

London Assembly Economy Committee – 13 December 2016**Transcript of Item 6 – Impact of the EU Exit on London’s Big Businesses**

Fiona Twycross AM (Chair): That brings us to today’s main item which is a discussion on the impact of Brexit on London’s big businesses. Can I, please, welcome our guests? We have Rajesh Agrawal, Deputy Mayor for Business; Dr Hilary Coles, Associate Director of Global Clinical Operations from Janssen Research and Development (R&D) UK; Dr David Lutton, Director of Policy at London First and Simon Kleine, Director of Corporate Communications, Tech London Advocates.

Could I first ask David Lutton to set out the distinction between a customs union and Single Market and what access to each would entail, please?

Dr David Lutton (Director of Policy, London First): The Single Market is a feature of the European Union. You are either a member of the Single Market or you are not. It is characterised by common standards and regulations. Being outside of the Single Market will possibly impact some sectors more than others. You probably have heard a lot about the financial services sector and its desire to see a continuation of passporting, for example. There are other elements to the Single Market such as regulatory equivalence around data that my colleagues in tech will talk to a lot more.

The main concern – certainly from London First’s point of view as an organisation that thinks a lot about London’s competitiveness – is the mobile nature of financial services, whether it is going to be less attractive to locate in London in the future and whether some aspects of back office will move to Europe. The question of the scale of that depends on the final settlement.

If you look at the customs union it is much more to do with the movement of goods across borders. The UK is a net importer of goods from the EU. Quite often in business there is a feeling that there is sufficient mutual benefit on either side. Aspects of that will be sorted. Of course, being outside of the customs union does give much more flexibility for the UK to pursue its own trading deals with other countries. Talking to our members the thing that comes through is that it is going to take time to have these new international trading agreements and it will, inevitably, lead to more costs in terms of reorganising the supply chains. There is a considerable amount of uncertainty as to how you would adapt it, how long that would take and what the cost implications would be.

Fiona Twycross AM (Chair): Thank you. I will bring in the Deputy Mayor in a moment but if I could ask you first, David, around the focus of London’s economy on the provision of financial and professional services and whether there is a single view from the sectors as to what kind of access to European markets would be most beneficial.

Dr David Lutton (Director of Policy, London First): There is not a single view. That is what is very difficult about it. London’s economy is quite diverse. It is not entirely built on professional services. We have tech clusters, we have health and we have life sciences. We have a lot of dynamic parts to the economy. However, we have to remember that the financial services sector is a large part of the economy. It is an anchor tenant to a lot of these clusters. Anything that affects that could have a detrimental knock-on effect to the rest of the economy. While things like passporting might seem a very narrow interest for financial services, it is important for all of business to get around what is right for London’s economy generally. However, there is no single view on what the right solution is going forward.

Fiona Twycross AM (Chair): Thank you. Deputy Mayor, I wonder if you could comment as to whether, from your discussions, there is a single view as to what kind of access?

Rajesh Agrawal (Deputy Mayor for Business): There is not a single view. I have spent the last five and a half months or so that I have been in the role speaking to businesses of all sorts of sizes and from all different sectors. One of the common themes is that they want maximum access to the Single Market because that has enabled growth and resulted in prosperity. That is one of the common themes that emerged. With that, for the financial services firms, it is also passporting rights or something equal that gives them maximum access to the Single Market. That is the most critical thing. The kind of deal we will have with Europe depends on how the negotiations go with the Government, but speaking to businesses they want maximum access to the Single Market.

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen Research and Development United Kingdom): From the pharmaceutical sector we would definitely agree that access to the Single Market is pivotal. The industry groups got together very early on. The earliest meetings happened in July [2016]. There is consensus of opinion amongst the organisations through our trade body that access to the Single Market is incredibly important for our continued operation and prosperity.

Andrew Dismore AM: I will follow-up on that answer, Hilary, because the question I was going to ask you was about access to the Single Market. What effect would loss of access to the Single Market have on pharmaceuticals?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): If I can give you the context of Johnson & Johnson (J&J) [parent company of Janssen R&D UK], we are the world's largest diversified healthcare company. We are obviously embedded in a lot of countries. We are not simply domiciled in the UK. As you can imagine there is a whole ecosystem of movement of goods. Therefore loss of access to the Single Market means we are going to have to be involved in negotiations on tariffs and taxes, etc. It will be very, very complicated in a complex organisation such as ours where these are already structured, in place and agreements already exist. You can imagine the complexity of trying to renegotiate that across the world. It is not just the case of goods *per se*. It also has an impact for us on safety standards and packaging etc. We have unified agreements that are in place and are mutually acceptable, to consider having to renegotiate those from all sorts of different angles would be incredibly complex and very inefficient.

Andrew Dismore AM: Does that include intellectual property as well?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): Yes. We would have to reposition the intellectual property. We would have to adopt some of the European legislation or put in place alternative or equivalent legislation. It is a very complex and convergent business and it is multi-directional for us as a global organisation.

Andrew Dismore AM: Presumably from what you have said you already have trading agreements from the UK to other parts of the world?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): Yes.

Andrew Dismore AM: They are governed by UK arrangements?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): Yes.

Andrew Dismore AM: If and when we leave the EU you not only will have to renegotiate within the EU context, but you will have to renegotiate all the agreements you have with other parts of the world as well because they would not apply?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): Yes, absolutely. There is an immense amount of conversion work. That does not say we are not interested in some renegotiations in the rest of the world where that is relevant and where we can gain advantage. We do not want to have a completely closed mind to that. I hope I have described to you how you can see that with a complex business that is multi-transactional and not just about goods but about standards, regulation and safety we see a mountain of paperwork ahead of us.

Andrew Dismore AM: How many countries do you operate in outside the EU?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): I could not tell you the number but it is huge. It is something like 60 or 70 countries.

Andrew Dismore AM: Outside the EU?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): Yes.

Andrew Dismore AM: Within the EU, practically all of them?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): Yes. From the point of view of our research we have core countries in which we normally choose to conduct our mainstream research. The UK is obviously one of those. I do not think that would change. I think I have described the complexity that faces us.

Andrew Dismore AM: Going on to Simon with a similar sort of question. Access to the digital Single Market, how important is that?

Simon Kleine (Director of Corporate Communications, Tech London Advocates): That is still very much in debate. The start point for us at Tech London Advocates is that one of the reasons behind London's success in becoming a tech centre - and depending on who you talk to it is either number two or number three globally - has been its access to the EU. A lot of the start-ups that have been based in London or the scale-ups that have been developed have attracted foreign investment because of the access the Single Market gives. The removal of that adds a barrier. That is one of the key things we are focused on. That success is jeopardised by the removal of that Single Market.

Andrew Dismore AM: I see Berlin has been trying to get in on our turf. Has that had any effect yet?

Simon Kleine (Director of Corporate Communications, Tech London Advocates): For example, in the lead up to the referendum there were a number of examples of start-ups that had investment decisions put on hold because they were going to lose that access. As to whether it started to flow to other centres, you could take your pick of European capitals, be it Berlin or Dublin. Dublin is promoting itself because it has English as a main language and particularly United States tech-based companies are seeing the chance to move there. It is all to be decided. The famous term, it is all to play for, but those threats exist.

Andrew Dismore AM: For those companies that put investment on hold pre-June [2016], are they still on hold, have they gone elsewhere or are they waiting to see what happens?

Simon Kleine (Director of Corporate Communications, Tech London Advocates): It is still a mixed picture. It is too early to say. There have been occasions where investment continues. Certainly there are the examples you have quoted in your own paper where some of the major tech players - in terms of a Google or a Facebook - have continued. If you look at the bottom end of the sector - the start-ups or scale-ups where the real vibrancy has been and one of the real dynamic sectors in London in that sense - many of those are having problems. Some are still continuing. The Board of one of the people who is part of our group and hoped to get here today made a decision not to invest further until the outcome was known. I believe that is still pending.

Andrew Dismore AM: If we were to lose access to the digital Single Market, what would happen?

Simon Kleine (Director of Corporate Communications, Tech London Advocates): That is yet to be created. It is more the Single Market itself. I am not the expert on the digital Single Market that is more about the supply of digital goods and services. There are going to be issues that will arise with that and every other aspect of the new legislation.

Andrew Dismore AM: If I go to Hilary with a slightly different question about ensuring continued access to medicines and innovation for UK patients at the consumer end. We know that the European Medicines Agency (EMA) will inevitably leave London post-Brexit. That is 900 jobs that will go. Obviously the EMA is relevant to pharmaceutical regulation. Presumably we will still have to comply, as far as your industry is concerned, with the EMA regulation if we are going to trade into the EU although the EMA may well end up in Dublin. They are the ones pushing hard for it. Can we ensure competitive access to medicines and innovation for patients in the UK post-EU?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): We are looking for maximum alignment of the Medicines and Healthcare products Regulatory Agency (MHRA) with the European regulatory body whether or not it is located in the UK. That it was here obviously brought certain advantages but with the communication systems we have we should still be able to maintain a close collaboration if it is located elsewhere. That is the key point. Probably the first point for our industry is making sure that our regulations are very much aligned to the EU regulations.

I am sure you realise and recognise that the MHRA has been a driving force in the EMA in defining, we feel, much of the European regulations. It seems hard to think that they would lose what we regard as a pivotal position in defining those regulations here and influencing worldwide as well. We want to make sure that if we have to have a parallel regulation - which would be a real disadvantage - it at least has to be aligned very closely to what the EMA does going forward. The MHRA recognised that itself in the paper it produced in September [2016] in stating that all the committees and work it is involved in at the moment is to continue for the foreseeable future. For our industry - and this is not just for J&J but across the industry - we would like to see how that future regulation is going to take shape very quickly. We would like it to be very aligned to EU regulation, in whatever shape, so it has credibility across the world.

Andrew Dismore AM: When it comes to bringing in medical innovation, medicines and so forth from presumably other EU countries how do you make sure that the National Health Service (NHS) does not get ripped off in that process?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): How does that relate to regulation? I am sorry, I do not quite understand the question.

Andrew Dismore AM: At the moment we have access to medicines and so forth on the same basis as the rest of the EU. If we are having to trade across the channel in medicines and intellectual property - and, going

back to the original question, we do not have access to the Single Market – presumably that then means there could be tariffs on medicines.

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): It is more difficult to control the environment, absolutely. I am not the expert in terms of our financial Brexit group. We have a different financial expert. You are right, we have standard agreements and a standard formula. That gives us stability etc. We open up the playing field to all sorts of variations in changing the regulatory system. Some people, certainly academics, have advocated a parallel UK regulatory system could be, to some extent, regulation light, could enable trade and could enable development of products a little more easily. It has to be tenable across the world really. Our UK market is not sufficiently big to motivate global companies to invest a huge amount of time in a separate sovereign regulatory system.

Andrew Dismore AM: Rajesh, do you want to comment on any of those answers?

Rajesh Agrawal (Deputy Mayor for Business): Yes, I will. The life sciences sector is such an important sector. Almost 25% of the top 100 prescription medicines were either discovered or made in the UK. It is a very important sector for London's economy. Whilst most people think London is basically a service-based economy, about a quarter of London's exports are in the form of goods, including life sciences. It is a very, very important industry for us. I am hearing the same thing as Hilary just mentioned, that maximum access to the Single Market is absolutely critical to a lot of industries across the board, including life sciences.

Joanne McCartney AM: I want to ask about foreign direct investment (FDI) into your sectors. The UK, and London in particular, does very well in attracting foreign investment. Venture capital investment into technology companies in the UK is primarily into London. If we look at life sciences, for example, they punch above their weight in attracting investment and also EU funding into our city. I want to ask all of you, what are the risks to that inward investment and what do you think should be done to mitigate those risks?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): J&J is the largest foreign direct investor in UK life sciences so it is probably a question we should answer. The UK remains an attractive place for us to invest on the basis of our knowledge and opinion here, because of the investors we have here, because of the depth and breadth of research and key pinnacle opinion leads in the UK. However, uncertainty, as you can well realise, makes that a little less obvious and a little less certain. At the moment we are still waiting to see what is going to happen. We certainly feel that the level of uncertainty and the duration of it has to be kept to a minimum. We would also like to see some initiatives to ensure that the level of funding can be kept up. That is things like tax incentives for R&D and the continuation of the Horizon 2020 fund [EU framework programme for research and innovation] that has already been agreed to. That is great but has a two-year lifecycle so what happens after that? We would need reassurances that that funding can be continued. We obviously welcome the Government announcement that it would underwrite the projects but it is not just about two years, it is about what happens after two years.

Joanne McCartney AM: On the Horizon 2020 [fund] and projects, and with the next European framework being developed at the moment, how important is it that the UK and London get a say in those negotiations?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): It is very important. We cannot be seen not to be involved in that as such a major player in life sciences in the world. It seems perverse that we should not have a major say in that kind of major funding for the future. We definitely have to maintain our position of leading thinking in the life sciences. It is vitally important.

Joanne McCartney AM: Thank you. Simon, can I go to you now about the inward investment risks and mitigation?

Simon Kleine (Director of Corporate Communications, Tech London Advocates): I touched on that just now, there is that strong potential and there are cases that are happening. It still needs to play out. One thing we see that could counter that is maybe more local and regional incentives for investors: what could be done to enable that and what could be done to incentivise keeping those start-ups, getting them to a scale-up point and keeping them in London when they may be under threat. That is one area that could be looked at in our view.

Dr David Lutton (Director of Policy, London First): Absolutely. London has done incredibly well in terms of attracting FDI. It leads all the other cities in Europe by a mile. You cannot underestimate the effects of uncertainty. We have not seen any figures yet to show that there is a tail off in FDI but you would not, because there is probably a six to eight month lag on that. You will not see until next year [2017] if there is any impact. Certainly anecdotally, talking to business, we hear that uncertainty makes it very difficult to do long-term planning. If you cannot do long-term planning it is very difficult to decide where you are going to put your investments and therefore you put your decisions off. To give an illustrative example, the funding of a fintech company we are speaking to is very much based on different rounds of funding. Those rounds of funding are based on them hitting certain targets and certain achievements. They said, "In our last round of funding our expectation was that we would have full access to the Single Market and now we have got to adjust our thinking of that. How do we meet our targets to make our next round of funding? It is very uncertain. Do we sit here in the UK and hope that it will all sort itself out or do we relocate right now to, say, Berlin, where we know there is going to be certainty for the future?" Certainty is really, really important. As much certainty as the Government can give and as the Mayor can possibly give is important.

What you forget is that 50% of the top tech start-ups were actually founded by non-British nationals, people from the EU. Again, if you cut off that then you cut off the pipeline of people coming through. It is important that we are open, and open for business, and we send the message out that London has a lot of strengths. Some big companies have continued to invest here. There are the points colleagues have already made on R&D and also the tax incentives on investment have encouraged investment. A roadmap about where we are going would be really helpful.

Fiona Twycross AM (Chair): Thank you. Rajesh, that neatly segues to your story as well.

Rajesh Agrawal (Deputy Mayor for Business): Absolutely, and he mentioned fintech which is my background. It is very important that there is certainty. No investor likes uncertainty. One of the important things is that we have to maintain a positive posture throughout the negotiation process. That is why we launched a campaign called #LondonIsOpen which has been very well received. One of the main reasons why London is such a successful city is because of its openness and openness to ideas, talent, business, investment and so on. That is what we keep talking about.

There is a mixed picture for investment. There are instances where we see that investment is still strong in the tech sector and in certain segments. There are segments where the investors are holding off and they want to see a bit more as to what happens and how the negotiations pan out. It would be good to at least see the starting position of the Government on some of these matters.

As David [Lutton] just mentioned, particularly in the tech sector, more than 50% of the workforce are either foreign nationals or were born overseas. A lot of them are Europeans. That is why it would be good for the Government to guarantee the long-term stay for the European workforce. In London alone there are more than 1 million Europeans who live and work here.

All those things mixed will give more confidence to investors and will have an impact on them.

Joanne McCartney AM: Thank you. We are going to come onto some questions on that a little later so I do not want to get into that movement of labour. You are obviously talking to investors. Apart from that movement of labour, are they saying whether there is any other reason that they are holding off investing or is it just uncertainty in general?

Rajesh Agrawal (Deputy Mayor for Business): It is the general environment. A lot of investors see London as a launch pad for the rest of Europe and as their European headquarters. Of course, depending on how the negotiations go, that will be impacted. It depends on the situation. We are still seeing certain investment. In the tech sector the large companies like Facebook, Apple and Google have continued their investment because the UK is a very important market for them. It depends on what they are using the UK for. If they are using it as a launch pad for the rest of Europe then they will think twice and will want to see how the negotiations go. If they are targeting the UK as the market in itself then it has less of an impact.

Dr David Lutton (Director of Policy, London First): It is worth remembering that a lot of foreign direct investment is into commercial real estate. That is a big chunk of foreign direct investment. The depreciation of sterling has made some assets in the UK look much more attractive than they were before the referendum. Therefore there is a real mixed bag going on here in terms of commercial real estate. There are a lot of cranes in the sky and still a lot of activity happening. Obviously that is closely related to demand in the longer term. We still do not really know what the long-term effects of all of this are.

Rajesh Agrawal (Deputy Mayor for Business): That is why I keep saying that London is open but it is also open at 15% discount now!

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): We are thinking about classic foreign investment. We do have a situation in the UK where we have - to use a medical analogy - a pre-existing condition ahead of an acute situation. The pre-existing condition was that in terms of our market alone it is basically 3%, not huge. Our uptake of innovative medicines at 15% is something like 15% of comparable countries in the first year. Our adoption of innovation historically over as long as I can remember has been much lower. We understand the drive to have cost constraints from a healthcare perspective but from a business perspective it is not an attractive place for investment if the adoption of the innovative technologies is not there. That has been a domestic situation that we have faced for many years. The Brexit situation certainly consolidates our thinking around that.

It is little bit of a shame because we do have a unique situation here with our NHS in one body. That could be a much stronger partner in research and innovation. There is a reticence still in the organisation to be involved in some of the collaborations we would like to see that undoubtedly could be mutually beneficial. If you want to talk of selling ourselves to the rest of the world, one hesitates to use the NHS as a unique selling point but in fact it can and should be. That is something we really need to think about: how we can elaborate with our NHS, the massive unified organisation that it is, to further opportunities because the industry is very keen to do so.

Shaun Bailey AM: Just a small thing on uncertainty, we can all agree uncertainty is the big problem and will not go away. We are talking as if Brexit is the only uncertainty. Europe has its own uncertainties as well; such as the state of the European banks and all kinds of countries not changing their constitutions in line with other countries. Does that balance up? Are we seen as the only uncertainty in the world, certainly in Europe, or does Europe have its own uncertainty from an investment point of view? Does that change our relative attractiveness? It seems like we are saying we are not attractive but to my mind we are at least as attractive, and probably more, because we have solid economic growth and a stable legal system, more than most European countries.

Dr David Lutton (Director of Policy, London First): You are absolutely right. This has been an extraordinary year in terms of looking at headwinds. As a business organisation when we are talking to businesses we are thinking how what we used to take for granted is no longer taken for granted. There is the effect of Brexit, what that means and what it is telling us about the UK, the UK economy, rebalancing the UK economy and all the things that fall out of that. You have continuing uncertainty over what might happen in other European states. You have [President Elect Donald] Trump's election in the US that might put at risk some of the certainties around which global trades and even security have been decided over the last 50 years. There are question marks over lots of things. This is a period of real uncertainty generally. Brexit adds to that and is not helpful.

As you rightly point out, what we do have to remember is our relative competitiveness. London has a lot of things going for it in that respect. It has a very deep and talented workforce. It has rule of law. It has English language. It has its time zone. It is an open, friendly and very cultural city. It has all of these things. We should be able to leverage that and continually focus on our relative competitiveness and make sure we do not do things that damage London's competitiveness. That is the really important thing.

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): There is a danger in being confident on the basis of what we see today when what we have to look at is where we will be in two years' time. At the moment, as you say, the picture looks quite rosy. The point is whether that is sustainable with the constraints this could possibly bring. We have to look down the line. Our global head of R&D was doing a presentation of what technologies we will be looking towards in 2030. We take a long-term view, at least five years, of what it is going to look like.

I agree it is not just one piece in the playing field that looks uncertain. There are other uncertainties. From our point of view, domiciled in the UK and looking at them, they loom very large and possibly our global leaders see this in the perspective of the rest of the world. However, we should be careful of being too bold given the fact that at the moment it seems quite comfortable.

Shaun Bailey AM: Does this uncertainty not also offer opportunities such as your comment about the NHS and maybe closer working? That is much more likely to happen in an environment of change, is it not?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): I agree. As I said, there is a pre-existing condition that we, as an industry, would have liked to address sooner. The positive thing about this is that it does focus the mind. We really need to think how to position ourselves now to deliver some of these things. In that sense, from an R&D perspective, I am optimistic because we can get attention to these areas that perhaps we might not have got before.

Shaun Bailey AM: Thank you.

Keith Prince AM: This is to the Deputy Mayor. Your recent visit to India was aimed at strengthening tech and trade links between our two countries. I would be very interested to know what other countries you are planning to visit to see where we can strengthen tech and trade links. Also, did you find there was an appetite for stronger links between India and Britain?

Rajesh Agrawal (Deputy Mayor for Business): If you look at the investment pattern in London, the largest investor in London is the US. That is why one of the first trips we did was to Chicago and New York where I led a tech delegation of 30 of the fastest growing tech companies from London, the scale-up companies. We put them in front of investors, partners, potential clients and so on.

The second largest investor is India. It is a very important investor in terms of the number of new jobs created in London. I spoke at the India UK Tech Summit. It was quite a large event that was inaugurated by the Prime Ministers from the UK and India. On the tech side we have a very strong trade link with India but there are many other industries where it can be strengthened further. In talking to all the businesses in India one thing that kept on coming up was they felt increasingly unwelcomed. That is why we have been reinforcing the message that London is open. The visa issue kept on coming up. Software companies from India are doing an incredible amount of businesses in the UK. One particular software company that I visited employs about 7,000 people in the UK, and just over 2,000 in London alone. They expressed their concern about moving employees from another country into the UK. We have to remove those barriers if we want to strengthen our links with countries like India. That is very important.

There are other countries as well. As an entrepreneur I am an optimist. I look for opportunities and challenges. Of course, Brexit is a big challenge. Our message has to be positive. The message should not be of burying your head in the sand. You have to be realistic. More than 50% of our trade still happens with Europe. Europe, by far, is our biggest trading partner. We should always look for opportunities further afield, such as countries like India. At the same time countries like India have been slow in the past doing deals. The EU has been trying for almost a decade now to do a deal with India. It does take time.

Keith Prince AM: You spoke about America and India. What other countries do you perceive as being potential investors for us outside of the EU?

Rajesh Agrawal (Deputy Mayor for Business): China is another one that is quite important, particularly on the real estate side. Increasingly there is strong interest from Chinese firms in UK businesses. Japan is another one. Of course, with this whole Brexit situation and the fact that we have not exited the EU yet it will be very important to start talking to the European countries to strengthen London's link with other cities in Europe.

Keith Prince AM: You mentioned that companies from India felt they were not welcome?

Rajesh Agrawal (Deputy Mayor for Business): Given the visa situation they feel less welcomed.

Keith Prince AM: It is important then that we look at that.

Rajesh Agrawal (Deputy Mayor for Business): If we are saying London is open, we are open for investment and trade, we have to also be open to make our visa system flexible for high-skilled workers from all over the world.

Keith Prince AM: One final question. London currently ranks as number one in Europe for supporting tech start-ups and scale-ups. What further support does the Mayor need to provide to help us keep our position as number one?

Rajesh Agrawal (Deputy Mayor for Business): Providing them with support. For example, if you look at the start-ups one of the big problems - and I have run my own start-up business - is that whilst there is help available from the Government a lot of the time you do not know what kind of help is available. That is why we have launched the London Growth Hub. That is a signposting website that will give you details of what kind of information is available. It also has a map of where office space is available and things like that which is another challenge that start-ups face these days. Access to finance remains continuously a challenge for start-ups. Through Funding London we co-invest. Through the London Co-Investment Fund we co-invest in start-up businesses in London. To date it has invested about £10.5 million. Because it co-invests there are other investors as well who have invested around £70 million. All together about £80 million has gone into the start-up ecosystem in the last two years.

We have to help scale-ups internationalise and reach out to new markets. That is why these overseas trade missions, like the one to Chicago and New York, are incredibly helpful.

Keith Prince AM: Thank you.

Andrew Dismore AM: Following on from the Indian visa issue, one of the issues that arose during your visit - or certainly when the Prime Minister was there - was the question of Indian students and the impact of the visa regime or potential cuts in the number of students coming to the UK, bearing in mind how many Indian students come to study in the UK and in London in particular. Would you like to comment on that?

Rajesh Agrawal (Deputy Mayor for Business): Education is one of our greatest exports from this country and from London. London has over 40 universities. That is more than any other city in the world. We are home to over 100,000 overseas students. Again, more than any other city in the world. These 100,000 students contribute about £3 billion to the London economy. When they go back to their countries they are ambassadors and strengthen our relationship with their respective countries. It is part of our soft power in a way. It is part of our influence in the world. It is very important that we welcome students from abroad. A lot of these overseas students pay almost twice as much in fees than local students. To a certain extent they are subsidising the education cost for local students so they are incredibly important for universities.

Andrew Dismore AM: When the business people and bureaucracy in India were talking about the question you raised of the UK not being a welcoming environment, did the visa regime and cuts in student numbers feed into that?

Rajesh Agrawal (Deputy Mayor for Business): You cannot look at things in isolation. If the company is there and there is a view that they are finding it incredibly hard to get visas into the UK and they feel less welcome, that will have an impact on any kind of trade deals and on investment.

Andrew Dismore AM: Keith was asking about various parts of the world. I was going to ask you - particularly in connection to life sciences, pharmaceuticals and high tech - what thoughts you had given to our trade links with Israel as it is one of the big sectors in this worldwide? Whether you were thinking of a trade mission to Israel to look particularly at links on pharmaceuticals, life sciences and high tech?

Rajesh Agrawal (Deputy Mayor for Business): We should be open to doing business with the entire world. Wherever we can find business we must be open to doing that, including Israel. Israel has a vibrant tech community. There are opportunities where we can work together with companies in Israel. I know there is already a fair bit of business happening between London tech companies and companies in Israel so we definitely must look at that.

Andrew Dismore AM: Are you thinking about a trade mission to Israel in light of its importance in these sectors?

Rajesh Agrawal (Deputy Mayor for Business): We will consider that. There is nothing on the cards right now.

Fiona Twycross AM (Chair): Can I just bring in Simon on the point of students and the tech industry? We did a site visit a year or so ago with the Committee and looked at tech start-ups and spoke to quite a lot of young entrepreneurs. At least two or three of the people we spoke to were European, had studied here and

then stayed. How much of an impact would that potentially have on the entrepreneurial side of London if any restriction on student numbers were to result from Brexit?

Simon Kleine (Director of Corporate Communications, Tech London Advocates): Clearly a big component of tech in London has been EU nationals. We calculated that one in five in tech companies come from the EU. Some of the Baltic states seem particularly good in skills in terms of coding and skills like that. There is that threat and there is a clear danger there in terms of the impact that could have. The other side to that is the need to have investment locally in terms of digital skills; training and skilling our own young people in that. Having tech in London provides focus and motivation for that as well. There is a threat. Hopefully it will be overcome in some way in terms of those remaining and others still having access but that will, again, have an impact to some degree.

Shaun Bailey AM: To move on to the question of freedom of movement, I will probably address this to Dr Lutton first. What impact do you think restriction on freedom of movement of EU labour could have on the tech and pharmaceutical sectors?

Dr David Lutton (Director of Policy, London First): Across the board, talking to all sectors, their number one concern before access to the market is access to talent, access to the right mix of talent to grow. That is not just the European issue, it is access to talent from all over the world. If you look at the tech sector in particular the problem is that - taking this issue of students - we treat students as migrants. That makes them subject to net migration targets. In recent years we have also removed lots of the right to stay on and study. That has not been a problem because free movement has allowed people to stay on. Salary is the proxy for skill. We use salary as a threshold for skill. The problem is that in the tech - and increasingly the creative sector as well - a lot of the people that are here under free movement rules would not qualify under current visa regimes in terms of salary. We really have to rethink how that is going to work post-Brexit. It is going to have an effect. The scale of it is unknown.

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): If we look at the statistics for us, 10% of our workforce in the UK are of EU origin, so it is a high proportion. We want to be able to maintain that access to the world's best talent and to be able to move people around. If there is going to be an additional visa process or something similar, or work passports, that is an additional administrative burden that we do not welcome, of course. The types of individuals we are talking about in our industry - i.e. highly qualified scientific minded individuals - are not the individuals that the electorate in their decision were objecting to. I do feel there is a differentiating factor for the life sciences industry on the movement of people because that is not where the objection sat in our economy. That might be something we can think about. We would like to be able to maintain that freedom of movement and exchange our workforce across the world. To get experience in a global business it is important that people can work in different countries, of course.

If we do have more restrictions on international talent exchange then we will need to make better use of our home-grown talent by promoting more interest in science and technologies. J&J are already engaged in that with a programme called My Life. It is also awareness of the roles within the industry which the Association of the British Pharmaceutical Industry (ABPI) need to work on as well. My feeling is we get very good home-grown people into our organisation but we do not get the depth and breadth of the top class CVs (curriculum vitae) that you would expect for such a major industry. We have got to work on raising awareness amongst our home-grown talent if we have more restrictions on international movement.

Shaun Bailey AM: Would you suggest that is the job of the Government or of your sector?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): It needs to be approached from both sides to be honest. There should be collaboration on this to raise awareness amongst the universities. I did a presentation just a few weeks ago for the ABPI in London where we invited undergraduates from institutions across London. We had quite a good attendance of about 100 delegates on a Friday night. That is quite impressive for students. I had a show of hands and the shocking thing was that not a single one had received any advice about the life sciences industry from their careers advisor. We are missing a trick somewhere. I must admit that when I joined the industry I too knew about medicine, veterinary and law. I did not know anything about opportunities in life science. Sadly that seems not to have changed. We do need to work together to promote that awareness of the opportunities within life sciences.

Shaun Bailey AM: Maybe that is something the Mayor can work on.

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): Yes, that is very important.

Joanne McCartney AM: Chair, at this point I have to declare an interest. As Deputy Mayor for Education that is part of my portfolio.

Fiona Twycross AM (Chair): Noted. Thank you.

Rajesh Agrawal (Deputy Mayor for Business): To add to that, on life sciences the Mayor and I are fully committed to work with the Medcity initiative to raise awareness and promote the life sciences industry worldwide. There is a lot of work being done by Medcity on that. On the tech side, the Mayor just last week launched a digital talent programme. Whilst we need a visa system that is flexible and that works for businesses, we also must place huge emphasis on growing our own talent here and upskilling our own people.

Shaun Bailey AM: It sounds like there needs to be a focus on careers advice but let us just move on. Has there been any change in the flow of talent, either from the EU to the UK or from the UK to the EU? Is that a trend you are seeing? In addition to that, is there any initiative to get people outside of the EU? You have made comments around the fact that you want access to the world's best talent. Is this not an opportunity to redress that balance and to give you the mechanisms you need to get talent from all over the world?

Dr David Lutton (Director of Policy, London First): As you say, the talent question is really complicated. It affects lots of different parts of the economy. There is the high-skilled talent and access to high-skilled talent. It has been a long-term problem in the UK of trying to get access to science, technology, engineering and maths (STEM) trained graduates. EU migration has helped plug that gap. We absolutely should be doing everything we can, from a UK perspective, to make sure we are producing the right kinds of graduates for what the economy requires. That takes quite a long time and we have not managed to do it yet. The idea that we will manage to do it in the next few years is not going to happen. There are three sides to the talent debate. There is bringing in foreign talent, there is training our own talent and there is improving productivity at home as well.

In terms of other parts of the economy, we need people to work in cyclical areas like construction. You would not want to have a whole education system geared towards training people for construction. Then the boom would be over and there would be a whole lot of people you are not using. You need to be able to plug those gaps. Then there is, in principle, the areas where we maybe feel that UK areas could do it, like nurses in the NHS. However, there are shortages. Then there is the other part that is what would be considered to be maybe lower skilled such as hospitality and retail. What is not clear is the link between people coming and studying here, doing jobs in these roles and then establishing themselves and perhaps working in tech, creative or whatever. We have certainly heard anecdotal evidence from people in hospitality that they are already

finding it difficult to fill some positions for chambermaids or hospitality roles because the value of the pound has shifted. That is the value proposition where you are not earning as much money to be able to send back home as you were before. There is some anecdotal evidence that there is a feeling of, “We are not really that welcome here anyway. Why not go to Spain or somewhere else?” These things are starting to happen. We just do not see the numbers yet.

Shaun Bailey AM: What key elements would you wish to see included in any arrangements to manage migrant labour in the future?

Simon Kleine (Director of Corporate Communications, Tech London Advocates): It is a case of how you address the whole visa regime that may well come in at this point. There is a lack of understanding of how that is going to be set up in terms of getting the access to particularly the technical talent. That would be the area that would need to be looked at in the future.

Dr David Lutton (Director of Policy, London First): There are three elements: being able to maintain access to talent to plug the gaps that we need to, to keep the economy growing and to keep growth going. Also to upscale our current market. To focus on getting more STEM graduates, that is a long-term goal. The final one is accepting some aspects of other things that are driving the economy, like automation. In the next few years lots of jobs are going to be replaced by automation. It has happened in the financial services industry already. It is what we are doing about retraining people that are going to be displaced by these types of changes in the economy. Those are the three main elements.

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): Similar, but we also need to be able to provide some degree of certainty quite quickly. Not knowing what the situation may look like is keeping people away and causing delays on decisions etc. We really need to decide what shape this will take quite soon.

Rajesh Agrawal (Deputy Mayor for Business): It is very similar to what my colleagues have said. We need a flexible visa system whatever happens after Brexit to make sure that we continue to attract and retain talent. We must continue to invest in our home-grown talent and make sure that they are prepared for the future economy. There are a lot of things such as Dr Lutton mentioned. There is so much automation happening in the future economy; whether it is machine learning, robotics, drones, autonomous cars and so on. We must make sure that our young people are skilled for future jobs.

Andrew Dismore AM: To pick up one or two of those points, in terms of talent migration into the UK, more than half the people who are part of that net migration figure are actually from outside the EU, as I understand it. Is that right?

Dr David Lutton (Director of Policy, London First): I do not know the exact percentage.

Andrew Dismore AM: You do not know the exact percentage. I think it is. Most of those people are in the highly skilled side of recruitment anyway. The question I was going to come onto in relation to that is those people are faced with a full visa regime, sort of a points-based thing with different tiers. If a similar sort of thing starts to be applied to EU nationals coming here there will be some barriers they do not presently face. For example, if you are coming from the EU you do not have to have a job to come to and you could bring your family if you wanted to relatively easily. That is all part of the attraction. I am going to come onto Hilary [Coles] and Simon [Kleine] in a minute, but when you recruit to your high tech jobs are you recruiting directly into a job from overseas or are you recruiting from within the domestic labour market, including EU nationals competing with other people? There are two mixed questions there.

The question for David is: is it right that people are going to face those additional barriers and will have to have a job to come to rather than coming and seeing what they can turn up in the tech industry?

Dr David Lutton (Director of Policy, London First): We have a migration system at the moment that is based on trying to attract high value talent to come and work here. That is why we use salary as proxy. You are absolutely right. For the high-skilled and high-value area we are getting lots of people from all over the world. In the medium and lower-skilled area free movement plugs that gap. The important thing to say is that migrants in London's economy are more likely to have a degree education, are more likely to be in work and are less likely to be claiming benefits. They are net contributors to the economy of London.

Andrew Dismore AM: They are also likely to be younger as well, I think?

Dr David Lutton (Director of Policy, London First): They are also likely to be younger, which adds to the growing population which equally adds to the growth of the city. There is no evidence to suggest that it has been a drain. What you would say is you have to face up to the fact that that creates some localised challenges. It means that this is a city with limited space. There is competition for housing. There is a lot of competition for jobs as well. There is competition for services. Large movements of people have localised effects. However, net it has been a valuable contribution. We are going to feel the economic impact if it is going to be more difficult to access that talent in London.

Andrew Dismore AM: Going to Simon and then Hilary, the second part of my question was when you recruit people from overseas are you recruiting directly into a job from the EU or are you recruiting from wherever people want to apply from?

Simon Kleine (Director of Corporate Communications, Tech London Advocates): It is open. The issue has been - as David alluded to just now - that if you look at the tech start-ups and scale-ups you are not looking at your major tech companies but what has been a key part of London in the last eight or ten years. Many of those roles are much more developer type roles. They are not going to be the high salary roles. That has meant it has been easier to access talent from the EU because it has had that freedom to move. It does not mean it has precluded others coming in. There are many cases, if you look in the tech industry in London, of where there are non-UK and non-EU nationals working in tech but there will be those issues in terms of getting access sometimes. I have not been party to it so I am not the expert in terms of the whole visa regime but there have already been representations over the last two years by Tech London Advocates with the Home Office on a number of these matters.

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): We have done a massive expansion within Janssen in my sector. In the last 15 months we have gone from a team of 16 to 63. We have done a massive recruitment drive. I am trying to think of the individuals who have come in. I would say it is a mixture. We already do have quite a high base of EU nationals working within the clinical research field. We have recruited some of those who have held previous positions within the UK. Equally we do have some who have come in directly from abroad. That is made more possible now because we used to insist that they had to be here for interview etc. but now we do these things in a very trendy way over Skype and such things. That has been opened up. I would say it is a mixture. I could not give you the exact figures. I could look into that.

Andrew Dismore AM: David, I just wanted to pick up the point you made about the other end of the market, people working in the hospitality industry and presumably also the care sector which has very similar considerations. Have the drop in the pound and the apparent hostility - I say "apparent" because Rajesh [Agrawal] says we are open for business - made it more difficult to recruit in the first place, or have they meant that people are going back and their jobs are not being filled?

Dr David Lutton (Director of Policy, London First): Our understanding, anecdotally, is that it is people going back and that there are more unfilled vacancies. There is some evidence of that existing at that level at the moment.

Andrew Dismore AM: These are not necessarily very highly skilled jobs. You need some skills to do some of these things.

Dr David Lutton (Director of Policy, London First): There is an assumption. "Why can we not domestically --"

Andrew Dismore AM: That is the next question. Why can we not fill those vacancies with domestic labour? Is it because people do not have the skills, which are not that difficult to acquire, or is it because people do not want to do those jobs because they are London Living Wage or just ordinary minimum wage jobs with antisocial hours and not very nice conditions?

Dr David Lutton (Director of Policy, London First): It is a difficult one to unpick. People like to make this easy assumption. When migrants go, there are jobs in hospitality and retail and they are not highly skilled jobs. Why can they not be filled by our unemployed? London is reaching a point of almost a full employment economy. Yes, we have some serious problems with long-term structural unemployment but it is not as simple as just lifting those people and putting them into these roles. There are 5.7 million jobs in London. In the next ten years, 2.3 million of those churn through. That is people naturally leaving or retiring and new jobs starting. That is a churn of 2.3 million people. It is hard to see how you are able to do that by upskilling our current workforce, not being able to plug the gap with migrant labour.

Andrew Dismore AM: The other alternative is migration from the rest of the UK. Somehow I do not see people migrating from the West Midlands, a high unemployment black spot, to work for low wages in London with all the challenges that face them.

Dr David Lutton (Director of Policy, London First): You are making an excellent point. Part of what was revealed by Brexit was the unbalanced nature of the UK economy. Government has made it quite clear that one of its priorities is to try to address that. London plays an important part in the UK economy. London's growth and UK growth are closely connected. The two things are not disconnected; they are connected. Also, London does draw in a lot of talent from the rest of the UK. If there are unfilled vacancies in London what is the effect of drawing more and more people to London?

Andrew Dismore AM: Do you envisage people migrating from the West Midlands, Yorkshire or Lancashire or wherever in the same way that people migrate from the EU to London to do these low skilled jobs?

Dr David Lutton (Director of Policy, London First): It is possible.

Andrew Dismore AM: Sorry, there is another question that is going to have to follow on from that. The issue really is that we do not have enough people in London looking for those kinds of jobs. From full employment, the only way we can fill them is by migration into London.

Dr David Lutton (Director of Policy, London First): The issue is that we have a growing economy with a growing number of jobs. We have been able to fill that with domestic labour and migrant labour. We are about to change the context on which all that is made.

Andrew Dismore AM: If the Government is talking about rebalancing the economy, the sorts of jobs we are talking about are not ones that are readily exportable to other parts of the country. For example, you could not export our hospitality trade to Birmingham, Coventry or Leeds. People are coming to London because they want to come to London. We could not export our care sector because we want our old people to be able to live near to where the rest of their families are.

Dr David Lutton (Director of Policy, London First): Yes.

Joanne McCartney AM: We have talked about the risks of attracting talent post-Brexit. I think, David, you said there is some evidence now that people are returning to their European homes of origin. Can I ask you if there is also a risk that we might lose some of our talent post-Brexit to Europe, particularly life sciences? Often when I talk to higher education institutions they say part of the advantage of working in these sectors are their collaborative nature, across not just your own city but other cities. Is that danger a realistic one?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): It is a possibility. It is early days and I cannot say we have encountered that just yet but it is a possibility. If we look to a younger generation, there was some talk of a kind of associate membership of the EU for individuals. I do not know if you have heard about this.

Joanne McCartney AM: My heart leapt a bit at that moment, I must say.

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): Yes. I certainly know that amongst the younger generation - I have a daughter who is a student in London - their view is that they will look to see whether they can take opportunities elsewhere, which they seem to be more open to than before. It is almost like the thing where if something seems as if it might be denied it becomes more attractive. Among that younger generation, certainly their views are changing.

Dr David Lutton (Director of Policy, London First): The other thing you have to remember is that inter-regional migration in Europe has never been the same as inter-regional migration in, say, the US. There are still a lot of barriers to movement. Language is one of the biggest ones but there are cultural differences between the countries as well. There are a lot of things that keep you in the country that you were born in. I would echo the fact that a lot of people do value the ability to work and live in other parts of the EU.

Shaun Bailey AM: To the Deputy Mayor: has the Mayor looked at why it seems to be more attractive and more economically possible to move from, say, Romania to work in London than it is from Rochdale to work in London, if you are in these low-skilled jobs, the hospitality sector or whatever? The idea that we cannot address some of these low-skilled jobs, which this conversation would suggest there are quite a few of, with people based in this country seems strange to me. Surely it is cheaper to make the trip down on the train than it is to make the trip all the way across Europe. Has the Mayor looked at that? Is there any reason why that happens? Is there something the Mayor can do to help with that equation?

Rajesh Agrawal (Deputy Mayor for Business): There are a variety of reasons why people move. People move to make their life better and so on. Not everybody wants to move internationally. Not everybody wants to move out of their hometown. London is an open place. It provides opportunity to people who want to make the most of it. That is why it is open to talented people from around the world.

Shaun Bailey AM: I understand that, but has the Mayor looked at it specifically? We all welcome the statement from the Mayor that London is open but this conversation makes it feel like it is open to everybody other than British-based workers. That might be a perception on their side. Has the Mayor done anything to

address that? Is there something the Mayor could have or should have done, or should be doing now, to say to everybody that London is for everyone and this is not just about the EU and EU workers?

Rajesh Agrawal (Deputy Mayor for Business): London is absolutely for everyone. You must have seen that our campaign, #LondonIsOpen, is not just promoted internationally. We have done a lot of work here in London as well to promote that. Even to Londoners we are saying, "London is open". It is not just saying it to the international audience. Absolutely, London is open for opportunities for everybody. It is by no means only for people from abroad. It is for people from anywhere in the world, including other parts of the UK.

Shaun Bailey AM: I get that. It just does not seem to me that the same amount of focus and attention is being given to what is going on in this country. That is just my view.

Dr David Lutton (Director of Policy, London First): It is a perception issue, partly. The hospitality industry in particular would take issue with saying that all their jobs are low-skilled. They would argue they have some pretty good apprenticeship programmes and that a career in hospitality is a route to a good life. There is a perception that it is not. People would rather be an accountant or a lawyer, go into tech or one of the other sectors. You have to remember that tourism is one of London's growth sectors. It is growing. The opportunity is growing. It is growing every year and it drives a lot of money. There is a lot of opportunity in these sectors. It is partly to do with perception about what opportunities there are here.

Andrew Dismore AM: Having grown up in the hospitality industry in East Yorkshire, I can say that yes, there are skilled jobs. I used to do a semi-skilled job myself before going to university. The point I come back to is this: people who want to work in the hospitality industry in the seaside towns or the northern towns can get jobs in the hospitality industry in those towns and cities anyway. I cannot for one moment envisage people from my hometown being prepared to come to London to work for the sort of Living Wage rates and the standard of living that would generate in London compared to the standard of living they could get in the north, in my hometown, working for the same amount of money. It is just not a practical proposition, apart from the hostility there is towards London from the rest of the country which we cannot underestimate. People are not going to come to live in the rather poor housing conditions, for example, that some EU migrants live in. They are not prepared to leave their families behind, like EU migrants will to send their money back home. That is not how it works. To suggest that we can fill these gaps in the labour market through the domestic agenda is simply pie in the sky, in my view. Discuss!

Dr David Lutton (Director of Policy, London First): Who knows? It depends on lots of factors. My main point is that to address the skills needs of the future it has to be partly about domestic talent and talent from the UK, and it is always going to be partly about bringing in migrant labour and having a visa system that is realistic about that.

Andrew Dismore AM: One last question about that. One thing that has been a problem for the hospitality industry for many, many years now - particularly for Indian and Chinese restaurants - is recruiting the chefs. We cannot train them in the UK. In Chinese restaurants, the language they use is Chinese. They write in Chinese. It is very well being literate in English, which is the criteria for bringing a Chinese chef over, which they are not, but anyone who has grown up in England and been trained has to be able to communicate in written Chinese, which is not one of the normal skills that you get.

Dr David Lutton (Director of Policy, London First): That has already been a challenge. In the future you may have a challenge getting sommeliers, for example. We have had the same issues.

Caroline Russell AM: This section is about maintaining London's competitiveness. We have heard that businesses need reassurance. We have heard that we are looking at complex, multi-transactional businesses

trying to recalibrate what leaving the EU will mean for their businesses. We have also heard very strong calls for the need for certainty.

The first question – and we will start with Simon – is: are growing concerns over London’s competitiveness justified and what can be done to boost London’s competitiveness during this transitional phase and beyond?

Simon Kleine (Director of Corporate Communications, Tech London Advocates): Crikey.

Caroline Russell AM: Sorry, it is a big one.

Simon Kleine (Director of Corporate Communications, Tech London Advocates): Yes. It speaks for itself, in a way, if you look at the tech sector. It has been incredibly successful in terms of the global standing it has achieved. What arises with Brexit, as we have been going through this morning, is big areas of uncertainty in terms of a number of those conditions that created the environment for that sector to thrive. That is where the threat to competitiveness comes in. Whether that is access to investment, whether that is access to talent or whether that is access to the Single Market, those uncertainties threaten that competitiveness. David quoted earlier the amount of venture capital investment that has gone into the tech sector. It is at all-time highs. Those start to be questioned. What we do not know yet is whether we have that definitively. It is too early to say. There are anecdotal claims or suggestions that it could be slowing, it could be in the balance or it could be on hold. That is where that threat to the competitiveness comes. If you lose the conditions that have created that dynamic, it follows. It is that whole unknown of how it is going to play through.

Dr David Lutton (Director of Policy, London First): We are in for a period of uncertainty and there is absolutely nothing you can do about it. From a business perspective you just have to try to adapt to that. There are a lot of unknowns. We would focus on what we can do to mitigate some of that uncertainty. What can business do? What can London’s government do? We have already talked about the #LondonIsOpen campaign. That is absolutely the right message for London to do straight away. As I say, tourism in particular is a big growth sector for London so we have to capitalise on that. The Mayor’s Economic Development Strategy can set some parameters for where skills are going to be required in the future and what London’s priorities are in terms of its economic development.

Things like supporting the tech sector are really important, but let us remember that tech permeates all parts of the economy and to have an amazing tech sector we need an amazing digital infrastructure. We do not have it at the moment. It was a pledge that we would have a Chief Digital Officer for London. We have not seen it yet. A Chief Digital Officer to solve this problem of connectivity in London would be a great positive step forward, with some real ambition for making us a tech capital. The other thing we have not really talked about is industrial strategy, which is going to be the Government’s response to Brexit, part of which will be place-based. We are awaiting a Government Green Paper. How London’s role sits within that is an interesting opportunity as well.

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): Again, we face a period of uncertainty. There are some key goals for our industry, probably the first of which is to understand our regulatory framework going forward. That is absolutely pivotal to everything else, how that aligns to EMA and what that means for us. The more unity we can achieve in the regulatory framework the better. Following on from that, we need to retain continued access to the Single Market, free of tariffs and unnecessary burdens of administration as much as possible. We need to retain the ability to move talented people across our organisations and we need to do more to make use of our home-grown talent. We need to retain or re-engineer the framework for our intellectual property. There are four key areas that we need to see progress on quite quickly to reduce uncertainty. The key to that is the regulatory framework.

Caroline Russell AM: Do you see that as Government action you are requiring or is that London action?

Dr Hilary Coles (Associate Director, Global Clinical Operations, Janssen R&D UK): That is an interesting one. It is a good question actually. I had not thought of it in a geographical context. I think of it in a national context. It does not affect just London. You do not have a separate framework for London. You raise an interesting question because we do have some separate frameworks in the devolved nations which are not helpful. I do not know if you can dissect London out of the national on that perspective. The regulation affects the whole of England, of course. We would not expect to have a different framework for London. We would expect to have an equally agreeable framework everywhere.

Caroline Russell AM: Thank you. Now, a couple of questions for Rajesh. We have heard our Secretary of State for Exiting the EU, Rt Hon David Davis MP, saying that London's voice will be heard. He has confirmed he is going to be meeting with the Mayor monthly to ensure that London's voice is heard. What does the Mayor hope to achieve from these meetings?

Rajesh Agrawal (Deputy Mayor for Business): We are looking to make sure we relay the message from London businesses and make a strong case for the requirements of London businesses, which we are hearing loud and clear. We have been speaking for the last five and a half months. I have had numerous contacts and meetings with businesses and so has the Mayor. What is coming out is that businesses require maximum access to the Single Market and, for the financial services firms, something similar to passporting with maximum access to the European market. There are a lot of financial services firms that are based in the UK but conduct their business throughout the EU. Something I have been hearing from businesses of all sizes in all different sectors - from tech and life sciences, to hospitality, to banking, or any sector - is that access to talent is very, very important. That is why a flexible visa system is required so we are able to attract talent from around the world. These are the three main themes that are emerging from speaking to businesses. In the monthly meetings with the Secretary of State for Exiting the EU the Mayor is continuing to make a strong case for London businesses.

Caroline Russell AM: Is he getting a good reception from the Secretary of State?

Rajesh Agrawal (Deputy Mayor for Business): It is very early to say. We need more clarity from the Government on its starting position on this. At least having monthly meetings is a step in the right direction and we are making sure that London's voice is heard.

Caroline Russell AM: At least they are making it possible for London businesses' voices to be heard. What about the new Business Advisory Group that the Mayor has set up with representatives from the retail, tech and finance sectors? What are the key objectives for this newly established board and how will the Board feed into the current discourse on EU exit?

Rajesh Agrawal (Deputy Mayor for Business): Having a Business Advisory Board is part of the Mayor's manifesto commitment. That is something we are delivering. Let me say it is a fantastic Board. It is very diverse. There are 16 people on the Board, ten of whom are women. Ethnically it is very diverse, sector-wise it is very diverse, and in age it is very diverse. It is not just business grandees, as it were. It is a very, very diverse Board. The objective of this Board is to act as a sounding board for the Mayor and myself for any kind of policy decision etc, whenever we need to speak to businesses. We can speak to them as well, take their advice and get their feedback on policy decisions. That will be across all different things. It will not be just around Brexit. The Business Advisory Board was a manifesto commitment that happened before the referendum. It will be advising on a whole range of issues, not necessarily just Brexit, but we will certainly take their advice on matters in exiting the EU as well.

Caroline Russell AM: Thank you.

Fiona Twycross AM (Chair): Lovely, we have covered quite a lot of ground. I would like to thank our guests for their contributions.