

LONDON ASSEMBLY

Economy Committee

City Hall
The Queen's Walk
London SE1 2AA
Switchboard: 020 7983 4000
Minicom: 020 7983 4458
Web: www.london.gov.uk

Dr Gerard Lyons
Chief Economic Adviser
Greater London Authority
City Hall
The Queen's Walk
London SE1 2AA

Date: 27 November 2014

Dear Gerard

The Europe Report

Thank you for your response to my recent letter requesting further information on the evidence used in producing The Europe Report. There were, however, several questions that were not fully addressed in your response, which I attach for ease of reference, and others where further information is required.

First, we asked in question one which specific EU reforms were included in Volterra's modelling, in question one. Your response does not specify any reforms, only suggesting they were supply side reforms. For the avoidance of doubt, perhaps you could list each of the reforms that Volterra included in their modelling.

Secondly, following on from question four, we had hoped to understand how you arrived at the set of reforms advocated in the report. I am aware you met a number of stakeholders in the business community as well as other stakeholders such as the Trades Union Congress. Were the reforms you advocated drawn up before or after Volterra began their modelling work? Were there alternative reforms suggested by the TUC and others that you chose not to include in the analysis? If so, what were these?

Thirdly, in question seven we asked which labour market reforms you believe need to be introduced by the UK and/or the EU. You did not provide an answer to this question. Please could you tell us which specific labour reforms you support? In your response to this question you also referred to the rise in self-employment, which is distinct from flexible working arrangements for employees. Please could you clarify whether Volterra's modelling included either an increase in self-employment, enhanced flexible working for employees, or both?

Finally, in question two, we asked about your plans for further work to identify implications for poverty, income inequality, wellbeing and greenhouse gas emissions. The Greater London Authority Act places clear duties on the Mayor and the GLA to promote three principal purposes: economic development and wealth creation; social development and the improvement of the environment in Greater London; and to secure a reasonable balance between these purposes while also considering the impact on Londoners' health, on health inequalities, and on sustainable development. Your report ignores the second and third principal purposes. These are central underlying factors in the quality of life of Londoners and our sustainable development. If you are able to analyse and model the impact of supply side reforms on GDP and employment without making more detailed assumptions about national economic policy, you should be able to do so with these factors also. To imply that analysis of them would not add value in the same way as your analysis of GDP, is unacceptable. I would ask you again to consider commissioning further work examining these factors.

Best wishes

Jenny

Jenny Jones AM

Baroness Jones of Moulsecoomb
Chair, Economy Committee