

Subject: The Hourglass Economy

Report to: Economy Committee

Report of: Executive Director of Secretariat

Date: 24 February 2016

This report will be considered in public.

1. Summary

- 1.1 This paper sets out for noting the Committee's report on London's labour market, resulting from its October and November 2015 Committee meetings.

2. Recommendation

- 2.1 **That the Committee agrees its report *The Hourglass Economy: An analysis of London's labour market*, as set out at Appendix 1 to the report.**

3. Background

- 3.1 In October 2015, the Committee agreed the terms of reference for an investigation of the changes to London's Economy since 2008. They were:

- To establish how the London economy has changed since 2008, focussing on key trends in the labour market, particularly employment, earnings and labour market productivity;
- To explore how far the changes have been in the interests of London's employees and employers;
- To examine the extent to which the Mayor has met his economic priorities, as they relate to the labour market. And to suggest what the next Mayor ought to include, on the labour market, in their economic development agenda.

As part of this investigation the Committee held two public meetings and requested written evidence.

- 3.2 The final report was published on 4 February 2016.

4. Issues for Consideration

- 4.1 The terms of reference for this project were approved by the Committee at its meeting on 15 October 2015. Officers confirm that the report and its recommendations fall within these terms of reference.
- 4.2 The full report is attached for Members and officers as **Appendix 1**, and can also be found on the London Assembly website [here](#).¹
- 4.3 The report made the following recommendations to the Mayor, the London Enterprise Panel (LEP) and Department for Work and Pensions:

Recommendation 1

The incoming Mayor, and the LEP, should help all Londoners to compete for better-quality jobs in the labour market, and to progress in their careers.

- The next Mayor, and LEP, should continue work to design high-quality, industry-tailored employment programmes and apprenticeships, in London's key growth sectors, thus providing the means by which low-skilled Londoners might access better job opportunities.
- The LEP should, as part of its work developing a careers advice service for young Londoners (London Ambitions), commission a review into the feasibility of creating a London-wide careers advancement service for low-paid Londoners. This should complement the careers advisory service which will be delivered under Universal Credit.
- The LEP could promote, through a series of workshops, sector-wide initiatives on training in workplace skills, involving Further Education, private providers and unions.

Recommendation 2

The incoming Mayor should work with employers and trade unions, to improve job quality, and equalise the power balance between London's employees and employers.

- The next Mayor should establish a working group to look at the low-pay sectors most represented in London (retail and hospitality). This group should work closely with business leaders, and trade unions, on ways in which to encourage more organisations to improve contractual arrangements, and adopt fairer pay and conditions in line with their real needs and capability to pay.
- The next Mayor, in conjunction with the Department for Work and Pensions, could call for all job advertisements, including those in the lowest paid sectors, to include contract and pay details in order to improve transparency across sectors. In doing so, they should encourage more organisations to adopt fairer pay and conditions, and quality flexible hiring practices.
- The next Mayor should also work with the Government to introduce new rules requiring restaurants to display their tipping policies.

¹ The full web address for the report is as follows: <https://www.london.gov.uk/about-us/london-assembly/london-assembly-publications/hourglass-economy-analysis-london%E2%80%99s-labour>

Recommendation 3

The incoming Mayor, and the LEP, should lead by example, and speak out publicly, to champion quality flexible working practices, and demonstrate their importance for both employers and employees.

- The LEP could engage in a programme of education for employers, particularly SMEs, to showcase flexible employment practices and the advantage of using them.
- The Greater London Authority and its functional bodies should advertise more widely their flexible working policies, and make it clear in job advertisements that all jobs are potentially open to those working flexible or part-time hours.
- City Hall Group should use its partnerships and procurement processes to extend this approach to flexible hiring. The Time Wise council programme showcases examples of best practice of this in London Local authorities.

Recommendation 4

The incoming Mayor, and the LEP, should seek ways to further the positive impact of the London Living Wage, and reduce the proportion of Londoners facing in-work poverty.

- The next Mayor must continue the existing call for the LLW to be adopted across London's labour market, with an ambition to extend this to all large multinationals, with comparable pay rates in other countries, over the next two years.
- The next Mayor should consider the viability of mandating the LLW for London businesses by 2020. To inform this, they could commission analysis to establish the likely impact of the LLW on job creation and loss in London, similar to national analysis produced in 2015 by the Office for Budget Responsibility.
- The next Mayor should seek a deal with the Government and the London Boroughs to expand the business rates discount offered to LLW accredited business in LB Brent (and others) across Greater London.

Recommendation 5

The current Mayor should, in response to this report, set out the progress he has made in securing the further devolution of powers and resources from central government, across the economics portfolio.

In order to secure an ambitious devolution package, which is in the best interests of London and London's employees, he should aim to have put agreements with central government in place before he leaves office.

- 4.4 Responses to the report are outstanding, pending a deadline of 31 April 2016.

5. Legal Implications

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

6. Financial Implications

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

List of appendices to this report:

Appendix 1 – *The Hourglass Economy: An analysis of London's labour market*

Local Government (Access to Information) Act 1985

List of Background Papers: None.

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