

**London Assembly (Plenary) Meeting – 1 July 2015**  
**Transcript of Agenda Item 4:**  
**Question and Answer Session – London Enterprise Panel**

**Jennette Arnold OBE AM (Chair):** All right. We now come to section 4 and the question-and-answer session. We have with us the Deputy Chair of the London Enterprise Panel (LEP), Harvey McGrath. Good morning, Harvey.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Good morning.

**Jennette Arnold OBE AM (Chair):** Thank you for coming and joining us. We are also joined by Cathy Walsh OBE, the Further Education (FE) Representative on the London Enterprise Panel. Her day job is as the leader of Barking College.

**Cathy Walsh OBE (Further Education Representative, London Enterprise Panel):** Good morning.

**Jennette Arnold OBE AM (Chair):** Good morning, Cathy. Before we move to the questions on the agenda, can I invite Mr McGrath to make a short opening statement?

Harvey, can I just say thank you for sending that link out to Members? In another administration when we are fully wired up, maybe then we will be able to take that as a matter of course, but we were not able to wire that presentation up to show it this morning. Members have the link. Some may have seen it and it is there for others to pick up afterwards. Over to you to make your opening statement.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Thank you, Chair. I would recommend the link to you. It is a four-minute summation of a 100-page document, but it captures the essence. We will come back, undoubtedly, to some of the themes there during this discussion.

Thank you for the opportunity to discuss the work of the London Enterprise Panel. As you all know, this is London's local enterprise partnership. Therefore, it is one of 39 local enterprise partnerships across England. They are all different in size and in membership and, indeed, they are different in construction. The idea behind the partnerships was that they would be partnerships between the private sector, local government and other local stakeholders to drive the dialogue about economic development.

In London, in terms of the London Enterprise Panel, it is an advisory body and it pulls together the private sector and London government in terms of the Mayor, the Greater London Authority (GLA) and London Councils to take a strategic view of what I will call the 'jobs and growth agenda' for London. It would be my view that it is a unique forum to have those conversations, pulling together that wide range of stakeholders around that agenda.

As you know, we initially have focused on four priority areas: skills and employment; supporting small and medium enterprises (SMEs) and microbusinesses; diversifying London's economy through the support for the digital creative, science and technology sectors; and, fourthly, the infrastructure challenge that London faces and needs to address. Those were encapsulated in the *Jobs and Growth Plan*, which was published a few years back.

Since then, we have conducted an update of the evidence base - what is going on, what are the trends, what is happening in the wider world - and the result of that was the document that we published in January, this economic development agenda looking out to 2036, which is the end of the current London Plan period. The link that you were sent last night is a summation of this document that was published, which looks out to 2036 and more widely than the *Jobs and Growth Plan* that we published a couple of years ago.<sup>1</sup> We can come back to the themes that are laid out in here and their implications.

The final point that I wanted to make was that, clearly, the Panel does not hold all or many of the levers required to deliver on the ambitions that we all have for jobs and growth in London. However, what the Panel can do is act as an important forum, catalyst and co-ordinator of those parties that do have the ability either through direct action, through implementation or through advocacy to help drive this process forward. Thank you.

**Jennette Arnold OBE AM (Chair):** Thank you very much for that opening statement. Now let us move to the questions on the agenda. There are four questions on the agenda and Assembly Members may ask supplementary questions after each question has been answered. Any questions on the opening statement will be taken at the end of the session, time permitting, and we are going to be here for two hours.

### **2015/1992 - Stronger, fairer and more innovative London economy**

[Fiona Twycross AM](#)

*With less than one year to go of the current Mayoralty, what is the London Enterprise Panel doing to make London's economy stronger, fairer and more innovative?*

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I see the role of the Panel to be essentially an informed, constructive critic of the outworking of policy as it affects jobs and growth in London, whether those policy levers are held by London government or held by central Government and, of course, many are held by central Government. That evidence base that we have been developing to enable us to perform that role is captured in the document that I have referred you to that was published in January 2015. On the basis of looking at where we are and looking at where the world is going in terms of the global economy, what that does is to highlight a set of priority issues that we think need to be addressed and prosecuted, looking out to the medium term.

Firstly, we believe that we need to cement London's existing leadership position as a global hub for business. That means staying open for business, it means an increasing focus on emerging markets and it means improving global access. That needs to address, amongst other things, aviation in the southeast as well as the visa system for global businesses.

Secondly, we need to fuel more diverse growth. That implies training more technical talent to support the burgeoning sectors in tech and creative. It requires improving digital connectivity in London, which remains a real issue. It requires addressing issues around funding for growing businesses in London and addressing some of the gaps that there appear to be in the market.

Thirdly, we need to address what I will call 'weaknesses'. We need to make sure we have a city that works. That means, amongst other things, securing long-term infrastructure investment for all the reasons that you are familiar with. It absolutely means accelerating housing delivery because housing and affordable housing

---

<sup>1</sup> <https://www.youtube.com/watch?t=197&v=7az109PjQW8>

becomes a key issue as we look forward given the population trends. Thirdly, it means developing Londoners' employability because, for a city that works, we need to make sure that everyone can participate in the growth and prosperity that the capital is going to throw off over the coming decades.

Wrapping all of those things is an overarching priority, as we see it, which is London's role in supporting United Kingdom (UK)-wide growth. We need to be better collective advocates of the role of London as the engine for the growth of the rest of the UK economy because that is, indeed, what London's role is given the shape of economic geography.

Let me give a few specific examples of what the Panel has done to date to address a number of those priorities in terms of answering the question about what we are doing to make London's economy stronger, fairer and more creative. On the diversity of the economic base point, the LEP was instrumental in the creation of Med City. Med City is an umbrella organisation to co-ordinate the very vibrant and globally significant life sciences cluster that we have in London between London, Oxford and Cambridge. That was seed-funded by the Panel and is making significant strides in creating the identity of what is a world-class cluster in terms of life sciences.

Secondly, in terms of funding for SMEs, the LEP has committed £25 million to the London Co-Investment Fund, which is designed to target the funding gap between the angel [i.e. angel investor] round for start-up businesses and the level of funding that would come from the venture capital (VC) community. The London Co-Investment Fund is up and running and is likely to make investments in over 125 companies over the next three years. It has levered in funding on top of that £25 million to the tune of another £75 million and prospectively more than that.

**Fiona Twycross AM:** Could I ask a couple of specific questions around that? That was very interesting and there will be questions coming up about various aspects of that throughout the session. I just wanted to look at bit more at devolution and where we are now.

I know that at the Devolution Working Group on 12 February 2015 you spoke in favour of devolution of decision-making and policy-making around skills provision to London - and obviously you mentioned the employability aspect - and around the funding required to support it. Could I just ask you to comment on to what extent George Osborne's [Rt Hon George Osborne MP, Chancellor of the Exchequer] announcement in March brought London to that goal?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes. Thank you. I am happy to do that. The Chancellor's announcement in March set the direction of travel with a starting gun, but realistically we have quite a long way to go in terms of seeing a devolved skills structure in London. Since that announcement, there has been some progress in terms of meetings between officials here and officials in the Government to map out what the process would be to agree an evolved settlement for skills funding for London. The same process is going on in parallel with Manchester under its city deal [the Greater Manchester Agreement]. My expectation is that it will take 12 to 18 months before we see quite what emerges here.

However, the good news is that there is a recognition of the fact that a centralised system where funding is provided to FE colleges without intermediation by London as to the needs and requirements of both Londoners and London employers is something that is not working effectively and needs to be improved as part of addressing, amongst other things, some of the skills gaps that we have seen emerging.

**Fiona Twycross AM:** 12 to 18 months would take us to 2017, probably. At the time of the Budget announcement, Sir Edward Lister [Deputy Mayor for Policy and Planning] announced that the devolution of power "should see a radical change in courses offered in the capital's colleges" and, like you, he mentioned

Manchester as well as Sheffield. He stated, "We will jointly commission the Skills Funding Agency [SFA] with the Department for Business, Innovation & Skills", which will probably be run through the LEP.

Is this your understanding of what is on the table at the moment and how close would we be to these goals?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** As I said, the first steps have been taken to develop a common view between London and the Government as to what that system would look like. My view - and I will ask Cathy Walsh, given her background in skills, to comment - is that we need to address an information gap, which is resulting in some provision - that is not economically valuable either to the individual or to employers - being closed. This is something that will require working not just between London government and central Government but also with employers to improve the flow of demand-side information as to what skills are required and leading to employment outcomes.

**Fiona Twycross AM:** Thank you. There is potentially some cynicism about how much of this will be delivered given the timing of the announcements. Can we be confident that the promise was not an election sop that will be kicked into the long grass? Are you confident that this will be delivered on?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I am fairly confident that we will have, as London, much more say about how skills provision is funded. Quite what the shape of that structure is I am less clear on.

However, the point that I would make to all of you is that we absolutely need to win this argument and to be strong advocates for the proposition that London does need to have much more say over how this significant pot of funding is spent around skills provision.

**Fiona Twycross AM:** Thank you. I have one more quick question before I move on to ask Cathy Walsh a question about adult skills. Can I just ask what input the various sub-regional groupings such as the Northeast London Strategic Alliance have had in discussions around the skills devolution agenda in London?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes, they have. Central London Forward in particular has been very much engaged in this discussion and is, indeed, running one of the pilots that is relevant here. The other sub-regional organisations, which vary in size and grip, have all had some element of contribution to the thinking about this, as has London Councils.

**Fiona Twycross AM:** Thank you. I have a question now for Cathy Walsh. Cathy, the GLA is currently involved with the Government in looking at the recommissioning of adult skills in London. I just want to get a sense of the impact of the anticipating funding cuts on this. Given the huge funding cuts in this area, which we know are 24% this year and potentially similar over the next two or three years, is this area looking like a poisoned chalice rather than an opportunity with London being asked to do more with less?

**Cathy Walsh OBE (Further Education Representative, London Enterprise Panel):** Thank you for that question. I would say two things, really. It is correct that the adult skills budget for this coming year has a reduction of 24% and since 2010 that overall reduction is closer to 50%.

However, there are statistics, statistics and damned lies because the funding that has gone into apprenticeships, which is the Government priority, has increased. Therefore, technically, the amount of funding available for adult skills, particularly for those adults who are unemployed or not even at entry point in the labour market, has reduced. There is money under the Department for Work and Pensions linked to Jobcentre Plus, which enables Londoners with those lower-level skills to access training and to get the skills for

the labour market. It is a fair comment that with devolution there have been remarks that it is devolution of a diminished budget or devolution of austerity. However, what is absolutely clear is that the Government is intent on growing apprenticeships and that there is funding available for apprenticeships.

For many young Londoners - and I would say up to the age of 25 - the apprenticeship route is a good route into employment and to secure economic independence, but we know that we do have in many of the boroughs a number of adults over 25. For them, it is access to a more joined-up skill system that involves not just the adult skills budget, I would suggest, but also the monies through the Department for Work and Pensions and Jobcentre Plus so that the dots between those funding streams can be joined up, the information to local adults can be made more accessible and also employers can be part of that solution.

**Fiona Twycross AM:** Thank you. Just touching on the point about apprenticeships, is this money being used effectively? We know that the Mayor is not meeting his target on apprenticeship starts in London. To what extent could this also be put down to a lack of appropriate or correctly targeted funding?

**Cathy Walsh OBE (Further Education Representative, London Enterprise Panel):** The apprenticeship numbers in this term are significantly up in London. It is a great achievement. Between 2010 and 2012, there were just under 190,000 - to be exact, 189,000 - apprenticeship starts in London, which is a significant improvement from the previous term, 2005 to 2010, when there were only 70,000 apprenticeships. Although the Mayor quite rightly set a very aspirational target, that target is not going to be met.

We are at a point now where we are clear that reform of the skill system is essential. What were previously funded by Government were, often, qualifications that did not have the up-to-date knowledge and skills that employers needed. Now there is a role for London's employers because, certainly in the skill system, there are many young people looking for apprenticeship places but there are not the same job or apprenticeship opportunities from employers. The LEP has played a significant role to try to bring employers into that equation to match those skills.

**Fiona Twycross AM:** Can I ask in that context how successful the additional funding for the apprenticeship grant for employers has been in terms of take-up? Obviously, this has now ended. It is something either of you would be keen to see continued?

**Cathy Walsh OBE (Further Education Representative, London Enterprise Panel):** We know that the apprenticeship grant was swallowed up in advance of its timescale. Certainly my experience as a Principal and Chief Executive of a successful London college is that giving SMEs that additional opportunity and incentive to take on Londoners in apprenticeships works. It is a successful strategy, I would suggest.

Part of the issue - and it is something that the LEP and the Skills and Employment Working Group has been working on - is looking at the widespread dissemination and the joining-up of SMEs in particular sectors across combined local authorities to make them aware of that opportunity and also, in particular sectors, young Londoners being able to get the experience and completion of an apprenticeship even if it involves working across a couple of SMEs rather than just one.

**Fiona Twycross AM:** Thank you. This is a question for either of you, really. Would we want to see the apprenticeship grant to employers being devolved to London in the same way that it has as part of the Greater Manchester devolution agreement?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** In principle, we would, yes.

**Fiona Twycross AM:** Thank you. How is the Mayor measuring the success of apprenticeship starts in London? For example, do apprentices go on to good quality jobs? Obviously, the point of apprenticeships is not just for that period; it is for the longer-term future.

**Cathy Walsh OBE (Further Education Representative, London Enterprise Panel):** That is a very good question. It goes beyond apprenticeships and it goes beyond training, totally. Part of the reform of the skill system is looking not just at getting a qualification but at getting a job. There is work underway and a piece of research has been done looking at how an outcome that leads to work can be measured and assessed. The first tranche of that has started for this period that we are in where destination measures and into-work measures will be one of the key performance indicators (KPIs) that training providers will be assessed against.

**Fiona Twycross AM:** Thank you. I know my colleagues have other questions that they will want to ask, but I just wanted to briefly ask about careers advice. Perhaps, Harvey, you could comment on this.

What is it intended that London Ambitions, which was launched last week, will do to remove the significant barriers for young people in terms of careers advice? Not all children start at the same point. How does it facilitate social mobility?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** What it seeks to do is to fill what is a very real gap in careers information, advice and guidance for young people going through education. It does so by laying out a fairly prescriptive framework that we would like to see London schools sign up to, which includes, amongst other things, a commitment to a 100-hour exposure for each child before they leave secondary school to the world of work. It might be classroom-based; it might be mentor-based; it might be work experience. It would be documented and, as they leave with their GCSEs and A Levels, they would also leave with a documented track record of that business exposure.

**Fiona Twycross AM:** How will you measure its success?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** We will have to measure its success on the basis of the evolving destination data that Cathy referred to, which is what actually happens to young people. Believe it or not, the tracking of that is not straightforward. That evidence is not readily accessible and that is something that, as Cathy [Cathy Walsh OBE] has said, needs to be addressed.

However, there is a chronic absence, despite the fact that it is a requirement of the national curriculum that there be advice and guidance. In practice, given the constraints on budgets and prioritisation decisions that head teachers have to make, it is our view that in many cases there simply is insufficient resource committed to this. Therefore, we want to take this document. For those of you who have not seen it, it was launched last week by the Mayor. It is an excellent piece of work that pulls together best practice not just from the UK but internationally. If we can get behind it and get employers behind it, it will run.

**Fiona Twycross AM:** Thank you. We can make sure people get a copy of that. I need to allow other colleagues to come in. Thank you.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Thank you.

**Kit Malthouse AM MP:** Chair, can I just raise a point of order? It occurred to me when I looked at the list that I am still on the advisory board of Med City. I am not a director of the company, but there is an advisory board of supposedly eminent people and me. It is a hangover from when I was a member of the Panel.

**Jennette Arnold OBE AM (Chair):** Are you getting money for it? Do you get paid for it?

**Kit Malthouse AM MP:** No.

**Jennette Arnold OBE AM (Chair):** That is fine. Noted.

**Kit Malthouse AM MP:** Quite a lot of the things that are on here people do not get paid for.

**Jennette Arnold OBE AM (Chair):** It is not a pecuniary interest, no. Thank you for noting that.

**Caroline Pidgeon MBE AM:** I have a specific question for Mr McGrath. Very briefly, Harvey, employment is a key for a stronger economy and you talked very much about this document and yet it does not mention anywhere the challenge of parental employment. Given that around 10% fewer women who are parents in London are in employment compared to the rest of the UK, have you done any work on this issue and perhaps the childcare challenges that the capital faces?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** That is a fair question and one that you raised --

**Caroline Pidgeon MBE AM:** Twice before.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** -- in our last meeting. The answer is that we have not, as the Panel, commissioned any work on that area. It is something that we should look at but it is not yet something that has been done.

**Caroline Pidgeon MBE AM:** Is it something that you will commit to do? I have raised this when we met privately and also when we had a devolution hearing and I know my colleague Stephen Knight [Stephen Knight AM] has raised it previously as well. It feels as if this is an important area and you are given no attention to it, yet we have a highly skilled workforce and we have women with degrees, very professional women, who are not going back into work. It is a 'brain drain' from London's economy. Will you promise to do some actual work on this to see what can be done to make sure there are employment opportunities for these women?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes, I am happy to say that we will take a look at it.

**Caroline Pidgeon MBE AM:** Thank you.

**Jennette Arnold OBE AM (Chair):** Assembly Member Tracey?

**Richard Tracey AM:** Thank you, Madam Chair. Can I just dig a bit deeper into this question of skills and the equipping of young people?

You will be well aware that in my constituency, in Wandsworth, we have the massive Nine Elms [Vauxhall Nine Elms] development going on. I was pretty shocked when on one of my recent visits there to hear from some of the people running the support operation that there are terrible problems with getting the funding and getting the operation going. They are not able to lay on the supplies of skilled young people and apprentices and apprentice training for these developers, who are now really well advanced. The United States Embassy is going up and the major developers, Battersea Power Station and Ballymore, are building a

lot and there is a lot more to go. It shocks me with the appalling build-up and preparation there has been to this.

Can I ask you to say a bit more specifically how soon you think you could get to the root of this if the Government will accept your planning and your ideas?

**Cathy Walsh OBE (Further Education Representative, London Enterprise Panel):** It is an excellent question and it is a very complex answer. First of all, it is not a case of the people who deliver skills training for Londoners and employers to deliver the type of skills that employers need. It is not as straightforward as that.

**Richard Tracey AM:** No, quite.

**Cathy Walsh OBE (Further Education Representative, London Enterprise Panel):** Basically, with the devolution of adult skills in particular, it will certainly enable more timely delivery of the types of skills - for example, modern methods of construction, reinforced concrete framing, carpentry, shuttering, etc - to be delivered. It is accurate that many of those modern methods are not yet delivered by the skills providers, primarily because they have never been funded to deliver those because there are no qualifications linked to them. The first barrier is freeing up the funding for adult skills to deliver the type of skills that London, London's employers and Londoners need, rather than to deliver a qualification.

In construction, however, there is a second barrier. The barrier lies with the construction industry itself. Harvey McGrath chairs the London Construction Skills Advisory Group, which is linked to £1 million in private investment from the Construction Industry Training Board and construction employers, matched by £1 million in public funding from the LEP. There are four pieces of work that underpin that £2 million investment. There have been two meetings of that advisory group with a huge commitment from everybody around the table.

However, there is a cultural issue within the construction employers that is a second barrier, I would suggest, to people accessing the opportunity to get work. It is linked to pay-as-you-earn (PAYE) in part and the prime contractors in the construction industry subcontracting to SMEs to do parts of building and the culture of very often people working and being paid in unusual ways. There is a challenge for the construction industry itself to reform and to work to enable Londoners to access paid employment opportunities and work in a manner that the other sectors also work. This is acknowledged by the construction sector itself. There is a culture of being paid on the job rather than officially through the PAYE processes. That is a cultural aspect.

The other link to that cultural aspect is that the industry itself is very fragmented. Nine Elms, for example, will have prime contractors working there, but there will be a plethora of small secondary subcontractors. The dots are not joined up for Londoners in your part of London to be able to access those job opportunities.

However, I assure you that through the chairmanship of Harvey McGrath and the team of people around that advisory training group, there is a will to remove those barriers so that Londoners can access those great job opportunities and that training providers are freed up to deliver what employers need in terms of skill sets.

**Richard Tracey AM:** Harvey, what would you like to add to that from your august position as chair of the industry body?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** There is a real problem. If you take Nine Elms, the modelling that they have done - which you may have seen - looks out over the duration of the project and breaks down the job requirement by skill to a level of granularity. What that shows is a significant series of gaps that need to be addressed.



I have been encouraged by this dialogue that we have been having with the industry because they recognise that simply hiring people onsite on a day-to-day basis, if I could loosely characterise one of the cultural issues here, is not the way in which they need to manage their businesses for the medium term. We need to get better at managing the peaks and troughs in demand and recognise that creation of skills and reskilling is an integral part of their business model. I have been encouraged by what I am hearing from some of the larger developers and construction businesses. Aside from the consequence of not being able to deliver on some of these projects - because literally we do not have enough dry-liners to meet the timetabling - clearly, there is a huge opportunity for Londoners seeking employment if we can match up and provide them with the right skills training for the jobs that are evidently there.

Finally, one of the next steps for us is to take that modelling that has been done for Nine Elms - which is exemplary, by the way, in terms of looking at the forward demand - and rolling that out more widely across London. When you do that with the totality of infrastructure projects, of office developments and of housebuilding, you see how significant this area is in terms of the ability to generate jobs and support economic development.

**Richard Tracey AM:** I had the impression talking to them that, indeed, they were getting some of these particular skills provided from other parts of the country where, clearly, there has been a bit more advanced thinking going on and, obviously and inevitably, from abroad. It seems to be a pity that Londoners are missing out.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes, certainly both are true. They have this extraordinary demand surge and they need to hire people to work on these projects and so they get sucked in. What we need to do is to make sure that some of those people are in fact Londoners.

**Richard Tracey AM:** Yes. Thank you very much.

**Jennette Arnold OBE AM (Chair):** Assembly Member Shah?

**Navin Shah AM:** Thank you, Chair. I would like to explore further the issue about the childcare aspects. One of the largest barriers to participation in London's labour market for women is the lack of flexible and affordable childcare. I would certainly say that if you would, please, look into this as one of the priority issues.

Looking at the GLA's history with regards to childcare, before 2008 - I think it was in 2003 - there was a Childcare Strategy that was launched at the time, followed by about £33 million in investment planned over a three-year period, to look at innovative ways of delivering childcare. Unfortunately, it was stopped around 2008.

Also, in 2012, the Health and Public Services Committee looked at a piece of work on this particular issue, which I would recommend you look at. Unfortunately, some of those recommendations, which were directly addressed to the Mayor, were not taken on board.

The situation now is that the Mayor has recently said that he is going to put forward a paper this summer to outline proposals for additional work that the GLA will be undertaking in relation to childcare provision. May I suggest that the LEP feeds your experience about what can be done into this paper? It is important that the LEP gets involved. There are certain aspects that I would like you to consider when you feed into the Mayor's work this summer. Those are issues like flexibility of provision, affordability and whether the supply of childcare services is sufficient in London. Also, assessing the various merits or demerits of devolving funding

and policy responsibilities to City Hall, whether the funding levels are adequate given the highest costs of running childcare services are in London and whether the tax and social security system is operating sufficiently for families in need.

There is a lot of work to be done here. Unfortunately, we are not doing that in City Hall. I am pleased that there is a move towards progressing this and certainly I would like to have your commitment this morning to say that, yes, you are prepared to look at it and it is something that you will feed into the Mayor's work.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Thank you. I am not cited on that work, but I am happy to take a look at it and to feed into it.

**Navin Shah AM:** We would be happy to write to you underlining the key issues that we reckon are important and need to be looked at by the LEP and by City Hall. Thank you.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Thank you.

**Jennette Arnold OBE AM (Chair):** Assembly Member Twycross.

**Fiona Twycross AM:** Thank you. I just want to come back a little bit to the part in the question that refers to fairness, which we touched on a little bit in terms of increasing employability but not in terms of issues of pay.

I was at a meeting last night when a number of cleaners spoke quite passionately about the impact on their lives of low pay. We know that the number of jobs paying less than the London Living Wage has risen quite dramatically in recent years while average pay rates have also been declining in real terms. I just wondered, Harvey McGrath, if you could talk a little bit about what the LEP is doing to reverse this trend?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Thank you. The LEP has not taken an independent position on this from the Mayor, which means that we have not debated the issue of the London Living Wage. However, I can tell you that from the point of view of the private sector members of the Panel, there would be a uniform view that we should be continuing to promote the introduction of the London Living Wage where it is not already extant. In principle, I absolutely support it and, in practice, many of those around the table are businesses that have done so.

**Fiona Twycross AM:** That is very positive, but there is still a very real fear that, for an increasing number of people, London is a low-pay city. You mentioned housing costs. This is causing the people on whom the city actually relies to continue its business not to be able to afford to live here.

You mentioned the LEP's role in terms of providing an evidence base for the Mayor and for other people, in fact. I wondered whether the LEP would agree to undertake an analysis of pay rates since 2008 or even potentially over the last decade and report back to the Assembly on the reasons pay is falling on the possible actions the Mayor could take to reverse this trend; whether there is more that could be done, for example.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I would have thought that GLA Economics has all of that data and, indeed, has analysis of that data. I am not authoritative on it, but I am happy to say that we will take a look at what is there and share it and then see where we take it.

**Fiona Twycross AM:** And see what you could do as well about it?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes.

**Fiona Twycross AM:** OK. Thank you.

**Jennette Arnold OBE AM (Chair):** Thank you very much. Assembly Member Shah?

**Navin Shah AM:** Yes, on the London Living Wage again, are recipients of LEP funding required to pay their employees the London Living Wage?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** In terms of ...?

**Navin Shah AM:** Are the recipients of the organisations that you fund required to pay the London Living Wage?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** There are very few instances where we are funding companies on a direct basis as opposed to funding, for example, apprenticeships. However, I understand your question. Is there an opportunity through procurement or provision of funding to drive the wider adoption of the London Living Wage and there is.

**Navin Shah AM:** There is?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** There is. That could and should be done, yes.

**Navin Shah AM:** You are asking your recipients to contractually make sure that they pay the --

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** No, factually, we are not doing that today, but I am agreeing with you that using procurement is a means of effecting change.

**Navin Shah AM:** I am pleased to hear that because your website claims that the LEP has consistently championed the London Living Wage and will continue to do so.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Indeed.

**Navin Shah AM:** Given that situation, an obvious thing for you to do is to start the practice from the base itself, so to say.

Would you pledge, therefore, also to influence the Mayor when it is required? In previous written answers, the Mayor has outlined that there is not a standard requirement that organisations in receipt of capital funding are London Living Wage-accredited and that there are no plans to change this approach. Is this something that you can take up with the Mayor so that that practice is changed here at the GLA as well?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes, I would be happy to take that forward.

**Navin Shah AM:** Thank you.

**Jennette Arnold OBE AM (Chair):** Thank you for that. Let us move to the second question now. Sorry? Assembly Member Qureshi, sorry.

**Murad Qureshi AM:** Thank you, Madam Chair. There was just one --

**Jennette Arnold OBE AM (Chair):** And Assembly Member Dismore. Come on, Members.

**Murad Qureshi AM:** Sorry. Thank you very much, Madam Chair. Can I just move the debate into another area, Harvey? I have heard what the Mayor's [Chief Economic] Advisor, Gerard Lyons, has to say about the impact that the UK exiting the European Union (EU) will have on London's economy. Could you tell me what you think the impact will be on key economic clusters like the financial services and medical services that we provide in London?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** My personal view is that it would be a negative for London and for the London economy because it would undermine the attractions of London as that global hub that I referred to, which in part is supported by access to Europe, not just from the point of view of the financial services sector but across a whole suite of different businesses and business areas. Therefore, my personal view is that it would be negative.

**Murad Qureshi AM:** Can we just drill down a bit? For example, what impact could it have on the creative firms and industries that we now have around Shoreditch? Is one of their assumptions being here because they have access to Europe or not?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Some of them are. Ask Google why it has located in London its European headquarters and the answer is, "Europe". It is in part the pool of talent that exists here, but it is also the market access. In financial services, access to the single market and the passporting or the absence of passporting would result in the relocation of many functions out of London in the eventuality of us withdrawing from the EU.

**Murad Qureshi AM:** This would have a similar impact on the medical and science research arena as well, presumably?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** It would have a similar knock-on effect.

**Murad Qureshi AM:** Has the LEP undertaken any preparation for the possibility of London's economy exiting?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Not as such, other than to say that you will see in the report you have that we have identified this as one of the key issue areas and one of the priorities for action. I would expect the business members of the LEP to be expressing their views about this. This is an agenda that needs to be developed and taken forward.

**Murad Qureshi AM:** It is important that we hear this from leaders like you because the *purdah* may kick in before the mayoral election and we will be shut up while parliamentarians will be able to say what they like on the matter.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Indeed.

**Murad Qureshi AM:** Who knows? We could have the referendum on the same day as the GLA election. Could you tell us the impact that an exit would have on jobs and wages for Londoners? Let us just focus on that for a little while.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** There is a range of modelling that has been done and could be done. I do not have any point estimates or numbers that are appropriate for this discussion. However, clearly, if we see a scenario where headquarter companies that would otherwise be based here are not based here, the support businesses that are part of their supply chain would suffer and there would be a cascade effect. Therefore, it is significant, but I cannot quantify it for you today.

**Murad Qureshi AM:** Will you be commissioning any modelling, just on that front, given that it is a significant consideration for many Londoners?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** There is a lot of work that is being done on this and I am sure more will be done. I do not think we will commission it. We will draw on what is out there to form these views.

**Murad Qureshi AM:** OK.

**Jennette Arnold OBE AM (Chair):** Thank you very much, Assembly Member Qureshi. I have two more Assembly Members, Assembly Member Knight and then Assembly Member Dismore.

**Stephen Knight AM:** Thank you, Chair. My question was on this issue of London's relationship with the EU, which your report makes quite a few comments about in terms of London 'staying open for business'. It is quite clear in terms of the need to maintain the relationship with the EU and the dangers of undermining that relationship.

In particular, I wanted to ask you about - and I am reading from the report - wanting to:

*"... strengthen London's voice on national policies that could put London's status as the global hub for business and finance at risk: particularly in relation to the UK's relationship with Europe."*

Do you feel that the LEP is doing enough to express London's voice - or is that a job for the Mayor? - and have you asked the Mayor to express the view that undermining Britain's relationship with Europe is bad for London business?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** The Panel is, of course, distinct from the Mayor. The Panel is this partnership of the private sector and London government and other stakeholders. That gives the Panel the ability to act in ways that complement, most of the time, those of London government and the Mayor.

What we are in the process of doing against each of the priorities in this economic agenda is working out how best to implement them. In the case in point, there is an advocacy role for London's business membership of the Panel, which needs to be a louder voice than it has been around a number of issues but in particular around staying open for business, as you have identified. It has not been particularly loud or articulated, but it needs to become more so.

This, by the way, also gets to immigration policy and that is not just an EU issue. It is a wider question of global talent and it gets to some of the practicalities about visa eligibility and issuance. These things have a significant London impact not just in the business community but also the higher education institutions that make up such a critical part of London's infrastructure and ecosystem. They are non-trivial. Therefore, you should expect us to be having a louder voice across this agenda.

**Stephen Knight AM:** OK, but I am interested in you saying that you have a slightly distinct position from the Mayor because I notice that your website describes the LEP as a “mayoral appointed body with no separate independent or corporate legal status” to the Mayor. Therefore, in a sense, you are a body underneath the umbrella of the Mayor of London, you are his advisory body on matters of London’s economy and you have published a report that unambiguously says London needs to maintain, and indeed deepen in some ways, its relationship with the EU. Yet you have a Mayor who holds and articulates quite Eurosceptic views. How do you cope with that tension? Is he just not listening to your advice?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** The tension arises in lots of ways across lots of these issues because it is an advisory panel that is providing views on issues of importance to London. It does not mean unanimity; nor does it mean top-down direction from the Chair. That is healthy and it is constructive. That tension is actually the key to the effectiveness of this kind of thing.

**Stephen Knight AM:** Could I ask you - finally, Chair - whether this issue of maintaining London’s relationship with Europe was a controversial one on the LEP? Was it adopted unanimously? Was it one that there was lots of debate on and you passed by a narrow majority? I would be interested to know whether, in your view, London’s business community is pretty united on this issue or whether it is a controversial one.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** We consulted very widely indeed on the document and on all the propositions in the document, including this ‘open for business’ set of propositions. This is what uniformly came back. I am not saying that there are not people who would hold contrary views; there clearly are. However, from the point of view of the Panel and of this exercise, the clear consensus was what is described here.

**Stephen Knight AM:** That was not questioned by the Mayor at the LEP Board, for instance?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** The Mayor chaired the session that approved this document.

**Stephen Knight AM:** He did not express opposition to those elements of the report?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** There was no substantive issue around them in the final analysis.

**Stephen Knight AM:** Thank you.

**Jennette Arnold OBE AM (Chair):** Thank you. Assembly Member Dismore?

**Andrew Dismore AM:** Thank you, Chair. I would like to raise the issue of connectivity and broadband, which does not seem to be moving on particularly well. A few weeks ago, Emily Thornberry [Member of Parliament (MP) for Islington South and Finsbury] raised in Parliament an example she had of a business in central London taking nine hours to upload a two-and-a-half-minute film, which is not particularly helpful. What are you doing to try to do something about this problem of connectivity?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** It is a problem in parts of London where, ironically, broadband speeds are much slower than you would find in some rural areas. There is a Connectivity Working Group, chaired by Ed Lister [Sir Edward Lister, Deputy Mayor for Policy and Planning], which is pulling together members of the industry, members of local government and others to address this issue.

Part of it has to do with the way in which state aid provisions apply such that subsidies are, in effect, given for rural connectivity that do not apply in cities and therefore the economics for the providers – businesses like BT – are different when it comes to the city as opposed to those rural areas. That needs to be addressed and I believe there is some progress on that front.

Secondly, we need to be clear about what the particular area issues are on a fairly granular basis. There is a mapping exercise that needs to be done and is now being done to identify what those specific issues are.

Finally, we need to do something to break what I would describe as the monopoly provider of the basic backbone infrastructure that exists to make that more accessible to others and to unlock what is clearly in some areas a logjam where, left alone, the market is not going to solve this.

**Andrew Dismore AM:** Thanks for that generic answer. One of the issues is not just speed but also actually getting connected in the first place. The Barnet Society in my constituency has identified roughly 3,000 properties just in and around High Barnet that are either not connected or on some of the slowest speeds in the country. It gives a very good example of an information technology professional from Hungary who is working in a building in Barnet High Street, directly opposite Barnet and Southgate College. The College has fast broadband; he has 4MB downloads. What he says on your point about rural places is:

*“If Barnet College has a high-speed service, why can’t I have one, too? Even in rural Hungary, we can get speeds of 20 to 30MB.”*

If they can get it in rural Hungary, why can we not in suburban Barnet?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes, agreed.

**Andrew Dismore AM:** Then a couple of other examples from constituents. David, a constituent from High Barnet, felt he was rather conned by BT. What he says is this:

*“Before moving to Chipping Barnet from North Finchley, I used the BT [fibre-to-the-cabinet] FTTC fibre availability checker to see if I had access to modern speeds. The checker said that my cabinet, Barnet Exchange 38, would be fibre-upgraded by September 2014. It even cited the fibre connection speed.”*

He moved and it was not connected. The availability checker was wrong. Now he has been told by Openreach that Barnet Exchange 38 is not going to be upgraded as part of the Openreach commercial fibre rollout. There is no prospect of a fibre connection at all and so he is now stuck with the very slow speed that he had ten years ago. He makes the point that BT’s online service for checking fibre availability cannot be trusted and in 2014 it is ridiculous that a street in a London borough cannot have access to the modern digital technology enjoyed by all the streets around it. That is one example.

Another example from –

**Jenny Jones AM:** Oh no!

**Andrew Dismore AM:** – a constituent who works from home says this:

*“As a resident of Granville Road Barnet, I wish to express my frustration regarding the incredibly slow internet speed we have been experiencing for a long time. It is too slow to do anything, let alone watch*

*BBC iPlayer. It means that I am never able to work from home and see my own children, as my office is in Fulham, which is a long commute. It is not acceptable that, living in a London suburb, the speed of our connection is slower than in the remotest parts of the country, yet the houses opposite do have high speeds."*

The point I am making here is, first of all, how can we possibly compete with other global tech clusters when it can take nine-and-a-half hours to upload a two-and-a-half-minute film? Also, people ought to be able to work from home because it reduces their travelling time. It also reduces the demands on public transport and, by definition, the pollution that follows from that. The further out they are, the less chance they have of being able to work from home. Therefore, that increases the amount of commuting that is being done.

It really does seem to me that this is not just an issue about speed, although speed is extremely important. It is also about access as a whole and we just have this catalogue of excuses from BT about its assessment of the economic viability. What do you think about that?

**Jenny Jones AM:** All of it?

**Andrew Dismore AM:** Yes, if you like.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** As I have said and as we all know, there clearly is a problem. The Connectivity Working Group that I have referred to is taking that forward. The LEP has said that it wants an accelerated response to that problem. We will, where we can, put more resource behind it if that is what is required. It is an issue and we need to address the issue.

**Andrew Dismore AM:** You raised the issue of the state aid point and you said it was moving further forward. My understanding is that Birmingham Council devised a scheme to plug the gaps in its broadband coverage but then Virgin and BT both challenged it on the basis that it would adversely affect their business models and distort competition. Never mind the impact on the consumers: that was obviously secondary from their point of view. They stated that it had been approved by the European Commission. Why, in those circumstances, do we not try to do the same and say to BT, "OK, see you in court"?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Let us see what develops here. In certain boroughs - for example, in the City, in the Square Mile - they are effectively taking some of that action by putting in their own cabling and driving a commercial confrontation with some of the suppliers. There is, clearly, a lot that needs to be done here and we will be very supportive of trying to take it forward.

**Andrew Dismore AM:** Do you think we should make it a condition of planning consent for new developments that they should have broadband connected?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** That, indeed, is one of the things that is being discussed. I have just moved an organisation from one building to another in central London and the only delay in the whole process was getting broadband connectivity, which took three months. There is a real case for having a requirement that buildings are certified as ready and perhaps building that into the planning permission would be a smart thing to do.

**Andrew Dismore AM:** We had a new development in Mill Hill on the old army barracks site there and broadband, for most of that site, is not available. It seems to me crazy that the local authority or the Mayor - because it would have been a scheme that went to the Mayor - should not have said, "OK, a planning condition is that broadband should be installed on this estate".



**Nicky Gavron AM:** Can I just come in? Chair, with your permission, can I come in on this?

**Jennette Arnold OBE AM (Chair):** No. Just a moment. Just indicate you want to speak and I will bring you in when we have finished. We have other people.

**Kit Malthouse AM MP:** Chair, it is a point of information, I think.

**Jennette Arnold OBE AM (Chair):** Just wait because the questioning is still with Assembly Member Dismore.

**Jenny Jones AM:** He still has time.

**Andrew Dismore AM:** I will ask the question. Do you think that is what should happen? Do you think we should make that part of the planning process?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes, my view is that we should.

**Andrew Dismore AM:** The last thing I wanted to ask about was really the Super Connected Cities Plan. As of December last year, vouchers went to only 2,232 businesses, which is less than a quarter of the target. It does not really seem to be working. It is a bit of a sticking-plaster solution, is it not? I suppose it is as good as far as it goes, but it is not actually resolving the problem.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** No. It is a very small step in the right direction, but you are right.

**Andrew Dismore AM:** Do you know what is happening about trying to deal with the European state aid problem?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I understand that there is a dialogue between the Government and Brussels about redefining the context for cities that are deemed not to be eligible for funding support for, in this case, broadband connectivity. We can update offline but I am not closely sighted on where that dialogue is as I speak.

**Andrew Dismore AM:** How do other cities abroad cope with this problem? Presumably, the same rules are EU-wide. How can other cities deal with this and we cannot?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I do not know.

**Jennette Arnold OBE AM (Chair):** OK. We are straying here. Have you finished?

**Andrew Dismore AM:** Yes.

**Jennette Arnold OBE AM (Chair):** OK. Assembly Member Borwick?

**Victoria Borwick AM MP:** If I may, I would just like to follow on and say that there are other boroughs that are very concerned. In fact, I have a residents group in Kensington and Chelsea that is extremely dismayed that it seems to be that others are moving ahead on this agenda. I would - I think - second the points made by Mr Dismore, not all of them, but I know there are others around here who I am sure could instance their

boroughs and issues with this. There seems to be subsidies and other information for other cities but obviously not London. There is a great view that BT is being very tardy and a number of businesses have also contacted us about this. Could you add that to your list, please?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I will do.

**Victoria Borwick AM MP:** Short and sweet.

**Jennette Arnold OBE AM (Chair):** Assembly Member Gavron?

**Nicky Gavron AM:** Thank you very much. I just wanted to make one point. It would be extremely helpful in forwarding this issue if the LEP and Assembly Members could really look carefully at the amended London Plan. I argued on behalf of the Planning Committee that we should have symmetrical high-speed broadband as the new utility delivered to all new developments. There was a lot of querying of me about 'symmetrical'. I am not a technological whizz, but I explained that it was about having the same speed of uploading as downloading, which is obviously an issue. Moreover, we should not just have the connection going to the street but the developments should be properly wired up and broadband should be taken to them.

I do not think the wording reflects either it being symmetrical or it being delivered for every development. I would really like you to press on that. We now have to wait for a replacement London Plan, but we need to build momentum. I have brought this up now at two examinations-in-public.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Noted.

**Jennette Arnold OBE AM (Chair):** OK? Any other comments? Yes, Assembly Member Malthouse?

**Kit Malthouse AM MP:** Just really for information, on new developments, I have written - in my other job [as the Member of Parliament for North West Hampshire]- to the Housing Minister and said that the Housing Bill that is coming in the autumn is a good opportunity to make it compulsory for developers to put it in. What happens at the moment of course is they say, "We will put it in but it has to come out of the section 106 or the Community Infrastructure Levy (CIL) or something". It should be like water and power. I have said that if it would be easier for me to put an amendment down to the Bill to get it in there as compulsory to at least the boundary of the property for then BT to connect, then we might get that done in the autumn.

**Jennette Arnold OBE AM (Chair):** You are supporting the comments made by Assembly Members Gavron and --

**Kit Malthouse AM MP:** I am --

**Jennette Arnold OBE AM (Chair):** God forbid!

**Kit Malthouse AM MP:** -- although, as I say, through the planning process it becomes complicated. If we can just make it a statutory requirement, as it is with water and power, then it becomes easier for everybody.

**Darren Johnson AM:** Agreed.

**Jennette Arnold OBE AM (Chair):** It seems to me that there is a lot of nodding from Mr McGrath and so he has noted the comments that have been made about this issue.

## 2015/1993 - LEP accountability

Gareth Bacon AM

*LEP lines of accountability are often unclear to the public. Given that £294 million has been allocated to the LEP as part of the two Growth Deals, do you think that the Assembly should have a greater scrutiny role with regards the performance of the LEP?*

**Gareth Bacon AM:** Do you want me to ask the question or do you have it?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** No, the question is about lines of accountability in the context of flows of funding or funding decisions.

As we have already noted, the LEP is an advisory body. It is, therefore, not an independently incorporated body. It has no separate, independent or legal status and operates, therefore, through the GLA as the accountable body for the final decision-making around the allocation of funding and indeed the subsequent tracking and monitoring of the projects that have been funded under those programmes where the LEP has direction. There is an assurance framework, which was approved by the Government. It is on the website and it details that set of processes. It is fairly comprehensive.

My final comment would be that one of the principles of the LEP is transparency. To the extent that the Assembly feels we need to be more transparent than we have been, we would love to hear that. We think that what we put up on the website and through other communication channels is transparent, but we are happy to take further input on that if there are areas where you think we can improve.

**Gareth Bacon AM:** Thank you, Mr McGrath. I will come back on the further input part in a moment. Yesterday in the House of Commons, in questions to the Secretary of State for Business, Innovation and Skills, an MP called John Pugh [Member of Parliament for Southport], one of the remaining eight Liberal Democrat MPs in the House of Commons --

**Kit Malthouse AM MP:** I think they call themselves an 'elite cadre'.

**Gareth Bacon AM:** He put it to the Secretary of State - and I am quoting directly from Hansard - and was asking what plans the Government have to make local enterprise partnerships more democratic and accountable. He then stated:

*"They have more funds than the regional development agencies, but are less accountable."*

In light of what you have just said, do you disagree with that assertion?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes. That is a broad-based statement looking out across the other 38 local enterprise partnerships in England. London, as ever, is different and it is different because of the structure that I have just described to you where the existence of the GLA and an elected Mayor and an Assembly and that relationship between advisory and accountable bodies means that it is not true to say that there is an issue of accountability. It is there.

**Gareth Bacon AM:** In your opening remarks, you pointed out that there were 39 local enterprise partnerships in Britain, all of which have different sizes and constitutions and that is fine. It is an advisory body and I think everyone accepts that.

You also said that it pulls together London government and you mentioned the Mayor and London Councils, which you were right to do. Looking down the list of board members, there are obviously business members in there as well but the one glaring omission, I would put to you, is the London Assembly. There are no London Assembly Members sitting on the advisory board. I appreciate of course that my colleague to my left here [Kit Malthouse AM MP] was sitting on there, but he was sitting on it as Deputy Mayor for Business and Enterprise and there were other Deputy Mayors there, too.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Indeed.

**Gareth Bacon AM:** Would it be something that could be considered going forward that actually London Assembly Members should sit on that board, given that it is an advisory board rather than an executive body?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** We recently conducted a governance review, which resulted in the structure that you have just referred to. In the course of that governance review, this issue did not arise, which in light of your comment may be surprising --

**Gareth Bacon AM:** It is surprising.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** -- but it did not, factually. It would be a matter for us to take away and review. Openness, transparency and engagement are all important and so, in principle, I personally have no issue with this. Let us take it away and put it in the context of that whole governance review and see.

**Gareth Bacon AM:** Yes, we are probably in agreement, then. Can I encourage you to review your review and perhaps come back with alternatives? Thank you, Mr McGrath. Thank you, Chair.

**Jennette Arnold OBE AM (Chair):** Any follow-up questions on this? No. Thank you.

## **2015/1994 - London Jobs and Growth Plan**

[Jenny Jones AM](#)

*Why does the LEP not share the Mayor's ambition for London to be a global leader in the transition to a low-carbon economy?*

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Thank you. The LEP is supportive of that ambition. However, when we look through a jobs-and-growth lens in the way that our remit asks us to do, the work that we did on the future employment trends by sector in London did not identify the low-carbon sector as such a significant component of future job growth. That is not to say that it is not important, but it is not as significant as other sectors, for example, in the tech and creative areas.

However, I am quite sure and would fully expect that when the next Mayor leads a full revision of the statutory Economic Development Strategy (EDS) - which is due for renewal, the last having been published in 2010 from data which was from 2008/09 - this objective will, as it is in the existing EDS, again be explicit.

Therefore, I am supportive but, in the context of looking at the diversification of the economic base of London, all the evidence that we saw did not identify it as significant as some of those other areas that we have talked about.

**Jenny Jones AM:** I hear what you are saying. However, climate change is a risk. In fact, the Economy Committee here at the London Assembly was told last June by Lloyd's of London that climate change "is the greatest threat to business for London's SMEs" and that there is "limited capacity" to keep insuring them. That would hit jobs and growth, would it not?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes, absolutely, it would, which is why I have said that the Panel is supportive of a low-carbon ambition, absolutely.

**Jenny Jones AM:** PWC also told the Economy Committee that we are "importing a great deal of risk" through supply chains and that this is not well understood by most businesses. Do you think the LEP understands it?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I am not familiar with the analysis that they have done, but what kind of risks are they identifying through the supply chain?

**Jenny Jones AM:** For example, when climate change hits Indonesia, there is a drastic shortage in Britain of component parts for computers and IT generally. If there are famines in various parts of the world that supply us with food, we also start to run out of food. Supply chains are at risk from climate change and that could certainly affect jobs and growth here in Britain, could it not?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Supply chain disruption, however caused, yes, is clearly an inherent business risk. I agree.

**Jenny Jones AM:** You see, the *Jobs and Growth Plan for London* that came out in 2013, which I assume you are responsible for --

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes.

**Jenny Jones AM:** -- makes some passing references to climate change and low-carbon jobs, but it was not one of your priorities. However, then *London 2036*, which you did with London First, makes absolutely no mention of climate change and low-carbon jobs at all. I would have expected a mention. No?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I acknowledge the point --

**Jenny Jones AM:** This was just in January and the problem of climate change has been happening for a few decades.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** The work that was done by McKinsey & Company that underpinned this report and the consultation process that we went through in order to winnow down the important priority issues in the context of London's economy did not surface this as an overarching or specific issue, in point of fact. The lens through which we are looking here is, narrowly, jobs and growth. There are, clearly, other elements of the London Plan, of the statutory EDS and of the Mayor's 2020 Vision that do, indeed, major on climate change and low-carbon initiatives. However, this sits alongside of those and is looking more narrowly at a set of priorities that this group of people felt were those to focus on in terms of London's competitive position.

**Jenny Jones AM:** I said at the beginning that I take your point about the lens that you are looking through: jobs and growth. However, for example, you may know that the Bank of England is looking at the issue of stranded assets. That, clearly, is going to be a problem for jobs and growth. I would have thought that if even

the Bank of England, which has been incredibly slow to take up the issue of climate change, is looking at it, then perhaps you should be looking at it or the LEP should be looking at it as an overarching issue through whatever lens you are using.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** That is acknowledged. Let us take that thought away and have that discussion.

**Jenny Jones AM:** The Bank of England has said that fossil fuel reserves that cannot be used if they become stranded assets could affect a third of the Financial Times Stock Exchange (FTSE) 100. That sounds like quite a big impact to me.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I agree.

**Jenny Jones AM:** I am glad I have your agreement. I would also like to ask you if you are aware that the low-carbon sector employs 164,000 people: more than work in banking.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** We did look at some of the statistics in the course of developing this report. That number goes back to 2010 or 2011.

**Jenny Jones AM:** Yes, there are more now, actually. I am using the statistics that I have that are corroborated.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Yes. We were not able to do that analysis and come up with those kinds of numbers and, looking forward, meaningful projections of them. However, if you have that, I would be delighted to take a look at it.

**Jenny Jones AM:** I cannot possibly do your work for you. I am really sorry. I do not have the resources. Also, the green economy or the low-carbon economy is growing at 5% a year, which is a pretty good rate of return for investment. I would have thought that would be something the LEP would have really liked to encourage.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Again, it did not come through in the analysis that we have been through and so, again, I would be very happy to take a look at the data.

**Jenny Jones AM:** In his foreword to his Climate Change Adaptation Strategy, the Mayor says:

*“...the drive to attract significant new investment into London, thereby securing tens of thousands of jobs through the delivery of vital infrastructure, goods and services, as well as developing world-class exportable skills.”*

The Mayor at some point did accept that the low-carbon economy is going to be a massive boost to London, particularly in terms of exports of our own skills.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I acknowledge that.

**Jenny Jones AM:** If you are saying ‘yes’ to me all the time, why is the LEP not actually doing something about it? It is wonderful that you are saying ‘yes’ but --

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I am not saying 'yes' in the following sense: the work that we have done does not suggest that we have a burgeoning --

**Jenny Jones AM:** What work?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** -- for example, export-based business around low-carbon technologies. We have elements of that, but in the context of the overall London economy they are relatively small. I would be very interested to see the analysis that supports the proposition that you have laid out in terms of the scale and size and to see how we can feed that in.

**Jenny Jones AM:** Perhaps I can go back to *London 2036*. There are some recommendations there that are relevant. Our Committee heard that there are significant skills gaps in London in growth areas like the low-carbon economy. What you could do, for example, is to respond to market shortages of technically capable workers by improving education and skills at all levels. This would just be a way of not only encouraging the low-carbon economy but actually creating all sorts of opportunities, particularly, I would argue, for exports because other countries are going to desperately need the sort of low-impact technology that we could develop here. Do you see that as a way forward?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I certainly see the role of London's institutions in terms of research and development leading to technologies that are directly applicable in this context and the commercialisation of those into business propositions. Indeed, it is something that should be encouraged and supported, absolutely.

**Jennette Arnold OBE AM (Chair):** OK. That was very interesting. Assembly Member Malthouse?

**Kit Malthouse AM MP:** I assume that you would accept that for all the businesses and people employed in the area of green technology and green industries, 80% of what they do and what holds them back is exactly the same as for businesses that are not involved in those technologies. Therefore, your work on small business, science and technology and all those areas of emphasis would be equally as applicable to green technology, Jenny --

**Jenny Jones AM:** Yes.

**Kit Malthouse AM MP:** -- as they are to other things.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Indeed.

**Kit Malthouse AM MP:** For instance, one of the industries in London in particular and the southeast and the UK generally that holds out enormous promise for environmental change is synthetic biology, not least in the digestion of waste. This is an area of science that could benefit from the fund that you referred to earlier that you might be setting up and some of the work on small business and, indeed, the emphasis on science-based skills across London. It is not that these industries, as Jenny has seemed to imply, are somehow excluded. They can participate in the overall programme of boosting small technology-based businesses across the whole of London.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Indeed, yes. Thank you.

**Jennette Arnold OBE AM (Chair):** Thank you for that point. Any more comments? No.

## **2015/1995 - London 2036: An Agenda for Jobs and Growth**

Stephen Knight

*What is the status of the London 2036: An Agenda for Jobs and Growth plan in relation to the Jobs and Growth Plan for London?*

**Stephen Knight AM:** Thank you. You have probably already covered some of its status earlier on --

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** We have.

**Stephen Knight AM:** -- but I did have one or two questions about some of the content of it, which I wonder if I can put to you.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Sure.

**Stephen Knight AM:** One thing that is raised in here, although it is at page 45 of the report, is the issue of housing and housing costs in London, which you flag up as an increasing barrier --

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Indeed.

**Stephen Knight AM:** -- to employment and growth in the city. Your report makes clear that house prices in London are in part a reflection of the city's desirability as a place to invest - we are seeing that particularly with a lot of people investing in the property market - and also obviously a lack of long-term new capacity being built, which I think everyone recognises.

Would you agree that from a business perspective, the rising cost of housing is now becoming one of the biggest barriers to growth in London's economy?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I am not sure that it is one of the biggest barriers to growth in London's economy, but I would say that the cost of housing is now one of the top two or three issues that businesses have with respect to location in London. In other words, they are increasingly concerned about the ability to recruit and retain because of the difficulties that those people find in securing accommodation.

**Stephen Knight AM:** Indeed. With rising housing costs, it is only going to get worse, is it not?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Correct.

**Stephen Knight AM:** It is likely to move up the agenda, I guess, in years to come?

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** That is absolutely correct.

**Stephen Knight AM:** Clearly, one of the issues is businesspeople, I suppose, buying up properties and forcing the prices up. Therefore, to some extent part of the business community, in terms of landowners and developers, potentially is part of the problem in this. Is there something that the business community more generally could say or do to support more affordable housing in London, either through supporting the construction of more affordable homes or indeed through measures to try to prevent the demand side of the economy driving the prices through the roof, pricing out employees for the rest of the business economy?



**Harvey McGrath (Deputy Chair, London Enterprise Panel):** It is a complex, multifaceted problem. There are demand-side issues, but there clearly are significant supply-side issues. There are potentially a number of business initiatives that are relevant here. I would, for example, point to the increasing investment by some of the pension funds and long-term investors in housing in such a way as to create additional capacity for affordable housing. Legal & General (L&G) would be a name that I would cite as having taken a number of steps in this regard. Attracting funds in to take a longer-term view of the supply-side issue is part of this.

However, it is only one part of it. There are, clearly, major planning issues. There are major issues around freeing up land that should be developed which is not being developed, often, by the way, land that is in the public sector's hands. There is a need to accelerate those programmes that are already in process across all of those dimensions and all of those aspects of the problem.

**Stephen Knight AM:** Thank you. I think I am well out of time.

**Steve O'Connell AM:** Well out of time.

**Jennette Arnold OBE AM (Chair):** - we do not need any commenting from you, Mr O'Connell. Thank you. You mind your business and I will do the chairing and then we will get on.

Thank you very much. Assembly Member Cleverly, do you have a question, please? Do not be rude, Steve O'Connell.

**James Cleverly AM MP:** Thank you, Madam Chair. Prompted by Mr Knight, you mentioned more corporate involvement in the housing market and the provision of housing specifically for employees. Across the country, there are some significant examples where business owners have taken a very direct role in the provision of housing. I am thinking of Port Sunlight, Bournville, etc, where those - for want of a better word - early corporate entities recognised that they had a vested interest in the provision of good quality, local housing for the people working in their businesses.

You mentioned the utilisation of pension funds. Could you see other vehicles whereby the businesses over there, these glass-and-steel monoliths, might take a much more direct role in ensuring that particularly their support staff, who are not necessarily on the bigger salaries, are able to live close enough that they can get to work in a reasonable length of time and are able to house themselves at a reasonable cost? It is in their direct interest for those people to be able to do so.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** I would say that there are a number of conversations going on about exactly that. I am not aware of any of the occupants of the glass towers across the water having done that. The fact that it is becoming a critical business issue is leading to people thinking about more creative solutions. There is a role here for business in the private sector, perhaps alongside third-sector organisations, to marry up private capital with delivery expertise that seeks to address this issue.

There are some encouraging signs that that is happening. For example, it is not in this case about back-office staff narrowly, but Land Securities is joint-venturing with Golden Lane Housing, which is a subsidiary of Mencap, to put together a fund to support the provision of housing for people with disabilities who would otherwise not find appropriate provision. Unlocking that kind of solution will permit some of the people who occupy the glass towers across the way to allocate funds into those structures to provide the third leg of a solution.

**James Cleverly AM MP:** Thank you. This is not within your explicit remit or the explicit remit of your organisation, but would it not be fair to say that there is perhaps even a moral imperative? In the same way that many people across the political spectrum are critical of governments subsidising low wages and would prefer, through things like the London Living Wage, for employers to pay salaries that enable people to live in this city, there is a moral imperative for the organisations that benefit from people living in housing subsidised by the general taxpayer to take a much more direct role in providing or helping to provide the houses for the people whom they rely on to make their very significant profits.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** You are right. It is not really within the remit of the LEP. It is quite a challenging proposition, but it is a good question to ask.

**James Cleverly AM MP:** Thank you.

**Kit Malthouse AM MP:** Of course, housing is an element of the cost calculation of the London Living Wage.

**Jennette Arnold OBE AM (Chair):** Thank you. That is the end of the programmed questions that we have, but two groups have time now if they wish to put any questions on the opening statement. Can I see anyone with any questions on the opening statement? No. Thank you for that.

May I thank our guests for their attendance and for answering the Assembly's questions today? Thank you very much, Harvey, for the time with us and thank you very much, Cathy. Thank you for your answers this morning.

**Harvey McGrath (Deputy Chair, London Enterprise Panel):** Thank you.

**Cathy Walsh OBE (Further Education Representative, London Enterprise Panel):** A pleasure.