detail - is really essential.

That underpins some of the problems that exist with skills. Whether it is available on a part-time basis or a full-time basis, it can be bought out of the money that we are spending as the public to continue to say that European citizens who work here and contribute here are welcome in London and that we would wish to see them remain.

Clare Ludlow (Director of Innovation, Timewise Foundation): The Mayor is already supporting the promotion of part-time vacancies at the GLA as part of being a Timewise partner. We would encourage that he continues to do that by leading by example and promoting the benefits to businesses and by encouraging businesses to promote quality flexible and part-time jobs.

We would also ask that he measures the number of quality part-time jobs to ensure that they are increasing and that they are quality and are not just the one stack at the bottom and, finally, to support a pilot and promotion and a change in the policy of part-time apprenticeships to enable people who are wanting to get in and progress in jobs but cannot do the regular nine-to-five can.

Conor D'Arcy (Policy Analyst, Resolution Foundation): I would echo Megan's [Dobney] point about how a lot of these issues are not new. With some of these changes from Brexit, there is limited scope for the Mayor to do anything on them. Obviously, he should keep a watching brief and as things develop and if things do start to change he should comment on that.

They are some of the longstanding points that we have already heard. Progression is a really key one and, to come back to the National Living Wage, even though it is a good pay boost for lots of people, we are going to see more and more people at that bottleneck that Clare [Ludlow] mentioned in low-paid work. If we do see more employers taking out some of the middle rungs and trying to pay their workers at the bottom more, there are fewer opportunities potentially for workers to move up into.

What that means for long-term careers is more of a concern. Thinking about employers - and the GLA is a good place to start - how can you set up progression pathways to help people develop? What are the skills that you need to do? Gerwyn's [Davies] point in some ways is not just about thinking about how you progress within a low-paid sector but the opportunities to jump into another sector where maybe there are more opportunities to progress and get on to a higher pay are really crucial.

Then, thinking about those groups that are particularly affected, whether it is young people who have seen their employment and pay prospects damaged by the recession and graduating or leaving school in the midst of that, they are a really key group. Mothers are really important in trying to open up the opportunity with Universal Credit. How that plays out and the support that is there is for second earners to get into work and get on is really key. Those would be the main ones for us.

Gerwyn Davies (Labour Market Advisor, CIPD): I would not disagree with any of the contributions, but just to add that if we do face a situation where migration restrictions are introduced in the UK on EU nationals that those arrangements be put in place gradually or "transitional arrangements", to popularise the phrase.

The reason for that is that we know it will have a damaging impact because employers are simply not ready for it. While people are informed around this table, we are about to publish research that shows that very few are putting in any plans in response to the idea of migration restrictions including those that already employ EU migrants.

In terms of the wider championing role that the Mayor could adopt, there are a number of key challenges that he could really help with. One is around foreign direct investment, which again we have picked up, along with the Bank of England, which could be affected and London is the main beneficiary of that in relation to the rest of the country. Trade missions are perhaps more important than ever.

Also, just to echo the point about championing this prospect of less skills investment while we have fewer migrants, it could lead to a big problem potentially in the UK and in London. We are certainly making a point to our members that now is the right time to invest in skills. Borrowing costs have never been lower, which has been helped by a recent interest rate cut by the Bank of England and therefore do not retrench but really invest in skills to offset these risks.

Also, the Mayor should be a flexible working champion as well. I have cited evidence that London could benefit more than the rest of the country. It is about a quarter who say that they offer flexitime in any form. Relatively, London does not fare well in terms of flexible working arrangements more generally and we think that that could be improved for what is a great city, as Tony [Devenish AM] said.

Fiona Twycross AM (Chair): We will leave it on that note. I think we all agree that London is a great city. We really welcome the contribution of everyone here to help us get an insight into the potential impact of Brexit on the London labour market, just as a way of setting the scene and hopefully ensuring that whatever comes out is informed by proper debate about this. Thank you to our guests for their contributions.

GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Summary List of Actions

Report to: Economy Committee

Report of: Executive Director of Secretariat | **Date: 13 December 2016**

This report will be considered in public

1. Summary

1.1 This report sets out details of completed and outstanding actions arising from previous meetings of the Economy Committee.

2. Recommendation

2.1 **That the Committee notes the completed and outstanding actions arising from its previous meetings.**

Actions arising from the Committee meeting on 11 October 2016

Minute Item	Topic	Status	For Action
6	**Impact of the EU exit on the London labour Market (Item 6)** The Labour Market Advisor, CIPD undertook to provide the Committee with the findings from the CIPD's survey of employment legislation, once it had been completed.	Ongoing. The Chair has requested the additional information, which will be provided once the survey has been completed.	CIPD
8	**Economy Committee Work Programme (Item 8)** Authority was delegated to the Chair, in consultation with party Group Lead Members, to agree any output arising from the Committee's work on the implications of an EU exit for the London economy.	Complete. Further information about this delegation of authority can be found at Agenda Item 5.	n/a

Actions arising from the Committee meeting on 11 October 2016

Minute Item	Topic	Status	For Action
6	**Impact of the EU exit on Financial Services and SMEs** The Chief Executive of the London Chamber of Commerce and Industry (LCCI) and the London Policy Chairman, Federation of Small Businesses (FSB) undertook to provide the Committee with data on the value of exports to the EU from their SME members.	Ongoing. The additional information has been requested from the LCCI. The FSB has provided a link to the following report which contains the relevant information: http://www.fsb.org.uk/docs/default-source/Publications/reports/fsb-destination-export-report-2016.pdf?sfvrsn=0	LCCI

Actions arising from the Committee meeting on 6 July 2016

Minute Item	Topic	Status	For Action
4	**Work Programme** The Committee delegated authority to the Chair, in consultation with the party Group Lead Members, to agree the scope and terms of reference for the Committee's investigation into industrial space, advice and support for small businesses in London.	Ongoing. This work stream will now be considered later in the Assembly year.	Scrutiny Manager

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 Greater London Authority arising from this report.

List of appendices to this report:
None.

Local Government (Access to Information) Act 1985 List of Background Papers: None	
Contact Officer:	Rachel Greenwood, Committee Officer
Telephone:	020 7983 4285
E-mail:	rachel.greenwood@london.gov.uk

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Subject: Action Taken Under Delegated Authority

Report to: Economy Committee	
Report of: Executive Director of Secretariat	**Date: 13 December 2016**
This report will be considered in public	

1. Summary

1.1 This report sets out recent action taken by the Chair under delegated authority.

2. Recommendation

2.1 **That the Committee notes the action taken by the Chair, Fiona Twycross AM, under delegated authority, namely to agree, following consultation with party Group Lead Members, the Committee's report on the EU exit and financial services.**

3. Background

3.1 Under Standing Orders and the Assembly's Scheme of Delegation, certain decisions by Members can be taken under delegated authority. This report details those actions.

3.2 On 8 November 2016, the Economy Committee resolved:

That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output arising from the Committee's work on the implications of an EU exit for the London economy.

4. Issues for Consideration

4.1 Following consultation with the party Group Lead Members, the Chair agreed the Committee's report *EU Exit and Financial Services*, attached at **Appendix 1.**

5. Legal Implications

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

6. Financial Implications

6.1 There are no direct financial implications to the Greater London Authority arising from this report.

List of appendices to this report:
Appendix 1 – Economy Committee report *EU Exit and Financial Services*

Local Government (Access to Information) Act 1985
List of Background Papers: Member's Delegated Authority Form 751

Contact Officer:	Rachel Greenwood, Committee Officer
Telephone:	020 7983 4285
E-mail:	rachel.greenwood@london.gov.uk

Appendix 1

LONDONASSEMBLY

Holding the Mayor to account and investigating issues that matter to Londoners

Economy Committee

EU exit and financial services

November 2016

- **The financial services sector is the lifeblood of the London and UK economies.**
- **London is Europe's financial hub and a leading global financial centre.**
- **EU membership has brought the financial services sector two major advantages: access to skilled migrant workers and a free passport to sell products and services across the region's single market.**
- **But following the EU referendum result, both of these are at risk.**
- **And while EU exit may offer new opportunities in non-EU markets and other financial services, the risk of losing free access to the single market outweighs them.**
- **London's financial and related professional services are a strategic asset for both the UK and the EU and any future EU exit deal must recognise that.**

Page 39

London is a global financial powerhouse. But after the EU exit vote, its status as a financial services world leader is under threat. London and the UK cannot afford to risk, arguably, their most successful economic sector.

The London Assembly Economy Committee has taken evidence from representatives from the financial services sector and industry experts to understand the risks associated with EU exit for the sector.

This short report sets out these risks, explores what the future might hold for the City, and considers how the Mayor can respond to protect its success.

The London Assembly Economy Committee is holding a series of meetings to explore the effect of EU exit on key sectors in London. If you have any comments or would like to find out more you can get in touch via matt.bailey@london.gov.uk.

EU exit and financial services

November 2016

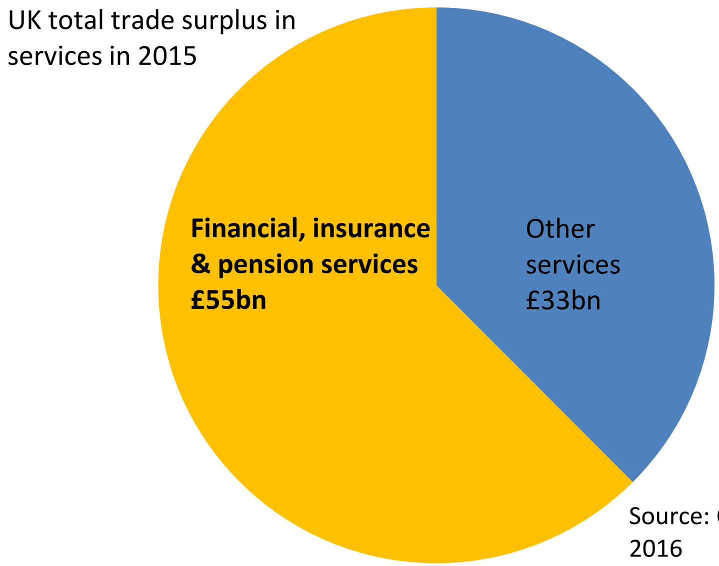
The importance of financial services to the London and UK economies

The financial services sector generates a substantial share of UK economic activity. The financial and insurance sector contributed eight per cent (approximately £133 billion) of the total value created in the UK economy in 2014 (measured using nominal gross value added (GVA)[i]).[1] London accounts for more than half the UK's total nominal GVA in the financial and insurance services industry.[2] Other cities also have significant financial services sectors, including Manchester and Edinburgh, and there are important links between them all.

Financial services are one of our best export industries. The sector generates a large trade surplus for the UK. Financial services together with insurance and pension services ran a £55 billion trade surplus in 2015, almost two thirds of the overall trade surplus in services. This trade surplus helped to offset some of the trade deficit created by other sectors. However, the UK still runs a trade deficit overall, which was £39 billion in 2015.[3]

The financial services industry is an important source of tax revenue. In 2014-15, HMRC calculated the 'banking sector' contributed seven per cent of the £291 billion collected from taxes on earnings and onshore corporation tax.[4] According to the City of London Corporation, the financial services sector as a whole generated more than £60 billion in tax revenues in 2014-15.[5]

Financial services together with insurance and pension services made up almost two thirds of the UK's overall trade surplus in services in 2015



Source: ONS, Pink Book 2016

While the financial services sector is not a major employer in the UK, it does support many jobs in other related professional services.

[i] "Gross Value Added (GVA) is a measure of the increase in the value of the economy due to the production of goods and services." (ONS)

EU exit and financial services

November 2016

London's role as a leading global financial centre

London is Europe's financial hub and a leading global financial centre. London consistently ranks top of the Global Financial Centres Index, ahead of New York, Hong Kong and Singapore.[6] Its share of the global financial services sector is large and well diversified, both in terms of markets and activities. It employs 360,000 people and is home to over 250 foreign banks; the highest concentration in any financial centre.[7] London is Europe's leading centre for management of hedge funds, sovereign wealth funds and private equity funds. It is also the European headquarters for many companies: 40 per cent of the top 250 companies have their global or regional headquarters in London. In contrast, Paris, the second most important host city, has eight per cent.[8]

The success of London's financial services industry can be attributed to a number of factors. These influences include its legal system, the English language, established complementary services industries and a flexible labour market in comparison to many other EU countries. London's success is also partly due to EU membership which has brought the financial services sector two major benefits: access to skilled migrant workers (nearly 11 per cent of the City's 360,000 workers come from elsewhere in the EU[9]) and a free passport to sell products and services across the region's single market. Both of these benefits are at risk from the UK's exit from the EU.

The risks to the financial services sector following EU exit

The UK financial services industry relies heavily on passporting rights. Data released by the Financial Conduct Authority (FCA) show nearly 5,500 UK-registered companies use passports to access the EU market.[10] According to Lord Hill, the former EU Commissioner for Financial Stability, Financial Services and Capital Markets Union, passporting has allowed British banks to make over €1,000 billion of loans and to take out a similar amount of euro deposits.[11]

> **"Passporting allows firms in one EU member state to trade across the entire Single Market. This arrangement reduces the costs and administration that would otherwise be involved and means UK financial firms can offer services across the whole of the EU without requiring further authorisations or meeting local regulations (for example, requirements on capital or liquidity). Passporting rights also avoid the need to set up a subsidiary as a separate legal entity, which would require its own governance and risk management." Bank of England[12]**

The UK has become a major hub for non-EU financial services firms because of the benefits of passporting. Typically, non-EU firms wishing to supply financial services in the EU would need to establish a subsidiary in the EU and would also need EU authorisation to confirm the home-country regulation is "equivalent". Once set up, companies can operate cross-border on the basis of this single licence. Passporting gives firms a free choice under EU single market rules for how they organise their business, and a clear legal framework for how they do business. For this reason, a number of non-EU financial services firms have set up significant offices in London. According to the US International Trade Commission, 40 per cent of US-owned foreign affiliates' sales of financial services are located in the UK.[13]

The removal of passporting could create significant upheaval for UK and non-EU firms with subsidiaries in the UK. If passporting rights were removed UK financial firms would have to establish subsidiaries within the EU. And non-EU (especially Swiss and US) firms with subsidiaries in the UK to service the EU would need to establish an EU subsidiary to service EU customers. This could mean non-EU firms moving their existing subsidiary from the UK to somewhere else in the EU.[14]

The costs from removing passporting without an adequate replacement could also be sizeable. Research by TheCityUK suggests around £20 billion of EU-linked revenue could be at risk.[15]

And the removal of passporting rights would not just hurt the UK. The FCA data shows 8,000 companies registered elsewhere in the EU use passports to access the UK. Some of these firms use passporting to run their businesses as "branches" in the UK, rather than as separate capitalised subsidiaries.[16]

While passporting is crucial to large parts of the financial services sector, not everyone will lose out. According to a report by Open Europe, around a fifth of the banking sector's annual revenue is tied to the passport, but other sectors such as asset management and insurance are much less reliant.[17] The changing landscape may also improve conditions for UK-based retail banks. Banks are required to ring-fence their retail operations by 2019. According to Jayne-Anne Gadhia, Chief Executive of Virgin Money, UK-only retail banks are likely to be in a stronger position as they will not be affected by the complexity of the future. As she told the committee, there will be opportunities for UK retail banks to give "a better service, better products and more innovative solutions for customers."[18]

Passporting rights could be retained if London can show its regulatory regime is "equivalent" to the EU's. A clause in the second iteration of the Markets in Financial Instruments Directive (MiFID 2) provides financial firms outside the EU with a means to provide services to customers inside it. The provision in question allows financial firms from outside the EU to offer trading, brokerage and underwriting services to European institutional (but not retail) clients, as long as the regulatory regime where the firm is based is deemed "equivalent" to that of the EU.

However, the equivalence provision has not yet been tested. The MiFID 2 does not come into force until early 2018. The decision rests with the European Securities and Markets Authority (ESMA), based in Paris. There is evidence the decision could be a protracted process. A similar clause in the European Market Infrastructure Regulation, which governs the trading and clearing of derivatives, was tested between

EU exit and financial services

November 2016

America and EU. It took over three years before American regulations on clearing-houses were deemed equivalent by the ESMA.[19]

And even if London did secure equivalence, it can't be guaranteed in the future. As Miles Celic, Chief Executive of the TheCityUK, explained to the committee, equivalence is a static determination, and EU regulations will continue to change. While London could be equivalent in the short-term, it may not be in the future. The UK would also have little say on any changes to regulation once it is outside the EU. More likely, the City and government will have to come up with creative ways to mitigate the loss.

Could EU exit free UK financial services from EU regulations?

The evidence the financial services sector has been held back by EU regulations appears to be limited. Campaigners in favour of leaving the EU said removing some regulations would boost London's financial sector. But, as the committee heard, there was unlikely to be any advantage in lighter touch financial regulation as standards are increasingly set at an international level. And as firms have looked for higher standards of regulation following the 2007/8 financial crash, London has increasingly been seen as a beacon of regulatory expertise. According to Professor Niamh Moloney of the London School of Economics, the UK has been an important expert and influence on how EU law has developed. To dismantle this knowledge base would be a retrograde step.[20]

> "Whether or not we want equivalence, whether or not we want passporting - we would throw away regulation at our peril.
> Jayne-Anne Gadhia, Chief Executive, Virgin Money.[21]

Protecting the status of EU talent

The financial services sector's ability to recruit skilled workers from other European countries could be restricted if new immigration controls are introduced. Approximately, one in ten of the City's 360,000 workers come from other EU countries.[22]

The Government has sent mixed messages on how EU migration will be managed in the future. The Home Secretary has suggested skilled EU migrants may have to apply for visas with conditions similar to those placed on migrants from outside the EU. But the Chancellor has said high-skilled migrants could be exempt from controls. He said the Government would use control over free movement "in a sensible way that will facilitate the movement of highly-skilled people between financial institutions and businesses to support investment in the UK economy."[23]

The uncertainty around immigration controls could be preventing companies from hiring and deterring EU workers from applying for jobs in the UK. While it may be too soon to assess the full effect of EU exit on recruitment, according to the Institute for Public Policy Research, there was a 14 per cent downturn in jobs advertised in the financial services sector in London in July and August compared with May and June.[24]

Any new immigration system should not automatically exclude people without job offers. The committee heard about the importance of a skills-focussed system that recognised the value of human capital. For example, many talented coders from the EU are coming to the UK and setting up in Silicon Roundabout or Shoreditch where they are developing apps or algorithms that can help create or grow businesses. This kind of entrepreneurship is not easily captured by a points-based immigration system. A skills-based immigration system will be more successful in the long-term as opposed to one that is, according to Miles Celic, “simply about moving people around into individual jobs that already exist.”[25]

London could look to develop its own visa system to allow skilled workers to work freely in the capital. The City of London Corporation[26] and the London Chamber of Commerce and Industry[27] have both published reports on the potential for regional visas, and the Mayor has said he will consider the proposals. Variations of regional work permits have been used in other countries. Shanghai recently made it easier for foreign citizens to gain permanent resident status, as part of a package of policies aimed at establishing the city as a leading innovation economy. And in Canada, while provinces must follow national immigration minimum criteria, they can set their own policies for the migrants they want to attract.[28] A visa system was also put in place in Scotland in 2004 to allow foreign citizens who studied there to stay for two years, but the scheme ended in 2008. A Scottish government cross-party group said last year the work visa should be reintroduced but the Home Office has said there are no plans to do so.[29]

What might the future hold for the City outside the EU?

London could expand its global reach to protect it from the fallout of the UK leaving the EU. The committee heard how there were significant growth opportunities in Asia, Africa and Latin America, particularly as these markets become more developed and consume more services, where London is a global leader. However, being outside of the EU would not in itself make expanding in these markets any easier or more likely.

Some industry experts have suggested London could become the “Greater Guernsey” by expanding off-shore finance for global, non-EU markets. But operating on a smaller scale could result in London losing its competitive edge. Martin Sandbu, of the Financial Times, has suggested London could thrive if its operations were scaled back, but has also raised concerns about whether this would “dry out some of the liquidity pool and cluster advantages that make the City so competitive outside Europe.”[30] He also questioned whether non-European jurisdictions such as China would continue to do business with London under these terms.

EU exit could provide a spur to strengthen London’s position as a hub for Fintech. Companies such as Transferwise, Zopa and Funding Circle are transforming how companies and individuals raise, lend and transfer money. Banks are increasingly competing for talent with Google, Facebook and start-ups as artificial intelligence and robotics transforms the world of work. A report by Ernst & Young put London as the global capital for Fintech[31], and guests agreed there was an opportunity to build on its expertise in Fintech to mitigate any losses from EU exit. They also agreed there was an opportunity for the Mayor to encourage entrepreneurship in Fintech development through educational and skills support.

> "Fintech is an enormous potential advantage for the UK. We are a centre of global expertise and innovation."[32]
> Miles Celic, Chief Executive, TheCityUK

And what should the Mayor's role be?

The Mayor has been a strong advocate for protecting the City. He recognises, as this committee does, the strategic importance of London's financial and related professional services as a high value asset for the UK economy. He needs to keep making the case that this is not just about protecting jobs in London but in other cities with financial and other related professional services too.

The Mayor has set out his asks to government: a guarantee that EU citizens already in the UK can stay once the UK leaves the EU; a commitment to remaining in the single market; the retention of passporting rights; and a seat at the negotiating table for London in Brussels. This committee broadly supports these asks. While passporting is a complex issue, with no single financial passport used across the financial services sector, this committee would certainly support the retention of passporting rights for the UK's banking sector, given the enormous tax revenues it generates for public services across the country. Similarly, the committee would support the need for the closest possible access to the single market when the UK leaves the EU. Protecting the status of skilled EU workers in the UK is vital. The mixed messages on future immigration controls from the government have not been helpful, and we would urge the Mayor to continue to press for clarity on this issue.

At the same time, this committee recognises the landscape will undoubtedly change for the financial services sector when the UK leaves the EU. We have heard how London has an opportunity to strengthen its position as a hub for Fintech. We would urge the Mayor to explore how he can support the development of a skills strategy that can help this growing sector in the future.

Endnotes

[1] Regional Gross Value Added (Income Approach): December 2015 (ONS 2016)
[2] Regional, sub-regional and local gross value added estimates for London, 1997-2014 (GLAE, 2016)
[3] The Pink Book: 2016 (ONS, 2016)
[4] The EU Single Market: The Value of Membership versus Access to the UK (IFS, 2016)
[5] Total Tax Contribution of UK financial services eighth edition (City of London Corporation, 2016)
[6] Global Financial Centres Index 20 (2016)
[7] Key facts about the UK as an international finance centre (TheCityUK, 2015)
[8] London crowned business capital of Europe (London Futures, 2014)
[9] Census 2011, CityUK
[10] Letter from Financial Conduct Authority to the Treasury Select Committee Chair, 17 August 2016
[11] Commissioner Hill`s speech at Chatham House, the Royal Institute of International Affairs
[12] EU membership and the Bank of England
[13] The EU Single Market: The Value of Membership versus Access to the UK (IFS, 2016)
[14] The EU Single Market: The Value of Membership versus Access to the UK (IFS, 2016)
[15] The impact of the UK's exit from the EU on the UK-based financial services sector (Oliver Wyman, 2016)
[16] Banks fear chill wind of EU 'passport' freeze The Financial Times (2 September 2016)
[17] How the UK's financial services sector can continue thriving after Brexit (Open Europe, 2016)
[18] Transcript of Economy Committee, 11 October 2016
[19] Financial tonic The Economist (9 July 2016)
[20] Transcript of Economy Committee, 11 October 2016
[21] Transcript of Economy Committee, 11 October 2016
[22] Census 2011, CityUK

[23] European bankers will be exempt from migration curbs after Brexit The Daily Telegraph (8 September 2016)
[24] Slump in finance sector recruitment in aftermath of Brexit vote (IPPR, 2016)
[25] Transcript of Economy Committee, 11 October 2016
[26] Regional visas - a unique immigration solution? (PwC, 2016)
[27] Permits, points and visas: securing practical immigration for post-Brexit London (LCCI, 2016)
[28] We should regionalise immigration decisions – starting with a London visa City AM (26 August 2016)
[29] Solution to student work visa row 'possible' BBC News, (3 March 2016),
[30] Can the City of London thrive after Brexit? The Financial Times (9 July 2016)
[31] UK Fintech on the cutting edge: an evaluation of the international Fintech sector, (Ernst & Young, 2016)
[32] Transcript of Economy Committee, 11 October 2016

Subject: Impact of the EU Exit on London's Big Businesses
Report to: Economy Committee
Report of: Executive Director of Secretariat | **Date: 13 December 2016**
This report will be considered in public

1. Summary

1.1 This paper provides background information to the discussion the Economy Committee will have with invited guests as part of its investigation into the impact of the European Union (EU) exit on the London economy.

2. Recommendation

2.1 **That the Committee notes the report as background to the discussion with invited guests on the impact of the EU exit on London's big businesses.**

3. Background

3.1 The then Prime Minister, David Cameron, said in a statement to the House of Commons following the EU referendum result that Government intended to consult with all centres of regional power including the Mayor and the London Assembly.

3.2 Subsequently, the London Assembly passed a motion on 6 July 2016 to set up an EU Exit Working Group to inform and engage the public on the developments following the EU referendum result. The Working Group will coordinate the work of the Assembly's Committees on EU exit and the impact on London.

3.3 The Economy Committee held a meeting on 6 July 2016 to discuss the initial impact of EU exit on the London economy. Following this meeting, the Committee agreed to hold a series of meetings to:

- Explore in depth with sector leaders the likely impacts and opportunities of the UK's vote to leave the EU;
- Review ways in which an EU exit will impact the London labour market, and specifically individual workers' rights; and

- Establish principles for the Mayor's negotiations with Government to secure the best possible outcomes for the London economy and thus the UK's.

4. Issues for Consideration

4.1 The discussion at this meeting will focus on the impact of an EU exit on London's big businesses.

4.2 The following guests have been invited to attend:

- Rajesh Agrawal, Deputy Mayor for Business;
- Dr David Lutton, Director of Policy, London First;
- Simon Kleine, Director Corporate Communications, Tech London Advocates; and
- A retail representative.

5. Legal Implications

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

6. Financial Implications

6.1 There are no direct financial implications to the Greater London Authority arising from this report.

List of appendices to this report: None.

Local Government (Access to Information) Act 1985 List of Background Papers: None.	
Contact Officer:	Carmen Musonda, Scrutiny Manager
Telephone:	020 7983 4351
E-mail:	carmen.musonda@london.gov.uk

GREATERLONDONAUTHORITY LONDONASSEMBLY

Subject: Economy Committee Work Programme

Report to: Economy Committee

Report of: Executive Director of Secretariat | **Date: 13 December 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 agrees the work programme and priorities for 2016/17, as set out at paragraphs 4.2 – 4.4 of this report.**

3. Background

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

4. Issues for Consideration

4.1 The Assembly agreed the following meeting slots for the Economy Committee during the 2016/17 Assembly year:

21 June 2016	13 December 2016
6 July 2016	17 January 2017
7 September 2016	3 February 2017
11 October 2016	2 March 2017
8 November 2016	

City Hall, The Queen's Walk, London SE1 2AA
Enquiries: 020 7983 4100 minicom: 020 7983 4458 www.london.gov.uk

4.2 The initial priority topics identified by the Committee were:

- An overview of London's economy;
- Improving the quality and diversity of apprenticeships in London; and
- The availability of industrial space, advice and support to enable small business growth.

4.3 The work programme has subsequently been amended to allow the Committee to consider the impacts of the European Union (EU) exit on the London economy. Revisions to the work programme were agreed at the Committee meetings on 6 July, 7 September and 11 October 2016.

4.4 The table below sets out the Committee's current priority topics to March 2017:

13 December 2016	EU exit and London big businesses
17 January 2017	EU exit and migration
3 February 2017	Business space and support to SMEs
2 March 2017	Media (local news) provision in London

4.5 The scope, approaches and timings for the work in the above areas will be determined as the work programme continues to evolve, and the Committee will consider detailed scoping proposals for any new inquiries undertaken. Evidence to support the inquiries may be gathered through formal Committee meetings, informal briefings, and site visits, or a combination of approaches.

EU exit and the London labour market

4.6 At its meeting on 8 November 2016, the Committee discussed with expert guests the likely effects of an EU withdrawal on workers' rights. The discussion considered the role of the EU in protecting workers' rights, the potential for an EU exit to exacerbate low pay and in-work poverty, and potential risks to flexible and inclusive ways of working.

Apprenticeships

4.7 On 17 November 2016, the Chair hosted a roundtable event with a delegation of apprentices and staff from the City and Islington and Westminster Kingsway College. Delegates discussed their experiences in accessing apprenticeships, progression and the quality of training offered. This will feed into the Apprenticeships report currently being prepared by the Committee.

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	
Contact Officer:	Carmen Musonda, Scrutiny Manager
Telephone:	020 7983 4351
E-mail:	carmen.musonda@london.gov.uk

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