

# MAYOR OF LONDON

**Fiona Twycross AM**  
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**Our ref:** MGLA040216-4531

**Date:** 20 APR 2016

Dear Fiona

## **The Hourglass Economy: An analysis of London's labour market**

Thank you for your letter of 4 February 2016 which set out the London Assembly Economy Committee's recommendations on London's labour market. I note that many of the recommendations are for you to raise with the next Mayor. Therefore, I have focused the information below on the areas where you have made recommendations to me, the London Enterprise Panel (LEP), the Greater London Authority (GLA) and the GLA's functional bodies. However, I would caveat all of this information on the basis that the new Mayor will set the priorities for the GLA and for the LEP. Current priorities may therefore change.

### **Employment programmes and apprenticeships**

Apprenticeships are an excellent way for low paid Londoners to gain the skills and qualifications they need to access better paid opportunities. As such I have made the promotion of the benefits of apprenticeships a priority during my tenure as Mayor.

My apprenticeship campaign has comprised a number of initiatives designed to encourage employers to create apprenticeship opportunities within their organisations; specifically, I have written directly to hundreds of employers of all sizes to make the case for taking on apprentices. I have run marketing campaigns to raise awareness of the range and quality of apprenticeships. Through the LEP, we doubled the national incentive for small businesses that take on apprentices. I have also funded a travel concession for apprentices.

More recently, I have extended the delivery of the Employer Led Apprenticeship Creation Programme, which will ensure thousands of employers in sectors important to London's economy, including the manufacturing and creative sectors, are engaged and supported to recruit apprentices. Furthermore, the LEP's Digital Talent Programme will specifically promote courses and apprenticeships in the creative, digital and technology sectors.

As part of the wider area review process, officers will be leading a number of sector specific reviews, notably in the construction and digital sectors, which will consider the current curriculum delivered by the Further Education sector and will consult on what a more relevant alignment to the needs of industry would look like.

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Greater alignment of the apprenticeship system to the needs of industry is implicit in the move from Government-set frameworks to employer designed standards. Furthermore, I consider that the apprenticeship levy that will be introduced in 2017 has the potential to create thousands of new opportunities for Londoners; the challenge for my successor will be to build on the work of my campaign to further encourage smaller, non-levy paying organisations to create apprenticeship opportunities, particularly in those sectors important to London's economy.

The GLA has also applied to become a European Social Fund Co-Financing Organisation and, if successful, aims to deliver a range of projects to support those who are most disadvantaged in the labour market into employment.

## **Careers information, advice and guidance**

The LEP's Skills & Employment Working Group is committed to designing a much stronger London-wide careers information, advice and guidance offer that is informed by a clear picture of labour market need and inspires Londoners to work, learn and progress. Plans are still being developed to take this work beyond the excellent 'London Ambitions' initiative that has been gaining traction, playing an instrumental part in supporting the roll-out of a consistent careers offer for young Londoners.

## **Workplace skills**

As part of the development of the London Growth Hub, the LEP will be considering proposals for a programme of business support events. In developing this programme the LEP team will be keen to explore your proposal for a series of workshops to promote "sector-wide initiatives on training in workplace skills" and will seek further information from the London Assembly team in due course.

## **Flexible working practices**

The LEP's Skills & Employment Working Group is working to identify actions that would help remove barriers to training and work, and assist groups of people who face such barriers. Through this work, flexible working may well be identified as a priority for the LEP to focus on, but this has yet to be explored fully.

More specifically, your proposal for the LEP to engage in a programme of education for employers to showcase flexible employment practices is an interesting one. However, I would suggest that this is not something for the LEP to lead on when organisations such as the Timewise Foundation are already very active in this area. My office has worked with Timewise to engage over one hundred corporate employers on this issue.

In terms of the GLA and its functional bodies' approach to advertising flexible working, the GLA publishes its approach to flexible working online, including case studies on flexible working in the GLA and encourages applications from those wishing to work flexibly. Most adverts now go out with the following line if it is possible for the role to be open to flexible working: "The GLA is committed to being an inclusive employer and we are happy to consider flexible working arrangements. We would welcome applications from candidates who are seeking part time work as this role is open to job share". Therefore, I believe that the GLA is an exemplar employer in this respect and I currently point to the GLA as a model of best practice.

In addition, through the GLA Group's Responsible Procurement Policy (RPP) we are committed to promoting fair employment practices. The RPP, amongst other things, states that "*Our ongoing programme of contract review will seek to ensure we move towards a position that, where appropriate, our contractors' staff receive a fair wage reflecting the environment in which they work, and that they enjoy contractual terms which represent reasonable minimum standards and which provide for family friendly, flexible and diverse working*".

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## Devolution of fiscal powers

As you will be aware, I established the London Finance Commission (LFC) to help improve the tax and public spending arrangements for London. Based on the LFC's report, *Raising the Capital*, I have consistently made the case for greater devolution of fiscal powers to London government to support economic growth. The report's recommendations have been widely recognised and adopted. For example, I joined London Councils and the Core Cities in setting out a national, city-led growth campaign ('City Centred') through devolving further powers to city governments, including the main recommendation of the LFC – the devolution of property taxes. I continue to argue that this allows for a consistent and tailored approach to valuing property in London, provides a long-term income stream to London government and leverages greater investment in infrastructure to support economic growth.

I have campaigned and lobbied jointly and independently in making the case for stronger fiscal powers. This resulted in the announcement last year that cities would retain all business rates income, including growth. The Budget in March announced that London would move ahead with full business rate retention three years before schedule, starting in the 2017/18 financial year. This, again, was the result of consistent lobbying, as was the Budget announcement for Transport for London to bring forward proposals for financing infrastructure projects from land value increases. These measures have acknowledged my central argument that devolving property and other taxes will provide a stronger incentive to invest in the capital's economic future – London government will capture the increase in tax income as a result of strategic decisions to support economic growth.

I have made considerable progress on the devolution of skills funding from central government and I continue to negotiate with central government departments in the best interest of London. I am committed to securing the best outcome from skills funding devolution so the skills system can deliver better outcomes for Londoners and a more responsive system for London employers. The devolution of the adult skills budget from 2018/19 will result in a significant resource (depending on the methodology agreed up to £400m per annum) under direct control of London, and will enable me along with further education sector, to deliver skills to meet the changing needs of London business. However, with additional power comes responsibility and accountability. It is important for the future of London that the devolution of adult skills funding has a robust and clear accountability framework and any associated risks are fully understood. It is on these matters, along with a financial settlement to effectively manage the adult skills system in London that I continue to negotiate with central government.

I do hope this letter addresses the Committee's recommendations sufficiently and hope that my successor, along with the LEP, GLA and functional bodies, continues this work to improve opportunities for all Londoners.

Yours ever,



**Boris Johnson**  
Mayor of London