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Working hard for Londoners

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Dear Sadiq,

Labour Group response to the Mayor's Economic Development Strategy

I am responding to the Mayor's Draft Economic Development Strategy (EDS) on behalf of the London Assembly Labour Group's Economy Spokesperson. We welcome the approach taken in the Strategy and are pleased to see fairness and inclusion at its heart, together with the ambition to make London the world's leading smart city and the best in which to start and grow a business. We understand that achieving these aims alongside the challenge presented by leaving the European Union (EU) will not be easy, but they are essential to ensuring the continued success of our great city. The EDS is a strong starting point on how to improve and develop London's economy. However, unless the UK gets the right deal when leaving the EU, London's economy – and the drive to increase economic fairness – will face significant hurdles.

A fairer, more inclusive economy is paramount to ensure that everybody can participate in London's society. We are encouraged that the EDS contains issues that the Labour Group has raised consistently over the past few years. Whilst the overall approach and content of the Strategy is welcome, we believe there are ways in which this strategy could go even further and these are outlined below.

Chapter 3: A FAIRER AND MORE INCLUSIVE ECONOMY

3.1 World Class Education

The Labour Group is encouraged by the policies put forward relating to education. The next few years will provide an unprecedented opportunity for London as the Mayor takes control of the Adult Education Budget from 2019/20.

Early years

We agree with the importance of good early years' education as a means of providing all young people with the best start in life. In 2017, only 58 per cent of disadvantaged two-year olds in London accessed their free part-time childcare place compared to 71 per cent nationally, despite London having more eligible two-year olds than any other English region.¹ The pilot on the Early Year Hubs offers an opportunity to improve London's performance in this area. The recent academic success of London's schools shows us what can be done with increased and targeted funding. We urge the Mayor to keep up the pressure to ensure that London's schools are adequately funded.

¹ Mayor of London, [Early years and childcare](#), [accessed 12.02.2018]

Education

We recommend that young people hold a standardised careers' portfolio of achievements, provided by London Ambitions, to indicate that they are prepared and ready to move from education to work. Arguably, it is time for a new 'London Challenge' policy, where excellence is not solely measured in terms of exam results, but is increasingly linked to getting students into good quality and skilled work. This would ensure there is greater parity between apprenticeships and degrees, which would contribute to increased social mobility.

More must be done to improve teacher recruitment and retention in London. One of the barriers to the retention of teachers is the prohibitively high living costs in the capital. In addition to his policies on affordable housing, it would be helpful if the Mayor put pressure on the Government to increase teacher pay, to enable the sector to be able to recruit and retain the best teachers.

We welcome the forthcoming special educational needs and disabilities (SEND) review as demand for SEND places at school is increasing in London and often provision in mainstream school is patchy. Provision for children and young people with SEND should also include tailored advice and support to help them access employment or work experience opportunities. The Mayor should work with schools, building on some of the existing great programmes in place, to improve the skills and employment offer for children and young people with SEND.

All-age careers guidance

The Labour Group has been championing the need for an accessible careers guidance service for every Londoner regardless of age in London and we are pleased to see that will become a reality. This could go some way to reducing the adverse impact of the Education Act in 2011, which transferred responsibility of careers guidance to schools, and has reduced the quality of careers guidance in the capital.

We would like to see improved access to, and diversity within, apprenticeships. The London Assembly Economy Committee released a report in September 2016 *Apprenticeships: an un-level playing field* which found that:

- Apprenticeships have become an increasingly preferred route for businesses to provide in-work training, particularly for those aged 25 and over;
- The majority of apprenticeship starts are by women and around 40 per cent are young people from Black and Minority Ethnic (BAME) communities;
- BAME and female apprentices tend to be clustered in lower level and lower paid apprenticeships, and the record of progression into Advanced or Higher apprenticeships is poor;
- The Government's focus on hitting targets for numbers of apprenticeships appears to have affected the quality of apprenticeships and the reputation of the system as a whole.

We would like to see the gender stereotypes of who can work in sectors such as construction challenged and transformed as a vital step in transforming the workforce. We would be keen for this to be included as part of the Mayor's 'Behind every great city' campaign. When a guest to the Economy Committee meeting on apprenticeships, the Federation of Master Builders revealed that when delivering careers guidance sessions at schools, they had experienced occasions where female students had been removed for a talk on careers in construction as it wasn't considered relevant.² Within the all-age careers guidance offer, we would like to see a focus on eradicating stereotypes in careers and a commitment that face-to-face guidance will be provided for those who need it. Furthermore, we would like to see how the all-age careers offer will encourage in-work training and

² London Assembly Economy Committee, (7 September 2016), Transcript of Item 6 – Apprenticeships in London, p. 8.

promote life-long learning as a way of both increasing productivity and ensuring people can progress from lower paid, less secure work. We also believe that part-time and flexible apprenticeships would be a good way to increase access to apprenticeships and to encourage more people into apprenticeships that may be unable to undertake a full-time course.

When progressing skills in London, the cost of work experience, training and supplies must be taken into account. Apprentices in their first year, or aged 19 or under, are paid a significantly lower national minimum wage which makes it difficult for some young people from low-income backgrounds to choose this pathway. For apprenticeship schemes to be successful, businesses must not use them as an opportunity for cheap labour but must provide high quality skills for the future economy.

Furthermore, unpaid internships in London hinder social mobility and prevent those who cannot undertake unpaid work from accessing skills and job opportunities available to wealthier peers. We would like to see a 'Good Practice Guide' for work experience and internships in London and for the Mayor to include these areas of employment in his London Living Wage campaign to help eradicate the exploitation of apprentices, interns and work experience placements.

We look forward to seeing more detail on how the all-age careers offer will be delivered in London and how it will improve upon the London Ambitions programme. It would also be useful to know how the success of the programme will be measured and what measures will be included on promoting equalities.

We are concerned that the introduction of the Apprenticeship Levy has led to reductions in the number of apprenticeships started and we are not confident in the current government's approach. We think there is merit in the concept of the levy, however, but would like to see the funding for apprenticeships devolved to London.

3.2 Opportunity for all Londoners

London's strength lies within its diversity but not all Londoners have equal access to the same opportunities and this affects both individuals and the economy.

Further Education

The further education (FE) sector is chronically underfunded; funding for 16-18-year-olds remains at 2013 levels.³ We would like to see the Mayor ensure a fair deal for adult education funding from the Government and the devolution of funding for 16-18-year-olds to enable a holistic approach to skills and education in London. The FE sector could be represented on the London Sector-Skills Board so that courses can be better tailored to the needs of businesses.

Work and Health programmes

We are pleased to see a commitment to support programmes to help specific groups who are unemployed or in low paid jobs (e.g. people with physical and mental health conditions and disabilities) into sustainable employment through London's European Social Fund (ESF). We are concerned that Brexit may adversely impact this work and would welcome clarification on how it will be funded post-Brexit.

English for Speakers of Other Languages (ESOL) is a vital skill for those applying for jobs in London. However, government cuts to ESOL funding of 60 per cent⁴ in the Adult Education Budget has led to

³ FE Week, (18.11.2017), "Anxious wait for 'hopeful' FE sector ahead of budget", [accessed 12.02.2018]

⁴ London Assembly Education Panel, 8 Feb 2018 draft transcript, pg. 24

a decrease in participation between 2010 and 2016, though many providers report continued high levels of demand.⁵ The Education Panel recently heard that many people on limited incomes are unable to afford the fees. A co-funded low-income ESOL learner would pay about £540 a year which is a significant sum for them to pay to support their learning.⁶ Additional funding to enable more Londoners to participate in ESOL learning would ensure people aren't excluded by prohibitive cost.

We are pleased the EDS mentions offenders as a key group to be supported for skills development and employment. Supporting offenders to gain skills and employment significantly reduces the risk of re-offending. This objective makes sense financially as re-offending costs £2.2 billion per year in justice costs alone.⁷ We would also like for victims of crime, particularly victims of domestic abuse, to be considered as a key group as research has shown that victims can be empowered to escape abusive partners through access to skills and employment.⁸

3.3 A Lower Cost of Living

The cost of living in London is a significant barrier to a fair and inclusive economy. The Minimum Income Standard 2017 by Trust for London found that whilst many costs in London are similar to those in other urban areas of the UK, higher living costs, such as housing and childcare, mean that reaching a minimum decent standard of living in the capital costs residents between 16 per cent and 53 per cent more than residents in the rest of the UK.⁹

Cost of housing

For London's economy to succeed, we need to ensure that there is ample room for families to live in the capital. Without this, we risk losing vital skills in the workforce as families move out of London to larger family-sized homes. The Labour Group welcomes the synergy between the EDS, the London Plan and the Housing strategy.

Working age, single Londoners in inner London spend half of their minimum budget on rent in the private rented sector compared to less than a third in urban areas outside London.¹⁰ We are concerned about the excessive cost of some rental deposits and back the Mayor's stance on limiting rent deposits to four weeks rent, as high rental deposits, alongside agents' fees, restrict the ability of people to access the Private Rented Sector. We recommend that a system for private tenants to "passport" their deposits from one tenancy to the next is developed. This would prevent situations where one landlord has not released a deposit on a previous property while the tenant needs to come up with a deposit on the new one, leaving them significantly out of pocket or unable to find the funds.

Cost of transport

It is important that Londoners can afford to use, and have adequate access to, public transport to keep the economy moving. The Labour Group welcome both the fares freeze and the hopper fare introduced by the Mayor which have reduced the cost of transport for many Londoners. Trust for London found that these policies have had a positive impact on the cost of living for some Londoners as travel costs for single working-age adults have increased by 2 per cent in inner and 2.5 per cent in outer London between 2016 and 2017. On the contrary, travel costs for single working-age adults

⁵ Learning & Work Institute, (May 2017), Mapping ESOL Provision in Greater London, pg. 5

⁶ London Assembly Education Panel, 8 Feb 2018 draft transcript, pg. 22

⁷ Mayor of London, [Police and Crime Plan 2017-2021](#), [accessed 12.02.2018]

⁸ Dr Lucy Green, (2014), Ending Domestic Violence Captivity

⁹ Trust for London, (Dec 2017), [Minimum Income Standard 2017](#), pg. 4

¹⁰ Trust for London, (Dec 2017), [Minimum Income Standard 2017](#), pg. 22

living in urban areas outside London have increased by 13 per cent over the same period.¹¹ We are pleased to see that the Mayor is not giving up on lobbying the Government to devolve London's suburban rail to TfL as we believe this would further benefit Londoners.

Cost of childcare

Evidence shows that lack of affordable childcare is a barrier to parental employment and compresses household incomes. In London, the proportion of disposable income spent on childcare is a third higher than the rest of the UK and varies between 25 and 35 per cent.¹² Furthermore, support provided by the Government for working families in some circumstances covers only a fraction of the cost of childcare.¹³

Another barrier to parental take-up of childcare is the lack of flexible provision. In a Department for Education (DfE) survey, only 20 per cent of parents in London agreed or strongly agreed that they can find childcare that fits with their or their partner's working hours.¹⁴ Flexibility is essential as parents in London are more subject to atypical working patterns (such as overtime, shift work, weekend working, zero hours and on-call working) and higher commuting time than elsewhere in the country.¹⁵ We would like flexible working to become the norm across London and for the Mayor to continue to share his best practice with employers in the capital.

We recognise that the Mayor does not have a statutory role over childcare in the capital, but we welcome the proposals in the EDS to tackle the issue where possible. The Mayor could introduce a 'know your rights and entitlements' campaign to build on the local authorities' statutory requirement to provide a local offer and help parents experiencing difficulties in accessing the 30 hours free childcare.

Financial inclusion

Financial inclusion remains an issue and many Londoners feel financially insecure due to rising costs, stagnating wages and precarious employment. Levels of over-indebtedness are rising and it is estimated around 17 per cent (1.1 million) of London's population are over-indebted.¹⁶ There is also a lack of data around the extent to which people are 'underbanked' in London and is an area in which the Mayor could undertake research to understand the extent of the problem.

The Labour Group would like to see the London Debt Strategy Group (LDSG) reconvened. The LDSG could play a key role in monitoring whether London's debt advice services are sufficiently resourced and ensure local authorities are working effectively with debt advice services to meet the needs of Londoners facing elevated levels of debt and to share best practice.

Areas of work that could be undertaken by the LDSG to address problem debt and financial exclusion might include:

- Using the convening power of the Mayor to bring together expert knowledge including from the finance sector and voluntary sector to identify ways in which high levels of personal debt could be addressed in London;
- Conducting or commissioning research into the scale of the problem in London and producing a strategy on how to reduce debt in London;

¹¹ Trust for London, (Dec 2017), [Minimum Income Standard 2017](#), pg. 10-11

¹² Family and Childcare Trust, (2017), [Childcare survey 2017](#)

¹³ Trust for London, (Dec 2017), [Minimum Income Standard 2017](#), pg. 22

¹⁴ Department for Education, (March 2016), Childcare and early years survey of parents 2014 to 2015, pg. 357

¹⁵ Family and Childcare Trust, Childcare for London parents with atypical work patterns, n.d.

¹⁶ London Assembly Economy Committee, (January 2018), Short changed: the financial health of Londoners, pg. 12

- Working with London Councils and local boroughs to encourage boroughs to adopt fair and transparent debt recovery procedures. Action could be taken to avoid debt escalating due to late payment costs, local authorities utilising bailiffs to collect council tax, or prosecuting those who cannot afford to pay;
- Promoting the work of credit unions in London and looking in to what action the Mayor can take to promote more affordable sources of credit, where appropriate.

3.4 Fairer pay and employment practices

Good working practices are imperative for a high performing economy, and a good working environment increases productivity. Fair pay and employment practices are a concern for many workers who are uncertain of how their rights may change when the UK leaves the European Union (EU). Rights such as entitlement to paid annual leave, increased protections for agency workers and a limit on the number of hours that an employee can work in one week were all introduced, or extended, as a result of the UK's membership of the EU. We would like to see London lead the way in good businesses practice and working conditions.

Good Work Standard for London

A Good Work Standard (GWS) for London is a great way to recognise and celebrate businesses that promote good working conditions and procurement practices. The GWS must be rigorous and cannot be diluted if it is to work successfully. An employer who has signed up, but is not adhering to the standards would pose a serious risk and potentially devalue the whole programme. It is essential that workers on the lowest grades within a registered organisation also understand why their employer has been recognised in the GWS and feels the benefits.

London Living Wage

Low-pay is a significant driver of poverty and it was found that 80 per cent of households experiencing in-work poverty include at least one person who was paid less than the previous London Living Wage of £9.75.¹⁷ The Joseph Rowntree Foundation (JRF) found that “if the National Living Wage was raised across the whole country to the level of the London Voluntary Living Wage, more than eight in 10 households in working poverty could benefit.”¹⁸ The Labour Group would like to see the Mayor continue to make significant progress on making London a Living Wage City and we were pleased to see the hourly rate increase to over £10 for the first time last year.

Achieving the Mayor's aim of a Living Wage City is no easy task, but this requires definitive and stronger action than his predecessor – writing standard letters to invite company CEOs to meet with a relatively junior member of GLA staff, as the previous Mayor did, does not show a great deal of commitment. We recommend that the Mayor work with CPAG and local authorities such as Islington who have made great strides with the LLW, to work together to facilitate implementation of the LLW across all London boroughs.

Diverse workforce

We welcome the focus on keeping older workers engaged with the workforce – an issue that the Labour Group has raised in previous years. Many unemployed people over the age of 50 are struggling to find employment in the fields that they have worked in for the majority of their working life. Many will not have written a CV or been to a job interview for many years and may lack self-confidence when presenting themselves to a new employer. Many unemployed people over 50 have previously

¹⁷ Joseph Rowntree Foundation, (November 2017), [UK Poverty 2017](#), p. 36

¹⁸ Joseph Rowntree Foundation, (November 2017), [UK Poverty 2017](#), p. 36

worked in manual based trades such as cleaning, building, engineering and manufacturing but these opportunities are now fewer and further between, meaning that older people increasingly look for opportunities in less familiar industries such as security, health and social care, retail and administration. In an attempt to learn new skills, many older people are finding themselves in apprenticeships which are not appropriate for them as they are not designed to provide older people with the skills they require in practice.¹⁹

To provide older people with the skills needed to find employment, we recommend a model, similar to the one used in the charity Pecan in Peckham, that would provide new learning and job experience opportunities targeted at those aged over 50. This would involve:

- Two-week employment preparation programme, which includes CV writing, interview techniques, skills matching, confidence building and job preparation with a lead provider;
- The provider will source a six-month employment opportunity with employers, with the expectation that the participant will become a member of staff if they successfully complete the experience;
- During the six months employment opportunity, the lead provider will meet with the participants on a weekly to monthly basis (reducing over the length of the programme) to help them settle in with the employer;
- The participant will receive appropriate training for the sector they are working in. For some this may be pre-employment and for others it will be ongoing during the opportunity (e.g. Security is a 4-day training to gain SIA and retail and health and social care level 2 will take 6 months to complete);
- The later part of the training will be used by the lead provider to meet with participants and ensure they stay in employment.

Precarious employment

The number of Londoners on zero-hours contracts is currently estimated to be around 117,000, an increase of 22,000 in the year to May 2017.²⁰ Zero-hours and low-hours contracts can provide workers with the flexibility that they require, allowing people to take on extra work when they want it or to allow those with other responsibilities to work around them. However, there are many people in zero-hour or low-hour contracts who wish to take on more hours and desire a stable income. Often, the use of zero-hour or low-hour contracts benefits the employer more than the employee and there should be additional rights to prevent exploitative zero-hours contracts.

We would like to see employers in the Good Work Standard (GWS) provide clarity to employees and a written statement of terms and conditions which sets out in writing how many hours a week they will be expected to work. This should be provided before employment commences. After a certain period, employees should also have the right to a contracted guaranteed minimum number of hours based on the number of hours they regularly work.

The issue of staff in restaurants not receiving their tip in full is one that could be addressed by the GWS. There is currently no legal requirement for firms to hand over gratuities to their waiting staff but the Government introduced a Code of Best Practice in 2009 when they announced that service charges, tips, gratuities and cover charges can no longer be used to make up national minimum wage pay.²¹ Many workers in the hospitality sector work long, unsociable hours for low pay. It is not

¹⁹ The Independent, (01.01.2015), [Key Government strategy in decline as apprenticeships fall](#), [accessed 13.02.2018]

²⁰ ONS Labour Force Survey, (11 May 2017), [Labour Force Survey: Zero-hours contracts data tables](#)

²¹ Department for Businesses, Innovation and Skills, (October 2009), [A Code of Best Practice on Service Charges, Tips, Gratuities and Cover Charges](#), pg. 4

acceptable for some employers to use tips subsidise low wages or to hold some of the tips back from staff.

The Labour Group felt, that the Taylor Review on the gig-economy did not go far enough. Whilst we welcome the Mayor's push to ensure that the Government implement recommendations from the review are implemented to improve workers' rights, we would ask the Mayor to continue to push the Government to go further.

The Labour Group agrees that the Government should broaden the powers of HMRC and the Employment Agency Standards Inspectorate to actively pursue employers participating in illegal employment practices. We would like the Mayor to investigate the advantages of lobbying the Government to give local authorities the necessary powers, resources and responsibility for this enforcement. Councillor Andy Hull, a Cabinet Member in Islington, argued in 2015 that localising NMW enforcement does not need to cost extra money and instead could be self-financing if councils could keep the fines generated from non-compliant employers, whilst securing the arrears for short-changed workers.²²

3.5 Better health and less poverty

In London, more than one in four people (27 per cent) are living in poverty after housing costs, well above the England average of 21 per cent. More than half of those in poverty (58 per cent) live in a working family – this equates to 1.3 million people - a 50 per cent increase over the last decade.²³ This results in Londoners going without food, warmth and living in inadequate homes.

Food insecurity

Over 111,100 Londoners received food parcels from a Trussell Trust food bank in 2016/17 of which the primary reasons for referral to Trussell Trust foodbanks were low income (26.4 per cent) and benefit delays (26.1 per cent).²⁴ Food insecurity goes much wider than the shocking number of people accessing foodbanks in London and we are pleased to see this recognised in the EDS.

We would like to see the GLA's previous commitment to a zero-hunger city retained and the provision of better long-term support for those at risk of food poverty through the London Food Strategy. We welcome the promotion of free school meals for all children – an issue that the Labour Group has been campaigning on for some time. The benefits of FSM extend far beyond the nutritional value of food. They can boost educational attainment and ease pressure on families grappling with sky-rocketing rents, increasing food bills and the loss of child tax credits.

We would like the Mayor to commit to providing Healthy Food as part of supporting Early Years settings, and look at how free breakfasts could also be provided to all schools in London. For this, we would like to see pilots on free healthy breakfasts in the capital's secondary schools. We would also like to see a reduction in children drinking sugary drinks and urge the Mayor to look into providing water fountains in schools and helping to reduce children's sugar intake.

Malnutrition in older people must not be forgotten when talking about food insecurity as the APPG on Hunger's recent report found that the most robust estimate shows that in 2011, 1.3 million older

²² Left Food Forward, (25.03.2015), [Why local councils should be given the power to enforce the minimum wage](#), [accessed 13.02.2018]

²³ Trust for London, [London's Poverty Profile 2017 data](#), [accessed 13.02.2018]

²⁴ Trussell Trust, [End of year stats 2016/17](#), [accessed 13.02.2018]

people were malnourished or at risk of malnutrition.²⁵ The report identifies three underlying causes of malnutrition: loneliness and social isolation, the diminished availability of Meals on Wheels, and inadequate social care packages. In London, only 13 boroughs provide home delivery of prepared meals to NACC nutritional standards 365 days per year.²⁶

The Mayor could bring together available data at a borough level from housing, health and social care datasets which could help identify the level of need in the capital, particularly where there is currently no community meals provision. There are some successful community meals models operating across the UK, and through the London Food Board, the viability of these schemes and how they could be funded and developed in London could be explored.

Child poverty

Child poverty blights childhoods and means one in four Londoners are growing up feeling cold, going hungry, and living in overcrowded or poor-quality homes. Not only this, it has long-lasting effects on a child's development and life chances. The latest child poverty figures for London saw nine of London's boroughs in the top 20 for the highest levels of child poverty. Tower Hamlets continues to have the highest levels in the UK with more than half (53 per cent) of children living in poverty compared to 44 per cent in 2015. At GCSE stage, there is a 28 per cent gap between children receiving free school meals and their wealthier peers in terms of the number achieving at least 5 A*-C GCSE grades.²⁷ We feel that this issue would benefit from a child poverty action plan for London to reverse the growing levels of child poverty in the capital.

3.6 Inclusive and safe communities

We welcome the recognition that economic growth, good design, community cohesion and public safety are interlinked and all contribute to the success of our city. We agree that working with local authorities, the community and voluntary sectors will enable the creation of more socially integrated communities. The forthcoming Social Integration Strategy should encompass all of these things, define an aim of what inclusive communities look like and how this will be achieved.

Voluntary, community and social enterprise sector

When looking into working with community organisations, we would urge the Mayor to establish a dialogue with the London Voluntary Service Council (LVSC) who are the collaborative leader of London's voluntary, community and social enterprise sector (VCSE). The LVSC estimate that there are around 60,000 active VCSE organisations that contribute to the wellbeing, citizenship, capacity and economic vitality of London, yet only a fraction can be located in GLA policy and delivery programmes.²⁸ To achieve the aims in this area, the Mayor could review the social impact of VCSE activity and ensure that all future GLA strategies actively engage the whole of the sector in the delivery of outcomes.

Making London safer

We are pleased to see that the Mayor has placed people at the heart of this section. By setting out a vision for public, private and community groups working together to achieve good growth, the wellbeing of Londoners and community safety, this Strategy considers how places can be diverse,

²⁵ APPG on Hunger, (Jan 2018), Hidden hunger and malnutrition in the elderly, pg. 3

²⁶ London Assembly Economy Committee, (18.03.2016), Letter to the next Mayor of London on Food poverty and malnutrition in older people

²⁷ Child Poverty Action Group, [Child poverty facts and figures](#), [accessed 13.02.2018]

²⁸ London Voluntary Service Council (LVSC), [Manifesto 2015-2016](#), pg. 3

thriving and safe. Encouraging partners and developers to think about design and the social impact of their work is a positive step in the right direction.

Businesses have an important role to play in community safety, particularly in the night time economy (NTE). The London Assembly Economy Committee has heard from NTE workers that many often feel unsafe in their place of work or on their way home. The EDS needs to coordinate with the Transport Strategy and the Police and Crime Plan to ensure Londoners feel safe at, and travelling to and from work.

Chapter 4: CREATING CONDITIONS FOR GROWTH

4.1 Space for business and work

The EDS rightly notes the competition for land between housing and business, both of which are vital for the wellbeing of London's economy. The London Assembly Economy Committee recently looked into the issue of space for small businesses and found that the relaxation of permitted development rights has led to the conversion of 1.47 million square metres of office space to residential homes since 2013.²⁹ We therefore welcome the implementation of Article 4 directions where office space is at risk but wish to strengthen this so that in cases where the local authority does not wish to use Article 4, the Mayor's role is directive as well as supportive.

A particular issue that small and medium-sized enterprises (SMEs) have related to us is the lack of grow into space. We would like to see the Mayor take action in this area to ensure that new SMEs have the space they need to grow their businesses and for when they are too big for shared spaces or incubators so they can continue to contribute to London's economy.

High Streets

High streets and town centres are vital components of local economies and many Londoners have seen their local high streets deteriorate over the past few years, particularly with the increase in online shopping. The Labour Group therefore welcomes the focus on high streets in the EDS. We would like the EDS to ensure that high streets are made to look like appealing places to visit and would encourage the Mayor to continue to work with local businesses and authorities to consider the out-facing design of shops and flats.

4.2 Transport

For London's economy to be a success, a well-functioning transport system is essential. While the strategy talks about improving public transport and details rail improvements such as Crossrail, Crossrail 2 and the Bakerloo line extension to invest in local economies. This is important; however, buses are an important mode of transport to access local high streets. We would be keen to see an increase in bus services as an essential part of investment in public transport to reduce car usage. Local businesses, particularly in outer London, have raised concerns about the removal of parking spaces and we would like to see the Mayor to continue to work with local businesses to ensure that Londoners can access local high streets whilst cleaning up London's toxic air.

Low-paid workers in the night-time economy are particularly reliant on night buses and we have some concerns about the reduction of some night bus services to a minimum of two per hour following a fall in passenger numbers since the introduction of the night-tube. However, we strongly welcome the

²⁹ London Assembly Economy Committee, (Nov 2017), Helping SMEs to thrive

introduction of the night-tube at weekends and hope that it addresses some concerns that we have heard from night workers about getting to and from work more quickly and safely. We urge the Mayor to continue to consult night time workers to discuss their concerns regarding transport and further improve the bus system to avoid an adverse impact on local economies.

4.3 Other infrastructure

High level infrastructure group

We welcome the commitment to establish a High-Level Group to improve planning, co-ordination and delivery of infrastructure in the capital. In particular, the transparency that will lend to the delivery of infrastructure is important. The principle of security should also be added to the existing principles as, in July 2017, GCHQ warned that cyber criminals are targeting the country's energy sector. It is important to have this in mind when designing future infrastructure needs – they must be secure.

Digital connectivity

A reliable digital connection is crucial for businesses and paramount for the future success of London's economy. It is disappointing to see that there are some properties in London without a reliable digital connection. London also needs to be prepared for the roll out of the future 5G network. We are pleased to see that the Mayor has appointed a Chief Digital Officer to champion this issue.

We are encouraged by the Mayor's plans to improve digital connectivity and we would particularly like to see that applications for new developments provide access to fibre optic broadband. We would also like to see the Chief Digital Officer support Londoners, especially renters, to make well-informed decisions about their connectivity needs.

Water management

Steps to make London more resilient to tidal and fluvial flood risk are welcome. The recent flooding caused by burst water mains in London which cause disruption to businesses as a result, highlight the significance of this work. Substantial behavioural change needs to be secured in residential and commercial buildings to ensure items that are not suitable for London's drain, such as microfibre materials and cooking fats, do not enter the sewage system. Materials such as these place a significant strain on sewage infrastructure, with a financial cost for consequential damage and works to repair them. The Mayor should explore with Thames Water and others what additional action can be taken to divert these forms of waste from the sewage network.

Energy production

Given the relatively small share of electricity requirement in London provided for by solar energy production, the Mayor's commitment to more than double output over the next decade through the Solar Action Plan is positive in its ambition. Solar is one important component to achieve a substantially decentralised energy network, and we would therefore welcome the strengthening of its use in new developments. Innovations in technology are ensuring that it is now feasible for stronger integration of solar into building design. We would encourage interim targets to benchmark solar rollout across London.

Energy consumption

Energy costs remain amongst some of the most significant costs affecting Londoners, and severely impact their ability to afford to live in London so we are pleased to see the fuel poverty action plan. Supporting people changing their energy consumption must be at the heart of any plan to reduce energy consumption, and we would urge the Mayor to encourage the standardisation of advice and

information available at key points people interact with the residential market. This might include when signing up for local authority housing registers, taking out contracts for private rent, as well as at more challenging times when having to interact with benefits services and citizens advice. We welcome commitments to press forward in establishing 'Energy for Londoners' as a vehicle for delivering on greater energy efficiency, decentralised energy production, and the delivery of smart meters in homes as well as times of day tariffs, and look forward to this being set up without any further delay.

Circular economy

We are particularly pleased to see that the principle of moving London toward a circular economy is a consistent theme throughout the Strategy. To achieve this, there will need to be a clear commitment not only to address excess packaging, materials and food entering the waste stream, but a broader commitment to shift consumer goods manufacturing away from increasing disposability. We recognise that this is a broader economic challenge where the Mayor's role is limited. However, as has been demonstrated through the use of the Mayor's licensing and planning powers, the GLA Group's power, alongside public-sector procurement, can work to create new markets for sustainable products. Programmes to support and incubate new technology and sustainable products should explore the Mayor's full range of market influence beyond financial assistance.

4.4 Innovation and skills

The aim for London to remain the world's leading city for learning and innovation will be a challenging one as we leave the EU. We hope that the Mayor can work with the NHS to tackle workforce shortages and concerns about the impact of Brexit on EU NHS staff, and increase the supply of affordable housing for key workers.

We were pleased to see a skills and adult education strategy introduced as this is a measure that we have long called for. However, we recognise that there are currently problems with the Apprenticeship Levy in London and would welcome devolution of this fund to the Mayor. In the meantime, we would like to see the Mayor review how the Apprenticeship Levy is working in London and talk with businesses to try and rectify these issues.

4.5 Enterprise

London is home to a wide range of business sectors which deliver a highly productive and competitive economy and generate 30 per cent of the UK's tax revenues. Furthermore, SMEs make up over 99 per cent of all businesses in London. It is therefore important that enterprise is supported going forward.

Entrepreneurialism

As London's economy and employment relies on small businesses, it would be good to support entrepreneurialism amongst younger people to continue innovation and start-ups. This could take the form of projects at school to learn about the skills needed. We agree that there are barriers to London start-ups too and agree that the proposal to tailor support to the needs of those from BAME backgrounds and women as an absolute priority.

Brexit

It will be particularly important for London and Partners to work with businesses and to continue attracting and retain investment to London after the UK leaves the EU. We note with concern the report which shows that the economy is predicted to be likely to suffer as a result and would welcome a plan of action for a no-deal scenario. We are pleased that the Mayor has invested in research in this area and that the Mayor will work with European partners to provide financial support. However,

as European funding regimes have a long and established record in the UK of contributing to improvements in our infrastructure, skills and the health of our SMEs, we have concerns about the level of funding for GLA programmes through the European Structural and Investment Funds after Brexit. Whilst the current round of European Structural and Investment Funds does not end until 2020 and the Government have indicated to continue regional development with a UK Shared Prosperity Fund, it is essential that London's economy has a lot more clarity going forward if we are to see businesses thrive and countries invest. We urge the Mayor to continue his efforts for demanding our city and businesses do not lose funding as a result of Brexit, or during any transition period.

The university sector is hugely reliant on the EU and London's universities attracted 101,465 students from outside the UK in 2014–15.³⁰ International students contribute to London's economy by expenditure and creating jobs. In 2014-15 (latest data available):

- International students off-campus expenditure was £1,327 million and generated £1,534 million of gross output, a £750 million GVA contribution to GDP
- 8,885 full-time equivalent jobs in London were generated by international student spending
- Export earnings generated by international students in London came to £2.74 billion.³¹

UK universities also benefit from EU funding programmes and receive an additional 15 per cent in funding from the EU. This is now at risk due to Brexit. Academics could struggle to cooperate on research projects and the Government's hard-Brexit view on immigration may deter high-calibre academics from joining British universities which would have an adverse impact on London's economy.³² Brexit could therefore lead to a decline in the number of EU students coming to study in London because they would be recruited as international students, which would mean their fees would go up substantially.³³ We therefore welcome your call to the Government for the removal of international students from the annual net migration target as a matter of urgency and adoption of a pro-active approach to bringing global talent to the UK by reforming the current non-EU visa system. We also welcome the work that London and Partners does in attracting international students and would be interested to see the work undertaken with potential EU students in the run up to leaving the EU. Additionally, as with European funding for businesses, we urge the Mayor to also obtain clarity on EU funding programmes relating to higher education such as Erasmus. These programmes are hugely beneficial to London's students who are able to access other cultures, learn new skills and introduce new talent to London.

London is home to approximately 964,000 EU workers but almost 2.2m from outside the EU.³⁴ London is more reliant on foreign labour with 25% of Non-UK nationals making up the workforce compared to 8 per cent in the rest of the country. Of those, 771,000 (15%) are EU nationals.³⁵ EU workers make a huge contribution to London's economy and analysis carried out by the London Chamber of Commerce and Industry (LCCI) indicates that if EU nationals were required to enter the UK under the same system that currently applies to non-EU nationals (particularly Tier 2), then London would lose 160,000 migrant workers, £7bn in economic output and £2bn in taxes.³⁶ There are particular concerns in sectors that rely

³⁰ Universities UK, (06.03.2017), [The economic impact of international students](#), pg. 6

³¹ Universities UK, (06.03.2017), [The economic impact of international students on the English regions](#), date accessed 12.03.2018

³² The Telegraph, (09.03.2017), [How will Brexit affect British universities and will EU students still be able to study in the UK?](#), date accessed 12.03.2018

³³ The Telegraph, (09.03.2017), [How will Brexit affect British universities and will EU students still be able to study in the UK?](#), date accessed 12.03.2018

³⁴ The Financial Times, (16.06.2016), [Most EU migrants in UK would fail visa rules in event of Brexit](#), date accessed 07.10.2016

³⁵ London Chamber of Commerce and Industry (LCCI), (Nov 2016), *Permits, Points and Visas*, pg. 3

³⁶ *Ibid.*

heavily on EU workers such as construction where one in four workers are from the EU, tech and hospitality sectors.

We welcome the Mayor's stance on Brexit and his aim to ensure that EU citizens are welcome in London. We were very pleased to see the EU citizens online portal I suggested become a reality, reassuring EU citizens in London during the negotiations. We would like to see the Mayor continue to lobby the Government to offer a cast-iron guarantee to all EU citizens currently living in the UK that they can stay post Brexit and to provide certainty and clarity to business during the negotiations by putting in place an interim, or transitional deal, so they can continue to invest and recruit, avoiding a 'cliff-edge' scenario in the run-up to March 2019 when the UK is scheduled to leave the EU.

Self-employment and start-ups

We are pleased to see the EDS outline measures to support small businesses in London and self-employment. London has the highest rate of self-employment of all UK regions, with the self-employed accounting for 18 per cent of all workers.³⁷ Research by the Social Market Foundation found that the self-employed are more likely to be in low pay than employees, and that the gap is set to widen as the National Living Wage rises over time and as Universal Credit is rolled out. The latest data shows that around 67 per cent of self-employed Londoners earned less than the equivalent of a full-time employee on the LLW.³⁸ The high cost of living in London is likely to make it particularly difficult to manage the volatility of earnings from self-employment.³⁹

We would like to see the Living Wage Foundation explore how it can communicate its Living Wage rates to the self-employed and their customers. The Mayor could play a similar role in highlighting the implications of rises in London's cost of living for the self-employed and publish data on pay of London's self-employed relative to the London Living Wage. The LEAP should set up pilot training schemes for the low-paid self-employed; with evaluation of the impact training has on pay. As a first step, they should set up a voucher scheme for low-paid workers in the construction sector to undertake certified training to improve and maintain skill sets.

Chapter 5: SUPPORTING LONDON'S SECTORS

5.1 Advanced urban services

New technologies are set to change London's economy and infrastructure. The ideas about sharing data are welcomed and could further innovation and solve existing problems. For example, there are some interesting ways in which envirotech could be developed and deployed, such as pulsar noise sound exposure metres, and air quality monitors. Broader deployment of these technologies in London, and networking them into a central data source would help live monitoring of environmental hazards.

5.2 Culture and creative industries

We agree that London's tourist offer is vital to the cities' global success and London's culture is an important part of that offer. We are pleased to see that the Mayor has placed a strong focus on culture by appointing a Deputy Mayor for Culture planning to publish a Cultural Strategy for London. Creative industries are critical to London's success, contributing £42 billion per year to the UK's economy and providing 1 in every 6 jobs in London. However, the sector faces competition from other

³⁷ The Social Market Foundation, (18.10.2016), [Tough Gig: Tackling low paid self-employment in London & the UK Final report](#), pg. 20

³⁸ *Ibid.*, pg. 20

³⁹ *Ibid.*, pg. 8

cities abroad causing pressures on funding decisions as seen from the Arts Council's shifting of significant funding to other parts of the country.

Affordability and diversity

We are pleased to see that the provision of affordable creative workspace has been included in the EDS. We would like to see culture accessible to all Londoners of which the cost of discretionary travel and the ticket price of exhibitions or theatre tickets can be a barrier to those on low pay. We would also like to see increased engagement with schools, to ensure that young Londoners of all backgrounds can engage in London's cultural offer. We would like to see the Mayor continue to encourage diverse cultural events to bring Londoners together.

Heritage and infrastructure

As with the London Plan's chapter dedicated to heritage and culture, we welcome the focus on heritage in the EDS. We would like the Creative Enterprise Zones to incorporate many of the policies that the Labour Group have been calling for, such as protections for pubs and enshrining the Agent of Change principle in these cases.

The dynamic nature of LGBT+ spaces can be difficult to replicate in venues not designated for the purpose. London has a wealth of venues with strong heritage for communities, in particular the LGBT+ community and we welcome the Mayor's commitment to protect these sites. We welcome the support for the LGBT+ community and would like to see a dedicated community space provided, like in New York, Berlin, Los Angeles and San Francisco.⁴⁰ The Greater London Council funded a community space for those who identify as LGBT+ and the Labour Group would like the Mayor to explore potential for funding for this type of space.

Night-time Economy

The night-time economy (NTE) is an important part of London's economy and one that needs support to flourish. We are pleased to see the Mayor focus on this area by appointing a Night Czar and a Night Time Commission. We look forward to seeing the Night Czar and Night Time Commission looking into the issue of workers' rights and safety at night and to promote best practice. Many businesses have faced drastically increased business rates in the past year, which has led to many businesses in the night time economy in particular, struggling to survive. We echo the Mayor's call for a review into the valuation of businesses which are particularly linked to the night time economy.

There are concerns about the NTE that must also be taken into consideration such as anti-social behaviour and tube noise. We would like to see thorough action taken on both of these areas. There is a swathe of culture and sectors that work at night that do not necessarily involve alcohol and anti-social behaviour. We would like to see more details on the partnership working that could be done to reduce the uptake of smoking, drug-taking and drinking alcohol commonly associated with some elements of the NTE; and how this work would join up with that of the Night Time Commission.

5.3 Financial and business services

London's financial services are hugely reliant on the deal the UK government makes with the EU following Brexit. The financial services sector is the lifeblood of the London and UK economies. Furthermore, London is Europe's financial hub and a leading global financial centre.

⁴⁰ Campkin B, Marshall L. University College London Urban Laboratory, (July 2017), [Cultural Infrastructure in London: Night Venues, 2006–present. Appendices](#),

London's financial sector also relies heavily on the EU through both employees and trade. An investigation carried out by the London Assembly Economy Committee into Brexit and the financial services sector found that the UK financial services industry relies heavily on passporting rights and nearly 5,500 UK-registered companies use passports to access the EU market.⁴¹ London consistently ranks top of the Global Financial Centres Index, ahead of New York, Hong Kong and Singapore. Moreover, the sector employs 360,000 people and is home to over 250 foreign banks, the highest concentration in any financial centre. Without a suitable deal on transition or trade, we can expect a threat to this sector and to lose trade and staff to remaining EU countries.

As such, it is good to see the Mayor recognise the importance of this sector by giving it a standalone section in the strategy. We welcome the Mayor's ask for a Brexit deal which sustains mutual market access for UK and EU financial services companies, as recommended by the London Assembly Economy Committee, but the Government need to take the threat to London's economy in this area seriously. We want to see the Mayor continue in his efforts and create a backup plan for the financial services in case of a poor deal, or no deal, scenario.

5.4 Life sciences

The Labour Group welcomes the section dedicated to life sciences in London which are under distinct threat as a result of Brexit. We were concerned to see the European Medicines Agency move from London to Amsterdam. The continued promotion of this area is imperative and we would like to see London and Partners prioritise this sector in attracting investment and talent.

5.5 Low carbon and environmental goods and services

To enable Londoners to take informed decisions about their transport options, as well as the impact their mode of transport will have on air quality and emissions, regular and reliable access to information needs to be guaranteed. We would encourage the Mayor to explore what role bus announcements, announcer boards at bus stops and at stations, as well as voice announcements within stations could have in equipping Londoners with such information.

5.6 Tech and digital

Tech and digital are going to change London's economy and it is essential that London is prepared. We would encourage the Mayor to engage with businesses to train their workers accordingly to increase skills sets and enable workers to get alternative employment if their jobs are at risk through new innovations or automation. We would like to see the GLA engage with trade unions to ensure that workers' rights are maintained, workers are trained and paid appropriately. Automation should not become an excuse to reduce pay, skills or employment.

We welcome the focus on cyber-security and the recognition of the economic costs associated with this crime. We look forward to the development of London's first Cyber Security Strategy which will support the London Digital Security Centre, in tackling online crime. London is well placed to be a leader in Cyber-security with the expertise brought by MOPAC, the Metropolitan Police Service and the City of London Police and we support the Mayor's efforts in bringing this expertise together to work with businesses and Londoners to equip them with the knowledge and skills they need to be safe online.

⁴¹ London Assembly Economy Committee, (Nov 2016), EU exit and financial services, pg. 3

5.7 Tourism

The tourism economy in London is estimated to be worth £36 billion,⁴² and supports 700,000 jobs across the capital – equivalent to one in every eight jobs. In 2015 more than 30m UK and international tourists visited London, spending £15 billion.⁴³ Tourism is a particularly important economic opportunity for London because it drives strong growth in relatively accessible jobs.

The UK's decision to leave the EU poses several risks to tourism in London. For example, the possibility of reduced access for EU visitors, a further shortage in skilled workers as EU workers supplement our shortage of skilled workers and less business travel to London should companies put investment decisions on hold.⁴⁴ We would like to see KPIs from London and Partners to address the issues that Brexit brings for tourism, such as possible increased barriers when of the UK leaves the EU and particularly with regards to the workforce in the tourism and hospitality sector which relies on EU workers.

Chapter 6: WORKING TOGETHER TO ACHIEVE THE MAYOR'S VISION

6.1 Strengthening partnerships, 6.2 Making the case for devolution and 6.3 Leading by example

We welcome the focus on engagement with Londoners and businesses on the EDS and would welcome ongoing engagement. We support the Mayor's continued lobbying of the Government for further devolution and where it has been granted already, the benefits of future devolution through data collection to demonstrate what success has been made of the changes.

Finally, we would expect the Mayor to continue to lead by example through his economic policies and to support London to become a fair and inclusive economy as a Mayor for all Londoners.

We look forward to seeing the final Economic Development Strategy for London.

Yours Sincerely,



Fiona Twycross AM
LONDONWIDE ASSEMBLY MEMBER

⁴² London & Partners 2016-17 Business Plan

⁴³ [London welcomes over 30 million tourists for the first time ever](#), [accessed 15.02.2018]

⁴⁴ [Impact of EU Referendum on UK tourism Industry](#), [accessed 15.02.2018]