

# AGENDA

**Meeting Economy Committee**

**Date Tuesday 4 November 2014**

**Time 10.00 am**

**Place Committee Room 5, City Hall, The Queen's Walk, London, SE1 2AA**

Copies of the reports and any attachments may be found at [www.london.gov.uk/mayor-assembly/london-assembly/economy](http://www.london.gov.uk/mayor-assembly/london-assembly/economy)

Most meetings of the London Assembly and its Committees are webcast live at [www.london.gov.uk/mayor-assembly/london-assembly/webcasts](http://www.london.gov.uk/mayor-assembly/london-assembly/webcasts) where you can also view past meetings.

## Members of the Committee

Jenny Jones AM (Chair)

Fiona Twycross AM (Deputy Chair)

Tony Arbour AM

Gareth Bacon AM

Andrew Dismore AM

Stephen Knight AM

Dr Onkar Sahota AM

A meeting of the Committee has been called by the Chair of the Committee to deal with the business listed below.

Mark Roberts, Executive Director of Secretariat  
Monday 27 October 2014

## Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: David Pealing, Committee Officer; Telephone: 020 7983 5525; Email: [david.pealing@london.gov.uk](mailto:david.pealing@london.gov.uk)

For media enquiries please contact London Assembly External Relations on 020 7983 4283. If you have any questions about individual items please contact the author whose details are at the end of the report.

This meeting will be open to the public, except for where exempt information is being discussed as noted on the agenda. A guide for the press and public on attending and reporting meetings of local government bodies, including the use of film, photography, social media and other means is available at [www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf](http://www.london.gov.uk/sites/default/files/Openness-in-Meetings.pdf).

There is access for disabled people, and induction loops are available. There is limited underground parking for orange and blue badge holders, which will be allocated on a first-come first-served basis. Please contact Facilities Management on 020 7983 4750 in advance if you require a parking space or further information.

If you, or someone you know, needs a copy of the agenda, minutes or reports in large print or Braille, audio, or in another language, then please call us on 020 7983 4100 or email [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk).

Si usted, o algùn conocido desea recibir una copia del order del dia, acta o informe en Braille o en su propio idioma, y gratis, no dude en ponerse en contacto con nosotros llamando al teléfano 020 7983 4100 o por correo electrónico: [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk).

Se você, ou algüem que conheça precisa uma cópia da ordem do dia, anotações ou relatorios em prensa grande ou Braille, ou em outra lingu, então por favour nos telephone em 020 7983 4100 ou e-mail [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk).

Haddii ama ama qof aad taqaanid, uu ugu baahan yahay koobiga ajendhada, haddaladii ama warbixinta in far waaweyn loogu qoro ama farta qofka indoolaha akhrin karo, amaba luuqad kale, fadlan naga soo wac telefoonkan 020 7983 4100 ama email [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk).

Ta ba ri eniken ti o ba ni ife ni eda ewe nla ti igbimo awon asoju tabi papa julo ni ede ti abinibi won, ki o kansiya lori ero ibanisoro. Nomba wa ni 020 7983 4100 tabi ki e kan si wa lori ero [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk).

જો તમને અથવા તમે જાણતાં હો તેવી કોઈ વ્યક્તિને એજન્ડા (કાર્યસૂચિ), મિનિટ્સ (ટૂંકી નોંધો) અથવા રિપોર્ટ્સ (અહેવાલો)ની નકલ મોટા અક્ષરોમાં છપાયેલી કે બ્રેઈલમાં અથવા બીજી કોઈ ભાષામાં જોઈતી હોય, તો કૃપા કરીને 020 7983 4100 ઉપર ફોન અથવા [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk) ઉપર અમને ઈ-મેઈલ કરો.

आपनि वा आपनार परिचित केउ यदि एजेन्डा, मिनिट वा रिपोर्टर एकाटि कपि बड् छपा वा ब्रेइल अथवा अन्य कान भाषाय पेटेते चान तबे दया करे आमामेदरके 020 7983 4100 ए नाम्पारे फोन करण वा [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk) ए ई-मेईले योगायोग करण ।

ਜੇ ਤੁਹਾਨੂੰ ਜਾਂ ਤੁਹਾਡੇ ਵਾਕਫ਼ ਕਿਸੇ ਹੋਰ ਵਿਅਕਤੀ ਨੂੰ, ਏਜੰਡੇ, ਮੀਟਿੰਗ ਦੀ ਕਾਰਵਾਈ ਜਾਂ ਰਿਪੋਰਟਾਂ ਦੀ ਕਾਪੀ, ਵੱਡੇ ਅੱਖਰਾਂ ਵਿੱਚ ਛਪਾਈ ਜਾਂ ਬਰੇਲ ਦੇ ਰੂਪ ਵਿੱਚ ਜਾਂ ਕਿਸੇ ਹੋਰ ਬੋਲੀ ਵਿੱਚ ਚਾਹੀਦੀ ਹੈ ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਸਾਨੂੰ 020 7983 4100 'ਤੇ ਟੈਲੀਫ਼ੋਨ ਕਰੋ ਜਾਂ ਇਸ ਪਤੇ 'ਤੇ ਈਮੇਲ ਕਰੋ : [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk)

اگر آپ یا آپ کے جاننے والے کسی فرد کو اس ایجنڈا کی کاپی، تفصیل یا رپورٹیں بڑے پرنٹ یا بریل یا کسی دوسری زبان میں درکار ہوں تو براہ کرم ہمیں 020 7983 4100 پر فون کیجئے یا درج ذیل ای میل پر رابطہ کیجئے [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk)



Certificate Number: FS 80233

**Agenda  
Economy Committee  
Tuesday 4 November 2014**

**1 Apologies for Absence and Chair's Announcements**

To receive any apologies for absence and any announcements from the Chair.

**2 Declarations of Interest** (Pages 1 - 4)

Report of the Executive Director of Secretariat

Contact: David Pealing, [david.pealing@london.gov.uk](mailto:david.pealing@london.gov.uk), 020 7983 5525

**The Committee is recommended to:**

- (a) Note the list of offices held by Assembly Members, as set out in the table at Agenda Item 2, as disclosable pecuniary interests;**
- (b) Note the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s); and**
- (c) Note the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at Agenda Item 2) and to note any necessary action taken by the Member(s) following such declaration(s).**

**3 Summary List of Actions** (Pages 5 - 12)

Report of the Executive Director of Secretariat

Contact: David Pealing, [david.pealing@london.gov.uk](mailto:david.pealing@london.gov.uk), 020 7983 5525

**The Committee is recommended to note the completed and outstanding actions arising from previous meetings of the Committee.**

#### **4 Investigation into Personal Debt** (Pages 13 - 16)

Report of the Executive Director of Secretariat

Contact: Teja Zbikowska, [scrutiny@london.gov.uk](mailto:scrutiny@london.gov.uk); 020 7983 4510

**The Committee is recommended to note the report as background to discussing with experts the key issues affecting personal debt in London.**

#### **5 Apprenticeships** (Pages 17 - 52)

Report of the Executive Director of Secretariat

Contact: Simon Shaw, [scrutiny@london.gov.uk](mailto:scrutiny@london.gov.uk); 020 7983 6542

**The Committee is recommended to agree its report *Trained in London: Creating more apprenticeships to support the London economy*.**

The appendix to this report set out on pages 19 to 50 is attached for Members only, but is available on the Committee's website: [www.london.gov.uk/mayor-assembly/london-assembly/investigations/apprenticeships-in-london](http://www.london.gov.uk/mayor-assembly/london-assembly/investigations/apprenticeships-in-london)

#### **6 Environment Committee Work Programme** (Pages 53 - 54)

Report of the Executive Director of Secretariat

Contact: Simon Shaw, [scrutiny@london.gov.uk](mailto:scrutiny@london.gov.uk); 020 7983 6542

**The Committee is recommended to note its work programme and priorities for 2014/15.**

#### **7 Date of Next Meeting**

The next meeting of the Committee is scheduled to be held on 9 December 2014 at 10.00 am in Committee Room 5, City Hall, London SE1 2AA.

#### **8 Any Other Business the Chair Considers Urgent**

# Subject: Declarations of Interests

**Report to: Economy Committee**

**Report of: Executive Director of Secretariat**

**Date: 4 November 2014**

**This report will be considered in public**

## 1. Summary

- 1.1 This report sets out details of offices held by Assembly Members for noting as disclosable pecuniary interests and requires additional relevant declarations relating to disclosable pecuniary interests, and gifts and hospitality to be made.

## 2. Recommendations

- 2.1 **That the list of offices held by Assembly Members, as set out in the table below, be noted as disclosable pecuniary interests<sup>1</sup>;**
- 2.2 **That the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s) be noted; and**
- 2.3 **That the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at below) and any necessary action taken by the Member(s) following such declaration(s) be noted.**

## 3. Issues for Consideration

- 3.1 Relevant offices held by Assembly Members are listed in the table overleaf:

---

<sup>1</sup> The Monitoring Officer advises that: Paragraph 10 of the Code of Conduct will only preclude a Member from participating in any matter to be considered or being considered at, for example, a meeting of the Assembly, where the Member has a direct Disclosable Pecuniary Interest in that particular matter. The effect of this is that the 'matter to be considered, or being considered' must be about the Member's interest. So, by way of example, if an Assembly Member is also a councillor of London Borough X, that Assembly Member will be precluded from participating in an Assembly meeting where the Assembly is to consider a matter about the Member's role / employment as a councillor of London Borough X; the Member will not be precluded from participating in a meeting where the Assembly is to consider a matter about an activity or decision of London Borough X.

<b>Member</b>	<b>Interest</b>
Tony Arbour AM	Member, LFEPA; Member, LB Richmond
Jennette Arnold OBE AM	Committee of the Regions
Gareth Bacon AM	Member, LFEPA; Member, LB Bexley
John Biggs AM	
Andrew Boff AM	Congress of Local and Regional Authorities (Council of Europe)
Victoria Borwick AM	Member, Royal Borough of Kensington & Chelsea; Deputy Mayor
James Cleverly AM	Chairman of LFEPA; Chairman of the London Local Resilience Forum; substitute member, Local Government Association Fire Services Management Committee
Tom Copley AM	
Andrew Dismore AM	Member, LFEPA
Len Duvall AM	
Roger Evans AM	Committee of the Regions; Trust for London (Trustee)
Nicky Gavron AM	
Darren Johnson AM	Member, LFEPA
Jenny Jones AM	Member, House of Lords
Stephen Knight AM	Member, LFEPA; Member, LB Richmond
Kit Malthouse AM	Deputy Mayor for Business and Enterprise; Deputy Chair, London Enterprise Panel; Chair, Hydrogen London; Chairman, London & Partners; Board Member, TheCityUK
Joanne McCartney AM	
Steve O'Connell AM	Member, LB Croydon; MOPAC Non-Executive Adviser for Neighbourhoods
Caroline Pidgeon MBE AM	
Murad Qureshi AM	Congress of Local and Regional Authorities (Council of Europe)
Dr Onkar Sahota AM	
Navin Shah AM	
Valerie Shawcross CBE AM	Member, LFEPA
Richard Tracey AM	Chairman of the London Waste and Recycling Board; Mayor's Ambassador for River Transport
Fiona Twycross AM	Member, LFEPA

[Note: LB - London Borough; LFEPA - London Fire and Emergency Planning Authority; MOPAC – Mayor's Office for Policing and Crime]

3.2 Paragraph 10 of the GLA's Code of Conduct, which reflects the relevant provisions of the Localism Act 2011, provides that:

- where an Assembly Member has a Disclosable Pecuniary Interest in any matter to be considered or being considered or at
  - (i) a meeting of the Assembly and any of its committees or sub-committees; or
  - (ii) any formal meeting held by the Mayor in connection with the exercise of the Authority's functions
- they must disclose that interest to the meeting (or, if it is a sensitive interest, disclose the fact that they have a sensitive interest to the meeting); and

- must not (i) participate, or participate any further, in any discussion of the matter at the meeting; or (ii) participate in any vote, or further vote, taken on the matter at the meeting

#### UNLESS

- they have obtained a dispensation from the GLA's Monitoring Officer (in accordance with section 2 of the Procedure for registration and declarations of interests, gifts and hospitality – Appendix 5 to the Code).

- 3.3 Failure to comply with the above requirements, without reasonable excuse, is a criminal offence; as is knowingly or recklessly providing information about your interests that is false or misleading.
- 3.4 In addition, the Monitoring Officer has advised Assembly Members to continue to apply the test that was previously applied to help determine whether a pecuniary / prejudicial interest was arising - namely, that Members rely on a reasonable estimation of whether a member of the public, with knowledge of the relevant facts, could, with justification, regard the matter as so significant that it would be likely to prejudice the Member's judgement of the public interest.
- 3.5 Members should then exercise their judgement as to whether or not, in view of their interests and the interests of others close to them, they should participate in any given discussions and/or decisions business of within and by the GLA. It remains the responsibility of individual Members to make further declarations about their actual or apparent interests at formal meetings noting also that a Member's failure to disclose relevant interest(s) has become a potential criminal offence.
- 3.6 Members are also required, where considering a matter which relates to or is likely to affect a person from whom they have received a gift or hospitality with an estimated value of at least £25 within the previous three years or from the date of election to the London Assembly, whichever is the later, to disclose the existence and nature of that interest at any meeting of the Authority which they attend at which that business is considered.
- 3.7 The obligation to declare any gift or hospitality at a meeting is discharged, subject to the proviso set out below, by registering gifts and hospitality received on the Authority's on-line database. The on-line database may be viewed here:  
<http://www.london.gov.uk/mayor-assembly/gifts-and-hospitality>.
- 3.8 If any gift or hospitality received by a Member is not set out on the on-line database at the time of the meeting, and under consideration is a matter which relates to or is likely to affect a person from whom a Member has received a gift or hospitality with an estimated value of at least £25, Members are asked to disclose these at the meeting, either at the declarations of interest agenda item or when the interest becomes apparent.
- 3.9 It is for Members to decide, in light of the particular circumstances, whether their receipt of a gift or hospitality, could, on a reasonable estimation of a member of the public with knowledge of the relevant facts, with justification, be regarded as so significant that it would be likely to prejudice the Member's judgement of the public interest. Where receipt of a gift or hospitality could be so regarded, the Member must exercise their judgement as to whether or not, they should participate in any given discussions and/or decisions business of within and by the GLA.

## **4. Legal Implications**

- 4.1 The legal implications are as set out in the body of this report.

## 5. Financial Implications

5.1 There are no financial implications arising directly from this report.

<b>Local Government (Access to Information) Act 1985</b>
----------------------------------------------------------

List of Background Papers: None
---------------------------------

Contact Officer:	David Pealing, Committee Officer
------------------	----------------------------------

Telephone:	020 7983 5525
------------	---------------

E-mail:	david.pealing@london.gov.uk
---------	-----------------------------



# Subject: Summary List of Actions

**Report to: Economy Committee**

**Report of: Executive Director of Secretariat**

**Date: 4 November 2014**

**This report will be considered in public**

## 1. Summary

1.1 This report sets out the actions arising from a previous meeting of the Economy Committee.

## 2. Recommendation

2.1 **That the completed and outstanding actions arising from previous meetings of the Committee be noted.**

### Action arising from the Committee meeting on 9 September 2014

Item	Topic	Status	For Action
5.	<b>The Europe Report.</b> Authority was delegated to the Chair, in consultation with Party Group Leads, to write to the Mayor's Chief Economic Adviser with points following up on the discussion at the meeting. This letter is attached at <b>Appendix 1</b> .	Complete. The response from Gerard Lyons, Mayor's Chief Economic Adviser, is attached at <b>Appendix 2</b> .	Mayor's Chief Economic Adviser

### Action arising from the Committee meeting on 17 July 2014

Item	Topic	Status	For Action
5.	<b>London's Economy.</b> The Committee noted the following commitments given by the Mayor's Chief Economic Adviser to provide additional information in writing following the meeting: <ul style="list-style-type: none"> <li>• Analysis of data on why roles in certain sectors were being taken by non-UK European nationals;</li> <li>• Analysis on how inequality issues in employment affecting young black and minority ethnic</li> </ul>	The Chair has written to the Mayor's Chief Economic Adviser to request the additional information.	Mayor's Chief Economic Adviser

Item	Topic	Status	For Action
	<p>Londoners could be addressed;</p> <ul style="list-style-type: none"> <li>• Details of any measures on climate change adaptation and mitigation specifically aimed at small and medium sized enterprises; and</li> <li>• Follow-up information on the commitment to consider measurements to assess wellbeing aspects of London's economy such as underemployment, the number of people earning less than a living wage, pay inequality, wealth inequality, carbon dioxide emissions, resource efficiency, housing affordability, traffic levels and congestion.</li> </ul>		
	<p>The Committee requested from the London Enterprise Panel details of any new outcome measures that have been developed to track the progression of low-paid workers who have accessed skills funding.</p>	<p>The Chair has written to the London Enterprise Panel to request the additional information.</p>	<p>London Enterprise Panel</p>

### 3. Legal Implications

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

### 4. Financial Implications

4.1 There are no financial implications to the GLA arising from this report.

---

#### List of appendices to this report:

Appendix 1 – Letter from the Chair to the Mayor's Chief Economic Adviser, 16 September 2014

Appendix 2 – Letter from the Mayor's Chief Economic Adviser to the Chair, 20 October 2014

<p><b>Local Government (Access to Information) Act 1985</b></p>	
<p>List of Background Papers: Minutes of the Committee meeting on 17 July 2014.</p>	
Contact Officer:	David Pealing, Committee Officer
Telephone:	020 7983 5525
E-mail:	david.pealing@london.gov.uk

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

**Date: 16 September 2014**

## **The Europe Report**

Thank you for attending the Economy Committee's meeting on 9th September to discuss your report for the Mayor on London's relationship with the European Union.

Following the meeting we agreed to write to you for further information, particularly on those areas which are not considered by the report or where more explanation is needed to show how you reached your conclusions.

## **Economic modelling**

1. a) Did Volterra model the impact of any specific EU reforms?
  - b) If yes, which ones were included? If not, what assumptions were used in the modelling, and how did these differ across the four scenarios set out in the report?
  - c) What interest rate assumptions were used in the modelling?
2. Will you commission further work to model changes in other indicators, poverty, income and wealth inequality, greenhouse gas emissions, subjective wellbeing, or other economic indicators for your four scenarios?
3. How were you able to produce accurate projections from a 'qualitative' assessment? For instance, GDP growth is projected to be 2.75% in scenario two, and 2.5% in scenario three. What is the margin of error in these projections?

## **EU reforms**

4. Did you consider any other reforms in your future scenarios, other than those advocated in the report?

5. What is your assessment of the impact of the EU reforms you advocate on levels of poverty, income and inequality in London? What is this assessment based on?
6. Have you considered the potential impact of the opening up of the health services market, which is subject to ongoing negotiations between the EU and United States in relation to the Transatlantic Trade and Investment Partnership? If yes, what is your assessment?
7. a) What labour market reforms do you believe need to be introduced by the UK and/or EU? Do these include relaxing restrictions on working hours, health and safety regulations, or the right to flexible working arrangements?  
  
b) How would you quantify the potential negative impacts of these reforms, for instance on wellbeing?

#### **Mayor's role**

8. What input did the Mayor have on the choice of the four future scenarios used in the report?

I would appreciate if you were able to provide your responses by Friday 17 October, in time for the Committee's next meeting. Thank you again for taking part in the Committee's scrutiny work. We look forward to future discussions on this and other subjects.

**Jenny Jones AM**

**Chair, Economy Committee**

**Economy Committee Response (Post 9 Sept 2014 Meeting)  
Dr Gerard Lyons Chief Economic Advisor to the Mayor of London**

**1. a) Did Volterra model the impact of any specific EU reforms? b) If yes, which ones were included? If not, what assumptions were used in the modelling, and how did these differ across the four scenarios set out in the report?**

**Answer:** Yes and the focus was on the supply side. Volterra, who carried out the independent forecasts, focused on a definition of reform that is essentially a supply side one. A reformed EU would, for example, offer free trade in services on the basis of passported regulation, rather than wanting to set a universal standard. Volterra took on board that such reforms would equally apply inside the UK, which would not 'gold plate' new regulation and would encourage trade in services across the globe. Volterra's scenario of 'Business as Usual' does not therefore reflect an average of the post war period, but rather a view of the prospects offered to economies that are restricted on the supply side, whatever policies of demand side management is being pursued. The 'Inward Looking' scenario reflects, in Volterra's words, "an attempt at autarky, with reduced trade and would have economic out turns similar to those seen in the inter war period. "Thus, as opposed to trying to quantify a specific reform over a twenty year period, in terms of the EU scenarios outlined, the aim is to give the range of possible macroeconomic outcomes, between reform and unreformed, in or out of the EU, over a couple of economic cycles.

**c. What interest rate assumptions were used in the modelling?**

**Answer:** Over a 20 year period, the background is that in all four scenarios real interest rates on long dated government bonds gradually return to 2 per cent. This was to ensure that the scenarios reflected what we were trying to model, namely the economic outcomes around various UK-EU scenarios. This makes sense, particularly also given the expectation of an independent Bank of England, committed to achieving low inflation, throughout the forecast horizon.

**2. Will you commission further work to model changes in other indicators, poverty, income and wealth inequality, greenhouse gas emissions, subjective wellbeing, or other economic indicators for your four scenarios?**

**Answer:** We are not currently planning to. One of the main aims behind the report was to gauge the impact on London of the wider EU debate, and the report aimed to provide an overall gauge of both the main macro-economic and also key sector specific issues. In particular, the detailed appendices look both at the forecast scenarios and the impact on the various key sectors of the London economy.

**3. How were you able to produce accurate projections from a 'qualitative' assessment? For instance, GDP growth is projected to be 2.75% in scenario two, and 2.5% in scenario three. What is the margin of error in these projections?**

**Answer:** At City Hall we did not have the econometric model to be able to carry out such detailed forecasting analysis. As a result we commissioned such work from a respected outside economic forecaster, with a proven track record and the necessary skills in this area. In terms of the question, such comments are frequently asked of any long-term macro-economic forecast, and thus it is both

important to be both clear and realistic about what are trying to forecast, as outlined in the questions asked above.

There is a very considerable margin of error in any macroeconomic projection, no matter how it is generated, even on a one year ahead forecast. The track record of forecasting, established over decades, shows this clearly. It would be wholly misleading to imagine that so-called quantitative models would not require major qualitative input, when a long term future is being considered in which behaviour and institutional structure may be different from the past. In order to address these recognised issues with economic modelling, the basis of the scenarios is the quantitative technique of fuzzy clustering, set out for example in P Ormerod, B Rosewell and P Phelps, 'Inflation/unemployment regimes and the instability of the Phillips curve', Applied Economics, 45:12, 1519-1531, 2013.

**4. Did you consider any other reforms in your future scenarios, other than those advocated in the report?**

**Answer:** Not other than those advocated in the report. The report considered the various reforms and scenarios that were outlined.

Our identified reforms were based on what we felt was within the realms of possibility. As indicated in the answers above, our scenarios looked at the overall reform agenda, and in doing so identified this as key to the economic outcome, as indicated in the various key macroeconomic indicators, such as growth and employment.

**5. What is your assessment of the impact of the EU reforms you advocate on levels of poverty, income and inequality in London? What is this assessment based on?**

**Answer:** The scenarios provided economic indicators on some of the key macroeconomic indicators for London. To have taken this further into areas such as levels of poverty, income and inequality would have necessitated further analysis making more detailed assumptions about national economic policy, and possibly making assumptions about what such policies may have been under different governments. Instead, it made more sense to be clear about where the report could add value, particularly in the focus on the different sectors of the London economy, and identifying the key aspects for each of these sectors in terms of the current and possible future relationship with the EU. This was vital for understanding the future issues. Overall, having an understanding of the growth and jobs outlook in each scenario would be an important first step to addressing the issues asked about in this question.

**6. Have you considered the potential impact of the opening up of the health services market, which is subject to ongoing negotiations between the EU and United States in relation to the Transatlantic Trade and Investment Partnership? If yes, what is your assessment?**

**Answer:** Our assessment would be that the Government needs to clarify the position of the NHS in TTIP – there are a number of possible downsides particularly in regulatory harmonization and The Investor State Dispute Settlement (ISDS) mechanism. But in a wider context, the service sector is a key opportunity area for the UK and hence the Europe Report highlighted the benefits to the EU and to the UK and London of ensuring the single market in services works properly across the EU.

**7. a) What labour market reforms do you believe need to be introduced by the UK and/or EU? Do these include relaxing restrictions on working hours, health and safety regulations, or the right to flexible working arrangements?**

**Answer:** The issue of the labour market is, in the terms of this report, naturally impacted by both national and regional policies. But, in addition, an underlying issue is the need for London to ensure it remains competitive in a changing global economy. So global factors influence how firms will behave in many sectors. Thus a combination of global, regional and national influences matter. Also, as is clear from the current policy focus it is also about recognising that there is a combination of high and low skilled jobs, and thus at national level the importance of the minimum wage and in London the desire to ensure a greater number of firms pay the London living wage.

The UK is also often seen as a model for the rest of the EU in terms of flexibility. For example, the rapid rise in the numbers of self-employed suggest that there is widespread recognition of the need for flexible working arrangements. These were all made clear in the report and at a national level where policy can be set according to the needs of national business. It is worth pointing out that governments would then be freer to adjust policy far faster to reflect demands of the electorate and business.

**b) How would you quantify the potential negative impacts of these reforms, for instance on wellbeing?**

**Answer:** It is hard to define wellbeing, but it is likely to include issues outside the remit of this report. But in terms of this report, and the relationship between the UK and EU and the impact on London, it will include growth, jobs and living standards. The question appears to assume reforms will be negative, but that is far from clear. London needs to position itself in a changing world economy and the report suggests that within the EU, or outside the EU, a reform agenda is important to achieving stronger economic growth, and by implication more jobs and income. Wellbeing and quality of life issues will likely be impacted by other factors, as now, such as housing, transport and travel and low crime. Indeed the report highlights that London benefits from many such factors. From an economic perspective, expanding the choices available to individuals, and increasing their real incomes can help improve well-being.

**8. What input did the Mayor have on the choice of the four future scenarios used in the report?**

**Answer:** This was an economic report and so was carried out by myself, the Mayor's chief economic advisor. The Mayor was keen for the report to address all the key areas of relevance to the economic and financial outlook for London. He was thus supportive of the approach the report took, but he did not interfere or intervene in the report. It is important to see this as a report to the Mayor, and the Mayor gave his response to the report in the speech that he gave on the day the report was released, at Bloomberg. Thus, in terms of this specific question, the Mayor was not the person who chose the four scenarios; these were chosen by myself - and then we discussed them with Volterra - as they followed naturally from the various meetings and discussions that took place with businesses, economists, and other experts as part of the compilation of this report. Naturally, before an outside consultancy was commissioned to carry out the economic scenarios I checked with The Mayor that he was supportive of this approach and that he was aware of the four scenarios we were asking Volterra to model.

It is important to stress that this was an independent report carried out by the Chief Economic Advisor to the Mayor, and moreover, to reinforce the full independence of the report the four scenarios on which the economic forecasts were based were conducted by an outside, world class

and independent economic consultancy. Their forecasts, along with the sector focus, were reflected in the detailed analysis in both the 107 page report and the 129 appendix that accompanied it.

Gerard Lyons  
19th October, 2014



<b>Subject: Investigation into Personal Debt</b>	
<b>Report to: Economy Committee</b>	
<b>Report of: Executive Director of Secretariat</b>	<b>Date: 4 November 2014</b>
<b>This report will be considered in public</b>	

## 1. Summary

- 1.1 This report sets out the background for the Committee's discussion into the nature and scale of personal debt in London.

## 2 Recommendation

- 2.1 **That the Committee notes the report as background to discussing with experts the key issues affecting personal debt in London.**

## 3 Background

- 3.1 In September 2014, the Committee agreed to investigate personal debt in London as part of its work programme for 2014/15.
- 3.2 This meeting provides an opportunity for the Committee to hear from a range of invited guests to understand the drivers and impact of personal problem debt, whilst also assessing the effectiveness of debt support services across the capital. The Committee will seek to establish the scale of the problem in London and identify steps that can be taken by the Mayor to better support those in personal problem debt.
- 3.3 Key issues to be covered in the discussion will include:
- The nature, scale and drivers of consumer and cost of living debt in London, with a view to identifying any demographic groups disproportionately affected by problem debt;
  - The effectiveness of debt support provision across the statutory, private and voluntary sectors, and to make recommendations to key stakeholders about future service provision; and
  - Progress against the London Debt Strategy Group's 2011 report, *Treading Water*.
- 3.4 There is a mixed picture of problem personal debt in London. Research in 2010 found that Londoners considered themselves the most over-indebted at the household level. Almost one in five households (18 per cent) said that debt in the household was a heavy burden, and almost 14 per cent had some arrears.<sup>1</sup> These figures were higher than all other English regions.<sup>2</sup> The findings are backed up by the charity StepChange, which states that London is the most indebted region in the

<sup>1</sup> National Institute for Economic and Social Research, [Over-indebtedness in Great Britain: an analysis using the wealth and assets survey and household annual debtors survey](#), October 2010, p. 26

<sup>2</sup> Ibid, p. 30

UK.<sup>3</sup> However, official data suggest the capital as a whole may have lower levels of problem household debt compared to other English regions. The Money Advice Service's (MAS) recent reported that over-indebtedness is spread disproportionately across the UK, with the top five over-indebted local authorities located predominantly in the north.<sup>4</sup> Whereas, the south east featured the lowest percentage of over-indebted people in the UK. Business debt is also lower in London: official statistics on insolvency and bankruptcy report London as having the lowest insolvency rates in England.<sup>5</sup>

- 3.5 The landscape of problem debt is diverse. Credit cards continue to be the most prevalent form of credit attributed to problem debt. Pay day loans are being increasingly used; uptake rates have been solidly rising since 2009. Log book loans are also becoming more prevalent due to the promise of quickly accessible cash without conventional credit checks and availability of a large loan sum. The number of log book loans taken out rose by 35 per cent between 2011 and 2013.<sup>6</sup> Several charities have also reported that guarantor loans are becoming an increasing issue in relation to problem debt.
- 3.6 Research on the impacts and drivers of debts suggests that relationships between the causes and impacts of debt may not be clear-cut, and that some of these factors may be two-way. Recent research identified four financial drivers for debt as the main drivers of debt for households: fluctuating jobs and incomes (i.e. resulting from temporary and part-time employment); a costly and insecure private-rented sector; rising costs of utilities; and benefit cuts and falls in real wages.<sup>7</sup> There are also a series of factors specifically related to the consumer credit sector, such as a culture of easy credit and high debt; the debt spiral effect (where debt problems grow, leading to financial and non-financial problems); high cost credit; and creditor behaviour.<sup>8</sup>
- 3.7 Engagement with those dealing with problem debt is considered to be one of the biggest challenges, particularly in terms of delivering the right service at the right time; targeting those in debt early and improving the delivery of multi-channel advice. A recent survey found that 8.8 million people in the UK are classed as 'over-indebted'.<sup>9</sup> Yet only 17 per cent of this segment sought debt advice.<sup>10</sup> Reasons given for not accessing advice included thinking that living in debt was the norm and 24 per cent of those considered over-indebted did not recognise they were in debt.
- 3.8 Tackling debt has been one of the Mayor's priorities.<sup>11</sup> In 2009, the Mayor set-up the London Debt Strategy group (LSDG) to address the issues arising from the 2008 economic recession. In 2009, the group reported that the average debt of those seeking free debt advice was over £18,000.<sup>12</sup> It also found that the number of people with two or more debt issues had risen by 16 per cent since 2006, and that there was rising demand for free face-to-face debt advice since the financial crisis. In its second report the LSDG set out its achievements including: establishing a health sub-group, which contributed to the Mayor's Health Inequalities Strategy; mapping the provision of debt advice with actual debt levels (insolvency data); and helped to secure funding for the Capitalise partnership, which has been running from 2006, to continue for a further year.
- 3.9 The Mayor also undertakes other activities in this area including publishing an equality framework and an Economic Development Strategy; working in partnership with Toynbee Hall

---

<sup>3</sup> [www.stepchange.org/Infographics/LondonCapitalofpersonaldebt.aspx](http://www.stepchange.org/Infographics/LondonCapitalofpersonaldebt.aspx), accessed 20.08.14

<sup>4</sup> Money Advice Service, *Indebted lives: the complexities of life in debt, November 2013*

<sup>5</sup> Neighbourhood Statistics, Personal Insolvency Statistics, 2013. These figures (across both categories) represent a decrease in insolvency rates since 2011, which, in turn, fell from 2010 figures.

<sup>6</sup> [Citizens Advice Warning over log book loans](#)

<sup>7</sup> LSE (Centre for Analysis of Social Exclusion) *Facing Debt: Economic Resilience in Newham, 2014*

<sup>8</sup> House of Lords Library Note, *The Impact of Personal Indebtedness in United Kingdom Households, Especially on Children*, 15 August 2014,

<sup>9</sup> The Money Advice Service *Indebted lives: the complexities of life in debt*

<sup>10</sup> Ibid

<sup>11</sup> [www.london.gov.uk/priorities/equalities/debt](http://www.london.gov.uk/priorities/equalities/debt)

<sup>12</sup> London Debt Strategy Group *Up To Our Neck In it*,

and Capitalise Debt Advice Partnership on debt related research activities; and promoting free debt advice services and sources of affordable finance through a range of activities including a debt summit hosted in 2010, an annual *Know Your Rights* media campaign, and a presence on the GLA website.

## 4 Issues for Consideration

4.1 A panel of guests have been invited to discuss personal debt issues with the Committee:

- **Caroline Siarkiewicz, Head of UK debt advice programme, The Money Advice Service.** The Money Advice Service is an independent service set up by Government to help people manage their money. It provides debt help through a nationwide network of centres.
- **Ally Paget, Researcher, Demos.** Demos is a cross-party think tank. In 2014, Ally Paget authored Demos' report on personal debt: *'The borrowers' looking beyond the financial impact of debt.*
- **John Gathergood, Assocaire Professor, Faculty of Social Sciences, University of Nottingham.** Mr Gathergood advised the Financial Conduct Authority on the introduction of a cap to the cost of payday loans, specifically how to model the impact of the cap on consumers and firms in the sector.
- **Robbie de Santos, Senior Public Policy Advocate, StepChange.** StepChange is a national charity providing free, independent and impartial advice to people in debt.
- **A representative from the Citizens Advice Bureau.**

## 5 Legal Implications

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

## 6 Financial Implications

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

---

**List of appendices to this report:** None.

<b>Local Government (Access to Information) Act 1985</b>
----------------------------------------------------------

List of Background Papers: None
---------------------------------

Contact Officer:	Teja Zbikowska, Assistant Scrutiny Manager
------------------	--------------------------------------------

Telephone:	020 7983 4510
------------	---------------

E-mail:	<a href="mailto:teja.zbikowska@london.gov.uk">teja.zbikowska@london.gov.uk</a>
---------	--------------------------------------------------------------------------------

This page is intentionally left blank

# Subject: Apprenticeships

**Report to: Economy Committee**

**Report of: Executive Director of Secretariat**

**Date: 4 November 2014**

**This report will be considered in public.**

## 1. Summary

1.1 This paper proposes that the Committee formally agrees its report on apprenticeships

## 2. Recommendation

2.1 **That the Committee agrees its report *Trained in London: Creating more apprenticeships to support the London economy.***

## 3. Background

3.1 In December 2013, the Committee agreed an investigation into apprenticeships in London. The investigation addressed three key questions:

- How effective are apprenticeships in preparing people for work in the capital?
- How will the proposed government changes affect scheme provision? And
- What more should the Mayor and GLA do to support apprentice provision in London

3.2 As part of this investigation the Committee held two formal meetings and a number of informal meetings, including a site visit to Brigade restaurant and a roundtable to discuss conclusions and possible recommendations.

## 4. Issues for Consideration

4.1 The Committee has published the final report from its investigation. The full report is available for Members at **Appendix 1** and can also be found on the London Assembly website at: [www.london.gov.uk/mayor-assembly/london-assembly/publications/trained-in-london](http://www.london.gov.uk/mayor-assembly/london-assembly/publications/trained-in-london).

4.2 The terms of reference for this project were approved by the Committee at its meeting on 3 December 2014. Officers confirm that the report and its recommendations fall within these terms of reference.

- 4.3 The report made the following recommendations. Should the Committee agree to the report the Chair will write to the Mayor, as Chairman of the London Enterprise Panel, setting out the recommendations in the report.

#### **Recommendation 1**

The LEP should set out an Apprenticeship Action Plan (AAP) that brings together all the Mayoral initiatives in one document.

#### **Recommendation 2**

The AAP needs to have measures tailored for different sectors and different sizes of businesses. To inform the AAP, the LEP should seek to establish why some sectors generate more apprenticeships per 100 employees than others (for example business against tourism and ICT) and whether there is a need for targeted initiatives for working with large firms to boost apprenticeship starts to levels typically seen in competitor countries. Retail and tourism are two areas where the LEP should assess why apprenticeship levels are below the London average. The LEP should also establish whether large firms' use of interns or graduate trainee programmes may be impeding their use of apprenticeships.

#### **Recommendation 3**

The AAP needs to be based on a detailed assessment of the impact of government reforms. The LEP should therefore collate data from the London Trailblazers on how the first stage of the reform process is affecting the market, with findings used to inform the Apprenticeship Action Plan.

#### **Recommendation 4**

To inform the AAP the LEP should commission a survey of SMEs to identify any issues that have arisen following implementation of the government reforms which are preventing them taking on new or repeat apprenticeships. The LEP should assess the demand and perceived value of the Mayor supporting the establishment of a peer learning hub.

#### **Recommendation 5**

The AAP should set out the total amount of GLA and Government funding available to resume the uplift of the AGE and the timescale over which it is available. The Plan should also set out what conditions will apply to accessing the grant and whether businesses that have already accessed it once will be allowed to access it again.

#### **Recommendation 6**

The AAP should set out initial proposals for an enhanced role for the Mayor in supporting the development of a pan-London careers advice service for young people. There should be a clear timetable and enough detail to provide enough material for an effective consultation.

## Recommendation 7

The AAP should also set out more developing proposals for engaging with the Higher Education sector, especially the Russell Group, to ensure that more Higher-level apprenticeships are offered in London universities.

## 5. Legal Implications

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

## 6. Financial Implications

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

---

### List of appendices to this report:

Appendix 1 – *Trained in London: Creating more apprenticeships to support the London economy*

<b>Local Government (Access to Information) Act 1985</b>
List of Background Papers: None
Contact Officer: Simon Shaw, Scrutiny Manager
Telephone: 020 7983 6542
Email: scrutiny@london.gov.uk

This page is intentionally left blank



# Trained in London

## Creating more apprentices to support the London economy

October 2014



## Economy Committee Members

Jenny Jones	Green, Chair
Fiona Twycross	Labour, Deputy Chair
Tony Arbour	Conservative
Gareth Bacon	Conservative
Andrew Dismore	Labour
Tom Copley	Labour
Stephen Knight	Liberal Democrat
Onkar Sahota	Labour

### Contact:

Richard Derecki  
email: [richard.derecki@london.gov.uk](mailto:richard.derecki@london.gov.uk)  
Tel: 020 7983 4899

Cover photo: The Committee launched its review of apprenticeships in London at the Brigade restaurant on Tooley Street, close to City Hall. Based in the old fire station built in 1865, following a great fire in Cottons Wharf four years earlier, the restaurant is partnered with the Beyond Food Foundation. Working together they give some young Londoners a fresh chance through their apprenticeship programme. This programme leads to an NVQ diploma Level 2 in professional cookery while at the same time working in the kitchen team at the Brigade restaurant. In this photo Diini Ashkir is seen explaining the value of the apprenticeship to his career development.

# Contents

<b>Foreword</b>	<b>4</b>
<b>Executive Summary</b>	<b>6</b>
<b>Introduction</b>	<b>8</b>
<b>London is falling behind</b>	<b>10</b>
<b>Targeting the large firms and key sectors that drive the economy</b>	<b>14</b>
<b>Clarity over support for SMEs</b>	<b>17</b>
<b>Support for young people into work and study</b>	<b>21</b>
<b>Appendix 1 Recommendations</b>	<b>24</b>
<b>Appendix 2 The Government's Apprenticeship reform programme</b>	<b>26</b>
<b>How we conducted this review</b>	<b>29</b>
<b>Orders and translations</b>	<b>31</b>

## Foreword

London's experience with the government's apprenticeships scheme has been a mixed one. While on the one hand the capital has seen a rapid increase in the number of apprenticeships created, and has promising growth potential, it still lags behind other regions of the UK.



This is partly due to London's services-based economy – not a sector we traditionally associate with apprenticeships. However this can also present an opportunity for the capital. Sectors which have a low proportion of apprenticeships compared to their overall workforce size (such as Information and Communication Technology, tourism and the arts) could use the capital's position as a world leader in these fields to attract more and better apprenticeships.

Of course the onus to refine apprenticeships in London should not solely fall on the shoulders of employers. London's government is well placed to facilitate the growth of quality apprenticeships which work for employers and apprentices alike.

The Mayor of London has a wide range of tools at his disposal to do so, both in terms of influence and funding. Indeed two further funding streams have recently become available in the form of the new 2014-2020 round of European Social Fund programmes and the London Growth Deal.

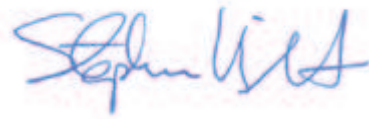
But it's not just about money. Indeed many of our findings focus on what the Mayor can do in terms of his influence, networking and facilitation. Having a 'champion for London' who understands the needs of both apprentice and provider, and who can use the various tools in his arsenal to meet them, would benefit the capital's apprenticeships immensely.

As one of the panellists at our committee hearings noted: "What you have is an aspiration without a strategy at the moment. You have a target to achieve 250,000 apprentices by the end of the Mayor's term of office but you do not have a route map to get you there."

This report shows what such a route map should look like. An Apprenticeship Action Plan, devised by the Mayor and the London Enterprise Panel, should clearly set out what London's government intends to do and how to do it. This should both settle and tie together, into one clear and cohesive strategy, the various components of the apprenticeships debate: apprenticeship pay, quality, incentives for businesses, careers advice and more.

This report is the result of months of hard work and consultation with a wide range of stakeholders. The London Assembly's Economy Committee called before it representatives from academia, government, trade unions, apprenticeship providers and apprentices themselves.

The apprentices we spoke to were happy with their placements and positive about the future. We think the Mayor can and should do more to help even more young Londoners into quality, career-building apprenticeships.



**Stephen Knight AM**

## Executive Summary

The Government's goal is for young people to go into apprenticeships or to university – or in the case of some Higher Apprenticeships, do both. As the Mayor has often noted, providing apprenticeships is a “win-win” for the London economy and he has supported their creation through financial subsidies and marketing and promotional campaigns. In the last two and a half years about 110,000 apprenticeship places have been created in London and the Mayor has set an overall target of 250,000 by the end of the academic year 2016.

However, recent figures published by the Mayor indicate that the target is unlikely to be met. London is falling behind other regions of England in terms of the number of apprenticeships created and the number of new apprenticeships started. Our report highlights the particular challenges that affect the London economy's ability to create and support apprenticeships. These include the predominance of the service-sector which is less aware of the value of apprenticeships and the high-end skill levels needed; which apprenticeships have traditionally been less well designed to meet, though that is changing now.

Our report looks to the Mayor, as Chairman of the London Enterprise Panel, to launch an Apprenticeship Action Plan which will bring together all the various initiatives he has announced so far and augment them with further targeted action to boost numbers of apprenticeships created in the large firms and the key sectors that drive the London economy. It is perverse that in sectors where London is particularly strong such as ICT, travel and tourism that apprenticeship levels substantially lag behind those of other regions.

The Mayor has made support for small and medium sized enterprises (SMEs) the cornerstone of his promotional work and this is to be welcomed. However, our report notes widespread concerns that national changes to the way apprenticeships are provided threatens to deter businesses from taking on new apprenticeships. The changes also potentially threaten the viability of many of the training providers who support the young people with the learning element of the apprenticeship and provide invaluable additional support to the SMEs.

We recognise that as the cost of establishing an apprenticeship in London is higher than in other parts of the UK there should be financial support from the Mayor. Throughout the 2014/15 GLA budget round Assembly

Members continued to press for further support to boost apprenticeship numbers. So we warmly welcome Government announcements that further financial support will be forthcoming though we await clarification on the detail of the help to be provided.

Throughout this review we have heard from many experts concern about the quality of the careers advice support now being provided to students by their schools. Few schools seem adequately sighted on the potential value of apprenticeships and our report sets the arguments for a strategic role for the Mayor in supporting the development of a pan-London careers advice service.



## Introduction

As the Mayor has often noted providing apprenticeships is a “win-win” for the London economy. A structured course combining learning on the job with studying for academic qualifications offers a foot on the ladder of career success for the school leaver and those changing career while being hugely rewarding for the companies involved.

The Government’s goal is for young people to go into apprenticeships or to university – or in the case of some Higher Apprenticeships, to do both. In order to achieve this, the Government has proposed a range of reforms which it hopes will modernise the current system of provision and make it more attractive to employers to take on and support apprentices. These reforms will be introduced in stages with the end goal of replacing the current system by 2016/17.<sup>1</sup>

In the last two and a half years about 110,000 apprenticeship places have been created in London and the Mayor has set an overall target of 250,000 by the end of the academic year 2016. While London has seen a rapid increase in the volume of apprenticeships created, it still lags behind other regions and the number of apprenticeship “starts” created last year was below the level created the year before.

Recently published data by the Greater London Authority (GLA) demonstrates the substantial challenge that exists to meet the target number of apprenticeships. Data for the first three quarters of 2013/14 shows that while 29,980 apprenticeships were created, a further 26,224 starts are needed to meet the target in the final quarter alone. Overall, we need a 19 per cent year-on-year increase in the number of new apprenticeships created to achieve the Mayor’s manifesto target.<sup>2</sup>

The Mayor, through his position as Chairman of the London Enterprise Panel (LEP), has sought to reinvigorate the GLA’s support for the creation of apprenticeships through a bid to the Government’s Local Growth Fund, which is designed to support economic growth in the local area. The London Growth Deal, which was announced on 14 July 2014, has secured £236m from central Government with £151.5m of new funding confirmed for 2015/16. These funds will be used to “build London’s skills base and

---

<sup>1</sup> See Appendix 2 for more detail

<sup>2</sup> Investment and Performance Board paper – Apprenticeship update, para. 3.14, Sept 2014



support business, help Londoners into sustainable employment and improve housing supply.” As part of the overall package there will be funding for programmes designed to increase the number of apprenticeships. The LEP itself will specifically fund up to an additional £4m over the next two years to support further employer engagement and marketing activity. The Government has also, crucially, indicated an intention to subsidise SMEs that want to take on an apprentice (the SME AGE Grant Incentive), although the total value of that commitment is unclear.

All these commitments are to be welcomed. However, given the magnitude of the task, the Committee considers that a further tranche of sector-specific targeted activity will be necessary. This report sets out the arguments for what those measures should be. In particular, we recommend that the LEP pull together all its activities into an Apprenticeship Action Plan that clearly sets out how the Mayoral interventions will support the creation of apprenticeships in those sectors that drive London’s economy. This will involve generating greater volumes of apprenticeships through the large firms, which employ more than 50% of London’s labour force, expanding SME involvement and ensuring continuity of firm involvement. It is also time for a more developed statement about the role of the LEP in supporting careers guidance and information for young people which we have heard is vital to ensure adequate signposting into apprenticeships. Further work with the Higher Education sector to encourage the Russell Group of universities to offer more Higher-level apprenticeships, which more effectively meet London’s need for higher level skills, is also needed.

## London is falling behind

There is strong evidence of widespread support for apprenticeships from employers and from apprentices. A number of Government surveys published by the Department for Business, Innovation and Skills (BIS) demonstrate high levels of business value from running apprenticeships including improved product or service quality, higher productivity, improved staff retention and the introduction of new ideas to the company.

Our investigation has heard similar views from a wide range of experts, including from the Trades Union Congress, Confederation of British Industry and the Federation of Small Business, from enterprises offering or thinking about offering apprenticeships and from apprentices themselves.

*“One of the pros of taking on an apprenticeship, particularly in our industry [communications], was having someone with a completely fresh mind ...who brought fresh thinking and really creative thinking with them”*  
Kate Parker (Forster Communications)

Apprentices themselves are hugely positive about the scheme. Apprentices of different ages and from different trades have told the Committee that apprenticeships provide a wide range of benefits. They can provide a chance to re-train (increasing numbers of apprenticeships are being taken by people over 19 years old)<sup>3</sup>, or can be seen as a positive alternative to university, providing a clear pathway to work and further qualification. Nevertheless we are keen for the Mayor to seek the expansion of high quality apprenticeships as a firm offer particularly to those young people who leave school without a job or higher education place. This then provides a firm policy response to the persistently high levels of youth unemployment in London.

*“One of the reasons why I chose to do this apprentice[ship] was... for me to get practical experience there while doing my course. [Also] there is a career at the end of it with routes into different occupations from an operative level to be a supervisor to a site manager, which I think my family will be very happy for me to be and I said, “Yes, it is for me so I will go for it.”* Musa Jallow (Construction Operative Apprentice, Crossrail)

---

<sup>3</sup> <http://www.nao.org.uk/wp-content/uploads/2012/02/10121787.pdf>

Despite this strong support, London lags behind other regions in terms of the number of apprenticeships created. London's number of funded apprenticeships in 2012/13 stood at 77,110, the lowest regional total, bar that for the North East. As a proportion of total employment, London's figure of 2 per cent apprentices for 2012/13 was the lowest in England<sup>4</sup> and the city's share of the total number of apprenticeships created has slipped from 9.2 per cent in 2011/12 to 8.9 per cent in 2012/13. London is lagging behind in the number of apprenticeship starts too. Table 1 sets out the latest data.

**Table 1: Apprenticeship Programme Starts by Region (2009/10 to 2012/13)**

Region	2009/10 Full year	2010/11 Full Year	2011/12 Full Year	2012/13 Full Year	% of employment 2012/13
North East	18,510	34,550	38,340	35,870	2.3
North West	47,280	78,660	89,310	84,180	2.6
Yorkshire and The Humber	36,530	55,800	64,200	59,900	
East Midlands	24,620	40,860	46,790	49,010	2.0
West Midlands	31,720	54,290	60,470	62,430	2.6
East of England	23,730	39,760	45,820	46,220	1.6
London	20,350	41,400	47,230	45,070	1.2
South East	39,120	58,340	66,850	68,960	1.6
South West	35,020	49,330	55,950	52,540	2.0
<b>England Total</b>	<b>276,900</b>	<b>453,000</b>	<b>515,000</b>	<b>504,200</b>	
Other	2,790	4,220	5,600	6,040	
<b>Grand Total</b>	<b>279,700</b>	<b>457,200</b>	<b>520,600</b>	<b>510,200</b>	

Source: BIS data store and ONS reference tables

Jon Thorn, Head of Business Development for London and the South East for the Skills Funding Agency and BIS explained that London struggles to create apprenticeships for a number of reasons:

<sup>4</sup> Source: Skills Funding Agency and ONS Regional employment data

- it has a more service- based economy than the rest of the country and financial and business services are only now catching on to the idea of having apprenticeships;
- jobs in London tend to be at the higher end of the skills range than the rest of the country and until recently apprenticeships were not designed for that level of education; and
- The global nature of the London labour market has meant that it has been fairly easy for employers to go out and buy the skills they need rather than necessarily training their own.<sup>5</sup>

### **The role of the Mayor in supporting apprenticeships**

Since 2010, the Mayor has supported a wide ranging Apprenticeship campaign. This has largely focused in boosting awareness among employers of the value of providing apprenticeship opportunities and subsidising SMEs taking on apprentices. Recently the Mayor has, in response to the fall in numbers of apprenticeships being started in London, sought to revitalise his approach. Specifically, up to £1m will be spent on a new business-to-business campaign to raise awareness within SMEs, there will be a further round of Mayoral letters seeking to engage with and disseminate information to new partners and intermediaries and a further round of subsidies to SMEs for taking on an apprentice.

We welcome a renewed approach from the LEP which focuses on further employer engagement and marketing activity. This is a good way to communicate the value of apprenticeships to employers. However, our analysis of apprenticeship provision suggests that there is a need for a more concerted effort to target specific sectors in order first to understand why firms in particular sectors are reluctant to take on apprentices, to understand what support they might need at the initial stage and then to take on repeat business to generate the volumes of apprenticeships needed to meet the Mayor’s target.

We have also heard concerns that the target driven approach adopted by the Mayor may be masking a concern expressed to us by stakeholders about the quality of the apprenticeships being offered. It is important that the Mayor looks to increase the number of good quality apprenticeships so that apprentices can be quickly matched to available jobs. Many employers would prefer apprenticeships that deliver a Level 3 qualification (rather than a level 2) reflecting the higher-skill requirements of the London economy. As Dr Tristan Hooley told us “at the moment there is a vast number of things which you can describe as apprenticeships... apprenticeships should be a high-quality route which

---

<sup>5</sup> Economy Committee transcript, January 2014, page 14

has some parity of esteem with academic routes. [What you need to ensure is that] apprenticeships are training for a career. You do not train someone to stack shelves in an apprenticeship; you train someone to be a shopkeeper.” Ian Ashman, (Principal, Hackney Community College) supported this sentiment and noted that “[it is the] rigour of the training and the respect in which it is held [that] means that it has credibility as a qualification.”

The Mayor pays apprentices at the GLA the London Living Wage, which is significantly above the statutory minimum of £2.68 per hour for those apprentices aged under-19 or in their first year. In doing so he recognises that the higher the wage the better the calibre of candidates the business offering the apprenticeship will attract. While pay for apprentices is an issue for Government, the fact that the Mayor pays apprentices at the GLA the London Living Wage indicates that the Mayor agrees that £2.68 is perhaps not quite enough. We support the Mayor’s example and would urge London employers to look to move towards paying apprentices the London Living Wage.

## Targeting the large firms and key sectors that drive the economy

The majority of London's working population is employed in large firms. Large firms have the Human Resource capability to support large volumes of apprenticeships. However, large firms can also often use unpaid internships as an active recruitment tool. Apprenticeships may not always fit comfortably with their recruitment pathways.

Our analysis of firms in London indicates that the largest number of apprenticeships are created in the business, administration and law sector; followed by health, public services and care. These two sector categories generate over half of all the apprenticeships created across the capital. These sectors also have a large proportion, more than 70 per cent, of their employees employed in large firms (ie over 250 people). Firms in these sectors employ nearly 2 apprenticeships per 100 employees (see table 2 below – which shows those sectors not shaded performing above the regional averages and those shaded falling behind). This level of provision is broadly in line with the English average reported by the NAO in 2012 but falls well below rates found in other countries such as Germany, Switzerland or Australia where rates are twice as high.<sup>6</sup> It is unclear how the LEP is targeting London's large firms to boost apprenticeship starts in firms where some apprenticeships are already being offered. While apprenticeships are mandatory in many sectors in Germany and Switzerland, these international benchmarks indicate that more could be done with specific sectors to drive up the proportion of starts offered in the capital.

Surprisingly, sectors such as construction (where apprenticeships should be well established) and the ICT and leisure, travel and tourism sectors, where London has particular strengths, are among the worst performing sectors in terms of the proportion of apprenticeships created per 100 employees (see table below). Other English regions are generating more apprenticeships in these sectors; for example, provisional data for last year indicates that there were more than 500 extra apprenticeships created in both the South East Region and South West region in ICT firms than in London while in tourism-related enterprises both the South East and North West created an additional 400 to 500 apprenticeships more than in London. We also heard that most UK construction firms do not now directly employ much of their workforce, but instead mainly use

---

<sup>6</sup> <http://www.nao.org.uk/wp-content/uploads/2012/02/10121787.pdf>

agency workers, and so have no incentive to invest in apprenticeships or any other forms of workforce development. This must have serious consequences for the long-term health of this sector. We will write to BIS to assess whether there is a need for further government action to ensure that workforce practices across the sector support a healthy future for UK construction.

**Table 2: The number of apprenticeships across London’s businesses**

Business sector	Apprentice-ships	Sector % of total created	Employees	Sector % of total workforce	Apprenticeships per 100 employees
Business, Admin and Law	16,240	36.4%	885,100	21%	1.835
Health, Public Services and Care	11,120	25%	638,100	15.1%	1.743
Engineering Manufacturing Technologies	4,190	9.4%	288,300	6.8%	1.453
Retail and Commercial Enterprise	7,240	16.2%	582,700	13.8%	1.242
Construction, Planning and the Built Environment	980	2.2%	140,500	3.3%	0.698
Leisure, Travel, Tourism, Art, Media and publishing	2,290	5.1%	536,900	12.7%	0.427
Information and Communication Technology	1,210	2.7%	308,900	7.3%	0.392
Science and Mathematics, Education and Training	1,240	2.8%	842,300	20%	0.147
<b>Total</b>	<b>44,510</b>		<b>4,222,800</b>		<b>1.054</b>

Source: BIS database

One particular proposal that we have considered is the use of a Kitemark that firms would be able to use to demonstrate that they invest in their workforce by offering quality apprenticeship programmes. We heard for example that BT apprenticeships are highly thought of, and in themselves are seen as, a badge of quality and a signal of BT’s commitment to providing this form of career pathway. For Kevin McLoughlin, owner of a

decorating enterprise that has trained apprenticeships since the mid-1990s, this would be an important incentive for firms in the construction industry to encourage them to look to the local labour market rather than recruit from abroad.<sup>7</sup> This idea was broadly supported by a round table of stakeholders including the CBI and TUC so long as it was meaningful and voluntary.

### **Recommendation 1**

The LEP should set out an Apprenticeship Action Plan (AAP) that brings together all the Mayoral initiatives in one document.

### **Recommendation 2**

The AAP needs to have measures tailored for different sectors and different sizes of businesses. To inform the AAP, the LEP should seek to establish why some sectors generate more apprenticeships per 100 employees than others (for example business against tourism and ICT) and whether there is a need for targeted initiatives for working with large firms to boost apprenticeship starts to levels typically seen in competitor countries. Retail and tourism are two areas where the LEP should assess why apprenticeship levels are below the London average. The LEP should also establish whether large firms' use of interns or graduate trainee programmes may be impeding their use of apprenticeships.

- The public sector has achieved some success by using its supply chain to drive up apprenticeship numbers. The LEP should determine whether procurement practices could be an effective tool for incentivising firms to take on apprentices and include appropriate measures in the AAP.
- A "Trained in London" branding for firms offering and committing to offer quality apprenticeships in the capital when they work with the Mayor to boost apprenticeship numbers is one possible approach that merits further testing. The LEP should discuss this and include a measure in the AAP to assess the potential benefits of developing this type of brand.

---

<sup>7</sup> Economy Committee transcript, February 2014 page 31



# Clarity over support for SMEs needed

## Undoing the red tape...

The Government proposes three key changes to the way apprenticeships are provided:

- Simplification of the framework that establishes the standard for each occupation area of an apprenticeship. This process of design will be employer-led with the aim to set down the requirements for an apprenticeship to one side of A4. This will make it easier to explain to employers what an apprenticeship looks like and also to the potential apprentice what will be involved. This has been broadly welcomed by employers we have heard from.
- There will be a shift from continuous assessment to the expectation that two-thirds of the assessment process will happen at the end of the apprenticeship and that will culminate in independent assessment of the apprentice against agreed standards. Ministers are keen on grading the outcomes (pass, merit, distinction), but employers see less value in this distinction and the SMEs we spoke to were concerned at having to manage this performance risk.
- Employers will be given a monetary credit in order for them to go out and purchase the training element of apprenticeships that they need in the way they want it from a registered provider, although they will have to make a cash contribution in order to access that credit. How that payment will be made to the employers through HMRC and whether there will be an element of payment-by-results is still unclear.

The current proposal is that all apprenticeships will be governed under the new system in the 2017/18 academic year. The first stage of the Government's implementation plan is to establish a series of 'Trailblazer' organisations to develop new Apprenticeship standards and the high-level assessment approaches that sit alongside them. Leading employers and professional bodies in eight sectors have already signed up to lead Trailblazer projects and the Government has also published the first version of its "Guidance for Trailblazers".

Data and information from the Trailblazer will help Government learn how the changes are affecting the market place and also provide the

potential to help shape any further changes to the policy. We therefore welcome the decision to make Transport for London (TfL) a Trailblazer so that that learning can feed into GLA thinking about whether further intervention in the market is justified. In particular, firms must find the process for creating an apprenticeship as simple as possible so that they are not put off and feel keen to repeat the experience.

The evidence we have received indicates a number of risks associated with the changes to the apprenticeship system. While giving a greater role to employers is broadly welcomed, including by the Federation of Small Businesses and the CBI, there were various views on what level of engagement employers really wanted to have in determining, designing and managing apprenticeship schemes.

We also heard of concerns around the changing role of the training provider. SMEs who will in future have to go into the market place to purchase the training element of the apprenticeship are concerned about how to evaluate the providers, the additional work involved and whether they will get any support from providers as they do now. For training providers, a key concern is how they access the funding and in particular what the cash-flow implications are of getting the contributions from employers, especially SMEs. All of the experts we spoke to agreed that there was likely to be major disruption in the Further Education sector as providers more actively compete with each other for business and with some closures and job losses likely this could reduce the number of apprenticeships that can be created. We share the GLA's concern that "there is a risk that the proposed funding reforms due to begin in 2016/17 will result in businesses deferring from taking any action on apprenticeships now."<sup>8</sup>

There may also be merit in supporting the development of a SME peer learning hub where SME's can go to access support and to learn from others' experiences. Such a hub would according to Ella Sunyer from Forster Communications "break down the kind of barriers of myths and just being able to honestly ask another business how they found it rather than just trying to find information in a very formal way."

---

<sup>8</sup> Investment and Performance Board paper – Apprenticeship update, para. 3.14, Sept 2014

### **Recommendation 3**

The AAP needs to be based on a detailed assessment of the impact of government reforms. The LEP should therefore collate data from the London Trailblazers on how the first stage of the reform process is affecting the market, with findings used to inform the Apprenticeship Action Plan.

### **Recommendation 4**

To inform the AAP the LEP should commission a survey of SMEs to identify any issues that have arisen following implementation of the government reforms which are preventing them taking on new or repeat apprenticeships. The LEP should assess the demand and perceived value of the Mayor supporting the establishment of a peer learning hub.

#### **...and boosting the money**

Aside from the direct apprenticeship places created by the GLA and TfL, the Mayor has used funding from the Growing Places Fund to boost the number of apprenticeship starts in the capital. He has used £1.5 million to double the Employer AGE (Apprenticeship Grant for Employers) offer from £1,500 to £3,000. Launched in June 2013, the uplift was aimed at SME employers in London to support them with the recruitment of an extra 1,000 apprentices before December 2013. The offer was oversubscribed and was withdrawn on 18 September 2013. This level of financial support has been welcomed by all our experts as the costs of establishing an apprenticeship in London are the highest in the UK and the highest cost of delivery is in a small business.

In the 2014/15 GLA budget round the Assembly voted in favour of freezing rather than cutting the Council Tax precept and using the monies saved to be directed into doubling the apprenticeship grant to create an additional 80,000 apprenticeships. We therefore warmly welcome the commitment from Government to use resource from underspends from the 2007-13 European Social Fund allocation for London to resume the uplift of the SME AGE Grant Incentive to £3,000. However, there is as yet no detail of what conditions might be applied for accessing the grant or as to the total size of the funding stream available.

### **Recommendation 5**

The AAP should set out the total amount of GLA and Government funding available to resume the uplift of the AGE and the timescale over which it is available. The Plan should also set out what conditions will apply to accessing the grant and whether businesses that have already accessed it once will be allowed to access it again.

# Support for young people into work and study

## Careers advice

The Committee is concerned about the inconsistent quality of signposting by schools for apprenticeships since the removal of the former independent careers advice service (Connexions). Ian Ashman, Principal of Hackney Community College and Co-Chair Association of Colleges London, noted that a recent National Association of Colleges survey found that “only 25% of teachers felt qualified to discuss apprenticeships with their students...”<sup>9</sup>. There is clearly more support that can be given to teachers and schools to help their young people make a successful transition to work.

Dr Tristan Hooley (University of Derby) concurred with those results noting that “if you go into schools and you talk to teachers, teachers typically have come through an academic route, and teachers typically understand the academic route and they do not typically understand apprenticeships.” Without that level of input and support “young people are generally not aware of what apprenticeships are...they do not necessarily have a detailed understanding of the range of options that are available to them.”

Dr Hooley’s concerns about the impact of Government reforms are therefore less around the funding and relations with employers and more that “the pieces of the education system that supported career thinking have been taken out. The Government removed funding from Connexions, it transferred responsibility from local authorities to schools for this area, it removed the duty of the careers education and pre-16 work-related learning, and it has also issued very weak statutory guidance around what schools’ new remit is in this area”.<sup>10</sup>

We therefore welcome the comment from Jack Morris (Co-Chair LEP Skills and Employment working group) that “the whole point about careers [advice] across London is absolutely vital. It is certainly something that we are exercising our minds on through the LEP”<sup>11</sup>. In discussions with the Committee, there were intimations that a more developed piece of work would emerge this autumn. The GLA is going to fund an Apprenticeship

---

<sup>9</sup> Economy Committee transcript January 2014, page 21

<sup>10</sup> Ibid, page 8

<sup>11</sup> Ibid, page 8

Information Ambassadors Network to promote and raise awareness of apprenticeships in London's schools but we now want to see the LEP bring forward an assessment of what role the Mayor should play in helping to support the delivery of a pan-London careers offer. This service should provide high quality, independent careers advice which gives parity of esteem to vocational training as well as academic training.

Through his work in the education sector the Mayor has supported a pilot careers guidance scheme for young people. In 2010, the GLA awarded funding to Nightingale and Aylward academies to deliver a high quality careers guidance and community learning offer. The Mayor and GLA had two objectives for investing in this programme: to improve education and career outcomes for students attending the academies and members of the local community; and to develop models of best practice that can be shared with London schools and policy-makers. The Bexleyheath and Kingsley academies were awarded funding to deliver the same offer in 2012 and 2013 respectively.

A careers guidance offer has been embedded within the curriculum of each academy from Key Stage 3 to Key Stage 5. The programme's aim is to expose students to all post-16 pathways, including apprenticeships, to ensure students understand the link between their academic studies and a successful future after they leave statutory education. It is this aspect of the offer that we are keen to see developed further.

GLA funding also enables the academies to establish new partnerships with parents, colleges and universities, employers and the wider community to improve the outcomes of their students and increase adult skills. This approach aims to reduce the numbers of students in KS4 and KS5 that end up not in education, employment or training. The Chair of the London Assembly's Education Panel has visited Bexleyheath Academy and has commented favourably on the enrichment work being supported by GLA funds in a recent London Assembly report *London Learners, London Lives*. The GLA has commissioned an evaluation report and we would want that work to input into LEP thinking.

### **Apprenticeships at the top Universities**

One final piece of the puzzle that is missing is evidence of a strong commitment from the Higher Education sector, and particularly the Russell Group universities, to provide Higher Apprenticeships which can lead to a Bachelor or even a Master's degree. Linking the aspiration of a "good university place" with vocational training will bring together schools' desires to be seen to be providing high quality career pathways

for their students with practical job focused training. This is particularly important for London where all the research shows that half the jobs are going to require Level-4 skills and above. According to Jon Thorn, the national figures for last year were just short of 10,000 higher-level apprentices but only 600 London residents actually started one – a depressingly low figure.

### **Recommendation 6**

The AAP should set out initial proposals for an enhance role for the Mayor in supporting the development of a pan-London careers advice service for young people. There should be a clear timetable and enough detail to provide enough material for an effective consultation.

### **Recommendation 7**

The AAP should also set out more developing proposals for engaging with the Higher Education sector, especially the Russell Group, to ensure that more Higher-level apprenticeships are offered in London universities.

# Appendix 1 Recommendations

## Recommendation 1

The LEP should set out an Apprenticeship Action Plan (AAP) that brings together all the Mayoral initiatives in one document.

## Recommendation 2

The AAP needs to have measures tailored for different sectors and different sizes of businesses. To inform the AAP, the LEP should seek to establish why some sectors generate more apprenticeships per 100 employees than others (for example business against tourism and ICT) and whether there is a need for targeted initiatives for working with large firms to boost apprenticeship starts to levels typically seen in competitor countries. Retail and tourism are two areas where the LEP should assess why apprenticeship levels are below the London average. The LEP should also establish whether large firms' use of interns or graduate trainee programmes may be impeding their use of apprenticeships.

## Recommendation 3

The AAP needs to be based on a detailed assessment of the impact of government reforms. The LEP should therefore collate data from the London Trailblazers on how the first stage of the reform process is affecting the market, with findings used to inform the Apprenticeship Action Plan.

## Recommendation 4

To inform the AAP the LEP should commission a survey of SMEs to identify any issues that have arisen following implementation of the government reforms which are preventing them taking on new or repeat apprenticeships. The LEP should assess the demand and perceived value of the Mayor supporting the establishment of a peer learning hub.

## Recommendation 5

The AAP should set out the total amount of GLA and Government funding available to resume the uplift of the AGE and the timescale over which it is available. The Plan should also set out what conditions will apply to accessing the grant and whether businesses that have already accessed it once will be allowed to access it again.



**Recommendation 6**

The AAP should set out initial proposals for an enhanced role for the Mayor in supporting the development of a pan-London careers advice service for young people. There should be a clear timetable and enough detail to provide enough material for an effective consultation.

**Recommendation 7**

The AAP should also set out more developing proposals for engaging with the Higher Education sector, especially the Russell Group, to ensure that more Higher-level apprenticeships are offered in London universities.

## Appendix 2 The Government's Apprenticeship reform programme

Apprenticeships are currently governed and delivered through a complex national, regional and local framework. The BIS and the Department for Education set broad standards for apprenticeship schemes through the Specification for the Apprenticeships Standards for England (SASE). Once these standards have been set, there are three further key roles:

- **Proposer** - An organisation who has an idea for an Apprenticeship framework but who does not necessarily want to develop one, who is then encouraged to work with the relevant Sector Skills Council (SSC) to develop an appropriate framework
- **Framework Developer** - The organisation who will develop the framework for submission to the Issuing Authority
- **Issuing Authority** - Organisations appointed by the Secretary of State in England to issue Apprenticeship frameworks for a particular sector. The Issuing Authority is responsible for ensuring that only those Apprenticeship frameworks which comply with the SASE are issued as recognised English Apprenticeship frameworks. There is only one Issuing Authority for each sector and they will support framework developers, if they wish to make sure that their frameworks comply with SASE requirements.

The **National Apprenticeship Service (NAS)** supports, funds and co-ordinates the delivery of Apprenticeships throughout England. It is responsible for increasing the number of Apprenticeship opportunities and providing a dedicated, responsive service for both employers and learners. This includes simplifying the process of recruiting an apprentice through Apprenticeship Vacancies, an online system where employers can advertise their openings and potential apprentices can apply. NAS is run through the Skills Funding Agency, which has authority over the wider Further Education and skills remit.

In 2012, the Government established the Richards Review into apprenticeships. Led by businessman Doug Richards, it aimed to set out a long-term vision for apprenticeships which would emphasise a greater role for business as well as make apprenticeships more responsive to a changing business environment. As a result of the review:

- In future, Apprenticeships will be based on standards designed by employers to meet their needs, the needs of their sector and the economy more widely.
- The new employer-led Apprenticeships will need to meet the skills requirements of small businesses and be simple for them to access. This means that such companies will need to be involved in the development of the new standards
- The government will set a small number of criteria that all new Apprenticeship standards will need to meet. It claims that this combination of roles for employers and the government will ensure both the relevance and rigour of Apprenticeships.
- Apprentices will be examined at the end of their apprenticeship programme and will be graded on pass, fail or merit.

In addition to these changes, the Government is also proposing a radical shake-up of how apprenticeships are funded. Under the reformed system, the employer and provider would negotiate the content and price of eligible Apprenticeship training. The Government would fund a proportion of this, up to a maximum amount per learner. Depending on the characteristics of the employer and the apprentice, the government may also provide additional payments, where it would be appropriate to make a higher contribution. Some government funding would be withheld until the learner completes their apprenticeship and achieves the industry standard. These changes mark a significant departure from the current system, where the public contribution towards the cost of training is set by the Skills Funding Agency by a funding formula. The government makes a higher contribution for Apprentices aged 16-18, compared to those aged 19 and over. For Apprentices aged 19 and over, there is an expectation that the employer makes a financial contribution to the training provider towards the cost of training, but this rarely happens.

The Government has proposed three potential ways of delivering funding in future, including:

- A new online system for apprenticeships with payments to employers made directly from the system;
- Reforming the existing provider funding infrastructure; and

- Utilising the PAYE system.

The Committee heard from Ian Ashman, Association of Colleges London, about the potential effect of these funding reforms on the Further Education and training provider section. His main concern was that the changed funding relationship will mean that smaller providers may go out of business and have a detrimental effect on the number of apprenticeships that can be started in London.

## How we conducted this review

The Committee's inquiry was launched earlier this year when the Chair worked alongside apprentices from Brigade Restaurant to learn first-hand how apprentices bring value to London's workforce and economy.

Two Committee meetings were held with expert stakeholders:

The first meeting heard from:

- Jack Morris OBE, Co-Chair LEP Skills and Employment working group (and Chairman of the Business Design Centre Group);
- Fiona Fletcher-Smith, Executive Director - Development, Enterprise and Environment, GLA;
- Jon Thorn, Head of Business Development for London and the South East for the Skills Funding Agency;
- Ian Ashman, Principal of Hackney Community College and Co-Chair, Association of Colleges London; and
- Dr Tristram Hooley, Reader in Career Development, University of Derby

The second meeting heard from:

- Matthew Jaffa, Senior Development Officer, Federation of Small Businesses;
- Kevin McLoughlin, owner, K&M McLoughlin Decorating;
- Victor Farlie, Executive Chair, London Work Based Learning Alliance;
- Ella Sunyer and Kate Parker, Forster Communications; and
- Graham Randle, Apprenticeship Development Officer, Trades Union Congress.

The Committee also spoke to a number of apprentices including:

- Austin Clayton, catering apprentice, Beyond Food Foundation;
- Charles Duckworth, higher apprentice, PwC;
- Musa Jallow, construction operative apprentice, London Legacy Development Corporation; and
- Kofi Adu-Boahen, digital media apprentice, Hackney Community College.

The transcript of these meetings is available on the London Assembly website.

A wide range of relevant survey and policy documentation was reviewed.

A further roundtable to discuss conclusions and possible recommendations was held with the following experts:

- Rob Wall, CBI's head of employment and skills;
- Fred Grindrod, Apprenticeships Policy and Campaigns Officer, TUC
- Crawford Knott, Commercial Director, Hawk Training Provider
- Victor Farlie, Executive Chair of the London Work Based Learning Alliance (apprenticeship training provider); and
- Cathy Walsh, Principal, Barking and Dagenham College

# Orders and translations

## How to order

For further information on this report or to order a copy, please contact Richard Derecki, Senior Manager, Economy, Housing and Regeneration on 020 7983 4899 or email: richard.derecki@london.gov.uk

## See it for free on our website

You can also view a copy of the report on the GLA website:  
<http://www.london.gov.uk/assembly/reports>

## Large print, braille or translations

If you, or someone you know, needs a copy of this report in large print or braille, or a copy of the summary and main findings in another language, then please call us on: 020 7983 4100 or email: [assembly.translations@london.gov.uk](mailto:assembly.translations@london.gov.uk).

### Chinese

如您需要这份文件的简介的翻译本，  
请电话联系或按上面所提供的邮寄地址或  
Email 与我们联系。

### Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

### Greek

*Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.*

### Turkish

Bu belgenin kendi dilinize çevrilmiş bir özetini okumak isterseniz, lütfen yukarıdaki telefon numarasını arayın, veya posta ya da e-posta adresi aracılığıyla bizimle temasa geçin.

### Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

### Hindi

यदि आपको इस दस्तावेज का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

### Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

### Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا مذکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

### Arabic

الحصول على ملخص لهذا المستند بلغة،  
فارجاء الاتصال برقم الهاتف أو الاتصال على  
العنوان البريدي أو عنوان البريد  
الإلكتروني أعلاه.

### Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જાણતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઇ-મેઇલ સરનામા પર અમારો સંપર્ક કરો.

**Greater London Authority**

City Hall  
The Queen's Walk  
More London  
London SE1 2AA

Enquiries 020 7983 4100  
Minicom 020 7983 4458  
ISBN 978 1 84781 163 9

**[www.london.gov.uk](http://www.london.gov.uk)**



# Subject: Economy Committee Work Programme

**Report to: Economy Committee**

**Report of: Executive Director of Secretariat**

**Date: 4 November 2014**

**This report will be considered in public**

## 1. Summary

1.1 The Committee receives a report monitoring the progress of its work programme at each meeting.

## 2. Recommendations

2.1 **That the Committee notes its work programme and priorities for 2014/15.**

## 3. Background

3.1 The topics listed below have been agreed as priorities for the Committee's work programme during 2014/15:

- **The risks to the London economy from climate change.** The Committee agreed the terms of reference for this topic and has held two meetings with invited experts in June and October 2014. The Committee will hold an engagement event in December.
- **London's relationship with the EU.** The Committee will put questions to the Mayor's Chief Economic Advisor on this topic once he has published his review of the relationship between London and the EU.
- **The risks to the London economy from financial services reform.** Building on the Committee's EU seminar last year, as part of this investigation, the Committee will hear from a diverse group of speakers as to how London's financial services sector will be affected by recent domestic reforms, such as the banking Reform Act 2013, and possible EU and international regulatory change including the proposed EU Banking Union and Financial Transaction tax which could all affect London's trading position.
- **Personal debt.** The Mayor set up the London Debt Strategy Group in 2009 which brought together debt advice providers, charities, Citizens Advice and others to discuss debt problems in the capital and to formulate solutions. However its last report was published in May 2011. The debt support sector in London is very fragmented and there is no coordinated London-wide research into or strategy addressing problems of personal indebtedness. The Committee will investigate what value the Mayor can bring to support this service. The Committee has launched

an investigation into personal debt among Londoners. This topic will be discussed at the Committee's meetings in November and December. Further detail is provided elsewhere on the agenda.

- 3.2 Other areas for future work may include assessing whether the Mayor does enough to support micro-businesses in the capital and follow-up work on previous Committee projects on food poverty and Tech City. Previous investigations that the Committee may decide to follow up are those on careers services, low pay and small theatres.

## 4. Issues for Consideration

### Timetable

- 4.1 The proposed timetable for upcoming meetings is set out in the table below. Topics for discussion at later meetings will be agreed by the Committee during the course of the year.

Date	Main item(s) of business
23 October 2014	The risks to the London economy from climate change
4 November 2014	Personal debt
9 December 2014	Personal debt
15 January 2015	Personal debt (to be confirmed)
5 February 2015	Financial services event (to be confirmed)

## 5. Legal Implications

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

## 6. Financial Implications

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

---

**List of appendices to this report: None**

### Local Government (Access to Information) Act 1985

List of Background Papers: None

Contact Officer: Simon Shaw, Scrutiny Manager

Telephone: 020 7983 6542

E-mail: [scrutiny@london.gov.uk](mailto:scrutiny@london.gov.uk)