

JOBS AND GROWTH PLAN FOR LONDON

APRIL 2013



LONDON
ENTERPRISE PANEL

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FOREWORD



Kit Malthouse
Co-chair
London Enterprise Panel
Deputy Mayor for
Business & Enterprise

Our task is simple. First we must create opportunities for as many Londoners as possible to become economically active as soon as possible. Second we must start to fit the city for the future, helping it to adapt to a global economy that can shift jobs and capital across time zones in a matter of weeks. These twin objectives require strategic focus, and I hope that is what you will find in this document.

Over the last few months we have consulted with London on our plans and equipped the London Enterprise Partnership to deliver on the task it has been set, pausing to make careful strategic choices after the extraordinary summer of 2012. We are now ready.



Harvey McGrath
Co-chair
London Enterprise Panel

When the London Enterprise Panel ran its first round of local stakeholder engagement events last December, I was extremely heartened to hear first-hand about some of the excellent work taking place at a borough and sub-regional level. The reason for this is simple: it was clear that much of the knowledge sharing and networking taking place reflects the true business landscape and highlights what's really going on locally across London.

The Members of the LEP do not have a monopoly on wisdom when it comes to the challenges and opportunities facing Londoners and London's businesses; these events created the opportunity for us to hear about the important issues affecting London's jobs and business growth and enabled discussions around finding pragmatic solutions to these. But this was just the start of the conversation.

On the strength of the initial consultation process and further engagement through surveys, interviews and seminars, the LEP's approach to promoting growth and jobs in London is now set out in this document. It outlines the four priority areas that the LEP has identified - skills and employment, micro, small and medium enterprises, science and technology and infrastructure - and builds on the work of a predecessor body, the London Skills and Employment Board, laying bare the foundations we will now build upon as we move forward in implementing its recommendations.



Boris Johnson
Mayor of London

Just before my re-election in May 2012, I tasked the new London Enterprise Panel with a truly important job. In bringing together business leaders from the private sector and London boroughs, the panel has spent the last twelve months working hard to develop its vision for London with a host of sector experts. As such, it is with great pleasure that I endorse this new LEP Jobs and Growth Plan for the capital.

Yet in my vision for London there is no room for complacency. Now that the plan has been agreed, the LEP must take forward this vision by developing a plan for implementing its recommendations, thereby ensuring that London retains its remarkable competitive edge among world cities from across the globe.

A handwritten signature in black ink, appearing to read 'Boris Johnson', with a long horizontal line extending to the right.



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EXECUTIVE SUMMARY

London is the power house of the UK economy. In 2011, London alone accounted for 21.6 per cent of the UK's total output (£283 billion)¹.

The capital is powered by more people than any other city in Europe and as early as 2016, there will be 8.6 million of us living here with many more choosing to commute in for work from across the wider south east and further afield.

However, London also has serious problems: there is little spare aviation capacity, housing is very expensive and five of London's boroughs (Tower Hamlets, Islington, Haringey, Newham and Hackney) linger stubbornly within the top twenty most deprived areas in England.

Looking forward, London is expected to see a continued growth in its working age population and an increase in the number of jobs in the capital. The nature of those jobs will continue to change with further declines anticipated in manufacturing, wholesale, transport and storage and public administration and a continued growth in those occupations that require first degree or higher level qualifications.

Tasked with advising the Mayor on jobs and growth, and given these trends, the existing economic base and challenging areas of deprivation, the Panel has chosen to focus on four key priorities:

- **skills & employment:** to ensure Londoners have the skills to compete for and sustain London's jobs;
- **small & medium sized enterprises:** to support and grow London's businesses;
- **science & technology:** for the capital to be recognised globally as world leading hub; for science, technology and innovation - creating new jobs and growth; and
- **infrastructure:** to keep London moving and functioning.

The panel will also develop a clear view of areas such as housing, transport, aviation and schools where city wide policies outside of the LEP's remit are important to the delivery of the jobs and growth agenda.

¹ Source: *Regional Accounts*, ONS

1: LONDON, A TALE OF TWO CITIES?

"For anyone who's sceptical that this [devolution] works in practice, we'd point them right here, to London. This city has been pioneering economic decentralisation since the creation of the Mayor and GLA in 2000, drawing more powers down from central government ever since. Uniquely, the capital's elected representatives have been given autonomy over major funding streams – including in transport, housing and skills. And their budgets are generally better spent, in ways that support growth and benefit local people."

Rt Hon Nick Clegg, Deputy Prime Minister 18th February 2013²

London is the power house of the UK economy; with GVA nearly six times larger than Wales and more than twice as large as Scotland's, the capital's economy is even larger than that of many European countries, such as Switzerland and Sweden or Denmark and Portugal's combined. In 2011, London alone accounted for 21.6 per cent of the UK's total output (£283 billion)³.

London is a global city, where businesses from around the planet choose to make their home. It is a city where people come to work and learn and where businesses choose to start-up, set-up their global headquarters and more importantly to grow. This is a city where business is synonymous with success: a city where £12 billion of new office development is planned in the coming years; one which already attracts 3 times more headquarters than any other city in Europe, and which is repeatedly voted Europe's best city to do business in year on year. It is leading the way in financial services, creative industries, and science and technological activities. With the promise of investment, growth and financial and creative returns, London is where ambitious businesses come to prosper and flourish.

It is also a city where people choose to live and work. London is powered by more people than any other city in Europe and as early as 2016, there will be 8.6 million of us living in the capital with many more choosing to commute in for work from across the wider south east and further afield. In an international context, the capital will grow at a faster rate than New York between now and 2020, increasing by almost one million people.

Despite London's successes it also faces a number of challenges. The capital has little spare aviation capacity, with no solution in sight to this highly publicised problem. Housing is very expensive. In addition, significant pockets of deprivation, worklessness and economic underperformance are juxtaposed with highly successful, agile and profitable labour markets. The residents of many boroughs often do not have the skills or opportunities to share in the successes of markets adjacent to them.

Over 26 per cent of London falls within the most deprived 20 per cent of England; five of London's boroughs (Tower Hamlets, Islington, Haringey, Newham and Hackney) linger stubbornly within the

² Nick Clegg speech on economic decentralisation, 18 February 2013, ODPM

³ Source: *Regional Accounts*, ONS

top twenty most deprived areas in England. A further 5 boroughs in London have the worst child poverty rates in the UK, although they are not all the same boroughs as those with the highest levels of deprivation; Tower Hamlets (42 per cent), Islington (34 per cent), Barking & Dagenham (31 per cent), Westminster (30 per cent) and Hackney (30 per cent).

Different socio-economic groups also face greater challenges to find employment than others. The lone parent employment rate is worryingly 21.8 percentage points below the London average employment rate and 11.8 percentage points below the equivalent UK rate (four-quarter average to March 2012).

In addition, the employment rate for disabled Londoners is 23.5 percentage points below the London average employment rate and 3.3 percentage points below the equivalent UK rate (12-month average to March 2012). Black, Asian or Minority Ethnic (BAME) groups also face greater challenges when competing for jobs in the capital. Currently BAME employment is 8.9 percentage points lower than the London average at 59.1 per cent. This is marginally higher than the equivalent BAME rate for the UK at 58.9 per cent (12-month average to March 2012).⁴

A city of opportunity and growth

Despite these challenges, London remains a city of incredible opportunity. London is the city of choice for thousands of companies from all over the world, seeking locations and premises to conduct business from. Over 800 thousand private sector businesses are located within London's 33 boroughs, accounting for 15.8 per cent of all jobs in the UK (5.1 million July-Aug 2012). This is not just a story of big business; small (including micro) and medium sized enterprises (SMEs) account for 99.8 per cent of business in the capital and nearly 50 per cent (2.3 million) of employment.⁵

Throughout the recession the growth of workforce jobs in London has outstripped growth nationally. London's employment rate is now over 70%, the highest it has been in the past three years and has created 326,000 net new jobs over the last five years despite the single, largest fall in output in a generation. By 2020 the net requirement or total number of job openings is expected to be more than 2.2 million.

Over the last century London's labour market has transformed itself. The past 30 years has witnessed the steady decline of manufacturing - once the bedrock of the economy - and in its place a significant expansion of professional and business support services has taken place. This seismic shift away from an industry-heavy market has resulted in a service based economy⁶ specialising in finance and insurance; professional, scientific and technical activities; information and communication, real estate; and business support services.

Competition, innovation and openness to trade have all contributed to the structural change, encouraging domestic resources to shift from less productive to more productive uses.

⁴ Source: *Labour Force Survey, Regional Labour Market Statistics, Office for National Statistics*

⁵ Source: *Business Population Estimates, BIS*

⁶ Research aggregates different SIC 2007 sector categories for ease of exposition. As a result, Manufacturing, construction and utilities consists of SIC codes A-F; Wholesale, retail, transportation and storage consists of SIC codes G-H; Public admin, health and education consists of SIC codes O-Q; Professional, real estate and business services consists of SIC codes L-N; Accommodation, entertainment, recreation and other services consists of SIC codes I and R-U; and, information, communication, financial and insurance consists of SIC codes J-K.

London tomorrow

The impact of the global financial crisis, slowly returning consumer and business confidence, coupled with further public spending cuts are generating new and innovative growth opportunities. It is likely that the London of tomorrow will look very different from the one that we observe and experience today.

There has been and is significant on-going discussion of what London will look like in years to come, particularly the size and nature of business sectors. Looking forward, there are a number of paths that the London economy can take over the next decade. A more science-focused economy, for example, centred to a larger degree on life sciences and digital technology sectors, could see some shift towards a greater focus on technical skills compared to interpersonal and more general employability skills. However, even under such a scenario, the importance of Londoners receiving good grounding in the practicalities of the industries they are looking to enter, and the potential roles they can take, remains significant.

Examining the likely needs of London over the next 10 years, exploring the growth and contraction in business sectors across the capital, future skills and business needs, and infrastructure requirements, will all enable the London Enterprise Panel (LEP) to focus its investment in areas that will help to generate jobs for Londoners and growth for London's businesses.

Key projections

London's population aged between 16 and 64 (working age population) is projected to increase from 5.7 million in 2011 to over 6.6 million by 2036

The number of jobs in London is projected to increase from 4,896,000 in 2011 to 5,757,000 in 2036. This equates to annual average growth of just over 35,000 jobs per year and results in over 850,000 more jobs in London by 2036.

Over the same period, manufacturing, wholesale, transportation and storage, and public administration are all projected to see declines in employment.

The employment projections show an increase in the number of jobs requiring degree level or higher qualifications of 800,000 between 2011 and 2036.

The number of London residents qualified to degree level or higher and in employment is projected to increase by 560,000 between 2011 and 2036.



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2. THE LONDON ENTERPRISE PANEL'S VISION & PRIORITIES

The panel

In order for London to fulfil its national and global potential as well as leading the UK through recovery, the city requires a strong and collaborative relationship between business, the Mayor and boroughs as well as a set of ambitious shared objectives to maximise London's growth potential.

The LEP was established in January 2012 as the Mayor's primary private sector-led vehicle to advise him on jobs and growth in the capital, and builds on London's strong history of joint working between business and the public sector to deliver economic growth and regeneration. It will complement and co-ordinate the work of Mayor's International Business Advisory Council for London (IBAC London) which brings together forty seven distinguished business leaders from multinational companies to advise him on securing the capital's position as a top global city; and the London Business Advisory Council, whose members include a number of key representative organisations from London's business community

It will also build on the work of the London Skills & Employment Board (LSEB) which operated from 2006 to 2010 and which created for the first time, a robust evidence base and a straightforward skills and employment strategy for the capital.

However, the Panel's role extends beyond skills and employment to encompass the wider Jobs and Growth agenda. As such, the Panel's primary purpose is to advise the Mayor on action to:

- provide strategic investment to support private sector growth and employment;
- promote enterprise and innovation and the acquisition of skills for sustained employment in London; and to
- protect and enhance London's competitiveness.

Co-Chaired by Kit Malthouse, the Deputy Mayor for Business & Enterprise, and Harvey McGrath, former Chairman of Prudential plc, the London Development Agency, London First and Man Group plc, the panel's membership is drawn from eminent members of London's business community and local authorities. It works within, and seeks to add value to, the framework provided by the statutory London-wide strategies, including the Mayor's Economic Development Strategy, the Mayor's Transport Strategy, the London Plan and the Mayor's Housing Strategy, coordinating rather than duplicating the work of the other elements of the Mayoralty.

Initial priorities

Given this context, remit and the feedback received from stakeholders, the panel has identified four initial priority areas:

- **skills & employment:** to ensure Londoners have the skills to compete for and sustain London's jobs;
- **small & medium sized enterprises:** to support and grow London's businesses;
- **science & technology:** for the capital to be recognised globally as world leading hub for science, technology and innovation - creating new jobs and growth; and
- **infrastructure:** to keep London moving and functioning.

Following the publication of this plan, the panel will develop a full implementation plan for each of the priorities. The panel will also develop a clear view of areas such as housing, transport, aviation and schools where city wide policies outside of the LEP's remit are important to the delivery of the jobs and growth agenda, while recognising that the Mayor leads on these.



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PRIORITY 1: SKILLS & EMPLOYMENT

In order for London's economy to grow, employers need to have a workforce with the knowledge, experience and skills to help them run and expand their operations. The LEP wants to ensure that all Londoners are well placed to successfully compete for jobs and when in them, thrive. As such the panel has the unique opportunity to shine a light on existing government programmes, supporting that which is good and challenging that which could be better.

In addition, the LEP has the opportunity and ability to lobby for changes to the system; to ensure that the offer in London is communicated to employers and individuals; and to make sure that London's business community and the needs of its residents drive the skills and employment system.

Therefore the panel's priorities in this area are:

- 1. Freedoms, flexibilities and funding incentives - focus on employment and progression outcomes.** The central focus of all public investment in employment and skills must be to support people to find and sustain employment and to progress at work, thus ultimately helping to reduce the unemployment figures in London. This focus should be embedded at the heart of all commissioning and delivery of employment and skills services. Providers should be able to demonstrate the impact they have had on sustained employment and career progression.
- 2. Informed customers:** At the heart of a demand led system are informed customers who are able to make the right decisions for themselves or their businesses, in full knowledge of the options available and the opportunities that they will open up. This will mean that:
 - **Londoners** know that their chosen route is of a high quality and is valued by employers. This could mean that an effective careers guidance offer, effective careers education and a regional jobs datastore resource are empowering individuals to make relevant decisions around skills and employment choices;
 - **employers** feel that that they have confidence in the system to provide them with the skilled people that they need; are aware of what the skills offer is, and are part of the process that will influence what is provided; and
 - **providers** are able to address the requirements of the market in which they work by understanding the new and emerging sector requirements; sector replacement demands; proactively supporting apprenticeship programmes / work experience opportunities and by presenting a joined-up system that supports responsiveness, is quality assured and relevant.
- 3. Employer engagement:** There is no single, coherent marketing campaign to promote the offer or change employer perceptions to supporting Londoners. Many of London's businesses still do not think about how they can recruit locally, design their workforce to meet the needs of those who desire flexible working arrangements, how they can build apprenticeships into

their workforce, offer work experience and critically are not aware of the publicly funded support that is available to help them achieve this.

Skills & employment actions

1. Freedoms, flexibilities and funding incentives

“The long-term sustainability of this city requires that there’s much greater utilisation of what we might call London’s domestic labour force.....the skills system has to become much more market oriented in terms of what it trains people for, the standards to which it trains them, the competitive edge that it instils in people as employees.”

Greg Clark, LEP member & Global Cities

There is an opportunity for the LEP to use its strengthened role in economic development to continue to promote, champion and lead a strategic approach to employment and skills for London. This approach will aim to get more Londoners into work and to equip them with the skills they need to compete for London’s jobs. **84 per cent (183 people) of those surveyed by the panel either strongly agreed or agreed that ‘improving the skills and employment system to focus investment onto sustained employment’ is key.** Therefore, for this to become a reality the LEP calls on Government to:

- **amend the current funding structures** to further incentivise providers to respond to the needs of the economy or specific sectors to deliver job outcomes, sustainability, career progression, and given the requirement for higher level skills over the next decade, progression in learning. The LEP does not seek to meddle in market forces by centrally planning which sectors may or may not be required, but has a strong belief that with the right funding incentives in place to reward providers for progression or job sustainability, the market will drive the requirements for skills and meet the needs of the economy. This should be consistent across all Skills Funding Agency (SFA) and Department for Work and Pensions (DWP) provision. *For further detail see Appendix 3: Skills & Employment Devolution;*
- **revise funding in the capital to incentivise skills and employment providers to work with SME (including micro) businesses.** The current reality is that the funding awarded does not reflect the higher costs of delivery to SMEs with specific requirements. To ensure that no Londoner or London business is left behind, the LEP expects the government to create a tiered level of funding similar to the disadvantage uplift already available to colleges, and which builds upon the reduced funding awarded to large employers. The panel requires an ‘SME’ funding uplift which realistically reflects the higher costs of delivering to small businesses; and
- **make the GLA the 2014-20 European Social Fund (ESF) Managing Authority.** This would make the GLA, along with the LEP, directly responsible for ESF programme design and administration in the capital. This will ensure that all ESF provision meets the LEP’s skills and

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employment objectives, supporting people into sustainable work or learning and career progression.

Until these outcomes are granted, the LEP will:

- **convene a bi-annual Skills and Employment Working Group panel summit** with employers and key stakeholders to agree priorities and challenge London deliverers of employment programmes, providers working with Jobcentre Plus (JCP) customers (including Work Programme) and SFA employment related activity, and in future to monitor progress;
- **ensure that the SFA prioritises adult skills funding towards growing the number and quality of apprenticeships** across all age groups in line with demand from London’s employers;
- **ensure JCP and SFA funded providers work together** to create better integration between employment and skills providers;
- **work with London Councils’ Young Peoples Employment and Skills group** to ensure that our respective priorities align; and
- **deliver in partnership with Construction Skills a jointly funded programme** to improve the construction sector’s approach to employment and skills;

2. Informed customers

“There needs to be strong accountability mechanisms that demonstrate that colleges are doing those things which the LEP wants them to do, and that demonstrate how colleges are responding to employers needs in their area.”

Ian Ashman, Member of the LEP Skills & Employment Working Group, Principal of Hackney Community College and Chair of the London Association of Colleges (AoC)

It is the LEP’s expectation that individuals and employers will drive the skills and employment system through informed choices supported by good quality advice. **81 per cent of those surveyed by the LEP either strongly agreed or agreed that “improving the information available to employers, learners and providers to make informed choices about skills and employment provision” is imperative.** For this to be achieved a number of building blocks must be put in place. Therefore the LEP will:

- **work with the SFA, JCP, London Councils and the National Careers Service (NCS) to develop a much stronger London-wide careers/IAG offer which responds more effectively to the needs of Londoners and employers.** In particular the LEP wants to see information on London’s career pathways with job vacancies data held by Jobcentre Plus integrated into an online accessible format. The LEP will also seek to provide the labour

market information (via the Datastore, the new home of labour market information in London) to stakeholders and services providing careers advice and guidance in the capital;

- **co-invest and deliver in partnership with London First an annual Jobs and Careers Fair** for London focused on the priority and emerging sectors for the capital. This will enable Londoners to experience first-hand the range of opportunities available to them in the global city they live and work in.

3. Employer engagement

“Most skills funding seems to be provider driven and not driven by the people who are going to be allocating the jobs. If an employer says I need these skills’ that’s what the skills money should be targeted towards. The system at the moment doesn’t really facilitate that.”

Cllr Roberts, Leader of the LB of Greenwich (Labour) & LEP Member

The LEP cannot tackle London’s skills and employment challenges without the support of London’s business community. The successes of the LEP must be built upon to increase the number of London’s businesses working together to tackle unemployment in the capital. Increasing the supply of jobs available to Londoners, ensuring a level playing field in recruitment and increasing the skills levels of Londoners are key to the LEP’s success. **Nearly 80 per cent of those surveyed by the LEP felt that “simply explaining the employment and skills offer to employers to drive up demand for schemes such as apprenticeships” should be a priority of the LEP.** Therefore, promoting a shared responsibility between London’s people and businesses, the LEP will:

- **develop an employer facing campaign in partnership with London boroughs to promote the skills and employment offer in London**, including, but not limited to, apprenticeships, employability, work experience and emerging policy around pre-apprenticeships activity to stimulate demand from employers. The LEP will work with the organisations currently engaging with employers and work to provide a consistent, scalable marketing and communications approach which provides clarity to employers about who and what the system is delivering and adding value to existing initiatives. The campaign will take into account the large number of organisations and local authorities already working across the capital with businesses.
- In particular the LEP will **commit additional funding to the Apprenticeships Campaign in partnership with the National Apprenticeships Service (NAS)** to ensure that employer incentives, funding arrangements, apprenticeships training infrastructure and employer facing sales teams are promoted. The LEP will support the promotion through partners of the range of opportunities available to employers in London, including how college and private training provision can meet the skills needs of London’s businesses.
- The LEP will lead the work with service providers to ensure that **high quality clear information is available for customers to be able to make informed choices**. Working with the NCS, NAS, AoC, SFA and Work-based Learning Alliance, London Councils and the

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LEP will seek to develop a simple, easy to use online tool, accessible to individuals, employers and other stakeholders to understand how well a college or provider delivers to meet the needs of London and its people. Initially focused on apprenticeship provision; the tool will enable London's people and businesses to compare skills and employment provision across the capital against a series of common benchmarks.

Case study: TNT Post

TNT Post has established an excellent working relationship with Ingeus, who are delivering a Work Programme contract for DWP in the West of London. TNT met with Ingeus and quickly agreed to support them in their efforts to get long-term unemployed Londoners back into work by committing to recruit 50% of their new workforce from previously unemployed groups. The partnership with Ingeus has been so successful that current recruitment levels are well in excess of the 50% target.

TNT have committed to drawing down employer incentive grants and investing any of the monies generated through them back into a TNT Academy to support workforce development.

Skills & employment metrics

Aim	Target
Improve the competitiveness of Londoners by increasing numbers gaining economically valuable higher-level skills	<i>Target: Increase the overall number of Londoners qualified to Levels 3 & 4 or above by the end of the Mayoral term while closing the gap between the growth boroughs (former Olympic host boroughs) and the London average.</i>
Support the Mayor in achieving his target for apprenticeships and ensure pre-apprenticeships activity sits within the wider portfolio of apprenticeships activity	<i>Target: 250,000 apprenticeships by the end of the Mayoral term</i>
Develop Londoners' skills to meet the needs of new and existing industries	<i>Target: London remains top of the European Cities Monitor rankings for recruiting qualified staff</i>
Ensure that Londoners from disadvantaged groups have the necessary skills they need to succeed	<i>Target: raise proportion of disadvantaged groups including BAME, lone parents, offenders qualified to Level 2, 3 & 4 or above</i>
Ensure that skills growth occurs in the most deprived parts of London as part of the wider convergence agenda	<i>Target: raise the proportion of residents of the most deprived boroughs qualified to Level 2 or above</i>
Increase the number of part-time job opportunities in London	<i>Target: 20,000 additional quality part-time jobs by the end of the Mayoral term</i>
Ensure job opportunities are accessed in the most deprived areas of London	<i>Target: narrow the gap between the JSA claimant rate in London's most deprived boroughs and the London rate</i>
Ensure that that London's unemployment rate is no greater than that of the rest of the UK.	<i>Target: narrow the gap between the unemployment rates in London and the rest of the UK</i>

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PRIORITY 2: SMALL AND MEDIUM SIZED ENTERPRISES (SMEs)

London is home to over 800,000 small and medium sized enterprises (SMEs), including microbusinesses, that represent 99.8%⁷ of London's private sector businesses. SMEs represent nearly 50 per cent of all employment opportunities in the capital and (excluding the financial and insurance sector) account for approximately £430 billion of business turn-over. Despite this significance, SMEs can often be overlooked by policy makers in favour of the global corporates that are synonymous with the capital. Yet, it is the small business community which is at the forefront of reshaping of London's economic landscape in the 21st century.

In order to maximise growth and employment potential for the capital, businesses must be supported to make the journey from start up to high growth. The LEP must harness the energy of London's SMEs, including microbusinesses, to better effect, improving their connectivity with the private and public support they need to grow. To achieve maximum impact, the LEP will focus on four interrelated areas in which connectivity is key:

- 1. Access to finance:** Small businesses need to be able to access the finance they require to support their operations and invest to meet their future growth potential.
- 2. Increasing trade and export:** there is significant untapped opportunity for London microbusinesses and SMEs to increase trade activities
- 3. Workspace:** decline of the traditional high street and affordable workspace in recent years has challenged the way many SMEs face the market, as well as how and where they identify spaces in which to operate.
- 4. Business support and networks:** In spite of a wealth of information available to businesses in the capital, the information is often complex, hard to access and lacks London specific relevance. To that effect, the LEP will seek to coordinate and signpost SMEs and microbusinesses to existing business support programmes and initiatives.

SME actions

Micro, small and medium sized enterprises in London are of significant importance to the creation of employment and economic growth in the capital. **Of those surveyed⁸, 56% strongly agreed and 35% agreed that SMEs can deliver significant jobs and growth in London over the next few years.**

⁷ Source: *Business Population Estimates*, BIS

⁸ Jobs and growth in London's economy – The London Enterprise Panel's (LEP) strategy Survey 2013.

The activities identified for each of the four priorities will play a significant role in the achievement of these objectives, but it is crucial to acknowledge that the priorities and activities are interdependent and should not be viewed in isolation. Furthermore, the SME priorities and activities are often strongly linked to some of the other LEP working groups, notably to the science and technology and infrastructure groups. It will also be important for solutions to be flexible enough to take into account the differing needs of SMEs in terms of their size, sector, stage of development and potential for growth.

Priority 1: Promote better SME access to finance

“We have to find commercially sustainable solutions to the needs of providing services, capital and accommodation to a growing cohort of SMEs, which means we’ve got to inspire a generation of entrepreneurs to see this as their core business. So I think that’s different. I think that’s a market led solution to those problems”.

Greg Clark, LEP Member & Global Cities

In London there is an extensive volume of funding capital available for SMEs within traditional and alternative sources of finance offered by multiple providers. So the challenges for SMEs, including microbusinesses, are not always related to the existence of available capital but how to access it within the London finance ecosystem at the right stage of their development.

Of those surveyed, 44% strongly agreed and 47% agreed that identifying and supporting activities to improve the availability and take-up of small business finance (debt and equity) should be a priority for the LEP. To that effect, three actions are proposed:

- **to map and identify the current provision of SME finance across London.** This will ensure effective mobilisation of what is currently available, whilst also identifying any gaps that the LEP could fill;
- **assess the need, potential, and possible mechanism for a finance scheme** using public funding of up to £25 million to leverage funding to assist London SMEs with potential to grow and that are having difficulties accessing capital; and
- **seek to learn lessons from public and private schemes to enable SMEs to access appropriate finance** e.g. work being undertaken by the London Food Board on micro-loans to community based food SMEs.

Priority 2: Increasing trade and export

Small businesses run London. They are the people who make London tick and they have a lot of goodwill for us to tap into. They need a vision to follow. People need to be given a reason and a way in...the rest they will lead on.”

Dr Kaneez Shaid, Director of Marketing & External Relations, Sir George Monoux College

Supporting SMEs, including microbusinesses, to grow should also be about providing support and connections for businesses to increase the sales of their products and services in new markets. This might include increasing market opportunities in the UK, promoting public sector procurement opportunities or internationally through exporting. The LEP, in partnership with London & Partners and UKTI, can play a significant role supporting SMEs considering exporting abroad.

The LEP Strategy survey identified that over 41% strongly agreed and over 48% of those surveyed agreed that increasing exports could have a positive impact in the potential growth of London’s SMEs. Therefore the LEP will:

- **design and implement the Export Programme, co-funded by European Regional Development Fund and Growing Places Fund.** The programme will be delivered in partnership with key stakeholders like London & Partners and UKTI and will support London-based SMEs by providing them with expertise, support and funding to start trading in new markets. This will include a business engagement campaign to dispel some of the myths associated with entering international markets and finding ways to inspire businesses as was achieved through sport during the London 2012 Games;
- **explore the benefits of E-commerce** as a starting point for some SMEs and microbusinesses as a model to initiate their export adventure to new markets; and
- **explore the development of a network**, building on the work of the ‘London Business Club’, to support peer to peer learning, marketing of London businesses to inward missions and the maximisation of trade events hosted in London.

Priority 3: Explore affordable workspace options

A focus on enterprise & innovation will drive job creation. New businesses especially micro and SMEs, need to be encouraged to start-up and business owners will need support in helping this growth. Stimulating innovation will lead to improved skills for owners and their teams, attracting investment and creating more jobs. Excellence in Enterprise and Innovation will showcase London as a global centre for inward investment by businesses of all sizes, in key sectors and in strategically, important geographical clusters.

Mark Kass, Head of Enterprise and Economic Development, Agilisys Ltd

Of those surveyed over 53% strongly agree and over 34% agree that co-ordinating and supporting the provision of affordable workspaces in London will enable small businesses, including microbusinesses, to develop and grow.

Affordable workspace is a wide definition that has different connotations for start-ups, microbusinesses and small companies, in comparison to the workspace challenges faced by medium

companies. The LEP acknowledges that there is a need to analyse these two issues separately, but attempting to identify interconnected solutions.

The LEP will:

- **commission research on incubators and accelerators in London.** The research will analyse the economic impact of incubators and accelerators among start-ups and small companies based at these type of premises and define how their successes (or failures) are supported and encouraged. The research will also attempt to map the different models of existing incubators and accelerators across London. It will identify geographical, sectorial or other gaps in the provision of incubators and accelerators and provide recommendations on what could be the role of the LEP and the Mayor in this agenda in partnership with the private sector; and
- **consider** work towards identifying the implications of change of usage in planning regulations of employment areas and what impact this has on medium enterprises that want to move premises and their growth potential. This will identify, and consider what actions might to be taken to remove other constraints within workspace provision for growing businesses once they move beyond the incubator and accelerator stage.

Priority 4: Raise awareness of business support services and networks

“Looking at those entrepreneurs, those one and two man bands and ensuring that we support and enable them to grow is going to be important”.

Cllr Michael White, LEP Member & Leader of the London Borough of Havering (Con)

The London business support market place provides a wide range of products and services from public and private sector organisations that address the needs of SMEs. Although the LEP views this variety as a positive sign of a dynamic city, it also acknowledges that the provision of business support services is fragmented and lacks coherence. The LEP wants to address this challenge by improving connectivity among SME services and creating a signposting tool that will allow SMEs to quickly and effectively access relevant information. To that effect the LEP will undertake a range of activities to assist coordination and awareness of existing business support services. The activities will range from:

- **facilitating coordination:** the LEP will look to assist support organisations together so that they can better co-ordinate their service provision to SMEs. This may initially take the form of workshops for service providers to ensure that they are aware of other initiatives and disseminating best practice between them;
- **sign posting tool:** the LEP’s ambition is to maximise available resources and networks and encompass a wide range of quality information and business support providers that is easily accessible and friendly to use. This will include an overview of the products and services available in London via BIS, enterprise support agencies and the private sector. Before agreeing the type of tool to be used, the LEP will analyse what shape and form is most relevant for this market and explore a range of options;

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- **campaign:** the LEP will deliver a small business campaign tying together some of the strands outlined above. The campaign will put specific emphasis in supporting different groups, like women, BAME or sectors like creative industries, food or science and technology among others;
- **ambassadors and mentoring:** LEP members’ knowledge and experience of working with SMEs are a great asset to these activities and when relevant they will become champions for this area of work. Furthermore, business to business mentoring is being identified by certain size businesses as a useful mechanism to address the challenges faced by their companies as well as a practical way to obtain advice on how best to grow their companies. The LEP will consider the availability of mentoring in London in particular at key moments such as receiving finance and explore the possibility of greater a coordination of mentoring programmes for London SMEs; and
- **Make the GLA the 2014-20 European Regional Development Fund (ERDF) Managing Authority.** This would make the GLA, along with the LEP, directly responsible for ERDF programme design and administration in the capital. This will ensure that all ERDF provision meets the LEP’s SME objectives, supporting access to SME finance, new market, networks and workspace.

Case Study: Food start-up hub

The Olive Grows is a private venture which provides fully fitted commercial kitchens for flexible hire. It offers a friendly, nurturing, professional support environment to help individuals and businesses alike make sound decisions when launching their food enterprises. The hub offers production facilities for early stage food businesses, which can rent space from as little as four hours, as often or infrequently as their trade requires. Caterers for example may need the space only when they have a function, whereas manufacturers are free to book production shifts as sales volumes dictate.

Advice and guidance is provided formally on site by the two co-founders, who are experienced in the food industry. While consultancy is charged, everyday interaction, trouble-shooting and observation of production processes are on hand at all times.

Small and medium enterprise metrics

Aim	Target
Increase the number of SMEs that access finance to grow their companies	<i>Target: SMEs ready to grow and having difficulties in accessing finance.</i>
Increase the number of London-based SMEs	

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that access new markets including expanding their trade within the UK or abroad.	<i>Target: SMEs with potential to grow.</i>
Attract private sector leverage across the actions and activities to be promoted and funded by the Mayor and the LEP.	<i>Target: Private sector organisations that will actively engage with the SME programme and provide in-kind support or possible cash-funding to some of the above mentioned initiatives. Private sector support will be leveraged on case by case basis.</i>
Increase the number of SMEs that access CompeteFor and are successful in accessing Government procured contracts	<i>Target: London SMEs that provide products and services of relevance to the Mayor's group openly tendered contracts.</i>
Evaluate innovative private and public sector models of financial and business support for SMEs in particular sectors, e.g. those developed by the London Food Board and Triodos Bank, to other sectors	<i>Target: SMEs in food but also in other sectors with potential to catalyse growth and regeneration of town centres (arts & culture, new street markets) reduced vacancy rates in London high streets particularly outer London boroughs.</i>
To encourage business support organisations, including those which are LEP members, to work together in coordinating and signposting SMEs to relevant business support programmes and initiatives.	<i>Target: Organise on regular basis relevant events among London organisations that provide business support, advice and finance to SMEs and microbusinesses.</i>
Increase the number of London-based SMEs that access new markets including expanding their trade within the UK or abroad.	<i>Target: SMEs with potential to grow</i>



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PRIORITY 3: DIGITAL CREATIVE, SCIENCE & TECHNOLOGY

The LEP's vision is to realise the potential of London's world class science and technology community to drive innovation, jobs and growth. London's ability to innovate and adapt will be critical to staying ahead in the global economy. The City's science and technology sectors are some of the most productive sectors of the economy. In 2009 London's high tech sectors contributed 14% of London's GVA from just 6% of employment⁹. High tech sectors have the greatest potential for knowledge spill over, driving innovation across the whole economy and increasing the capital's competitive advantage over other global cities.

London's science strengths

London's competitive advantage across the sciences is reflected in its world class research base; in life sciences this is on a par with the best science cities globally (notably San Francisco and Boston), having a first rate clinical training and education base, and excellent examples of partnership working. The London Molecular and Translational Imaging Centre ('Imanova'), for example, with London's three AHSCs (Academic Health Science Centres: UCLP, Kings and Imperial – AHSCs align clinical research, training and education, and healthcare delivery with the needs of the population) and the MRC (Medical Research Council) are focussing on creating new ways of diagnosing neurodegenerative diseases, cancer and other illnesses. In 2015 the Frances Crick Institute will be Europe's largest centre of biomedical research bringing together a consortium of six of the UK's most successful scientific and academic organisations – the Medical Research Council, Cancer Research UK, the Wellcome Trust, University College London, Imperial College London and King's College London – to drive innovation in new technologies. This will be one of the most significant developments in UK biomedical science for a generation.

Nevertheless, London does not stand out on the global investment map and could benefit from being positioned within the wider greater south east offer to attract greater international R&D investment. The strengths of London's research base are often undersold, and not always well understood – reflecting its depth and breadth across the sciences. London needs to champion its research strengths globally and promote opportunities for collaboration across the research, teaching and business/clinical base, with a stronger focus on translation and commercialisation.

Technology creating productivity advantages

Other cities may be vying for position, but London undoubtedly remains Europe's tech capital, with particular strengths in digital – 24,000 ICT and software companies are based in London, the highest

⁹ Eurostat definition of 'high tech' includes: manufacture of basic pharmaceutical products and pharmaceutical preparations; manufacture of computer, electronic and optical products; motion picture, video and television programme production, sound recording and music publishing activities; programming and broadcasting activities; telecommunications; computer programming, consultancy and related activities; information service activities; scientific research and development.

of any European city¹⁰. The cluster of digital firms in Shoreditch - known as 'Tech City' - has received the most attention, drawing on east London's creative and cultural vibe. London's tech strengths, however, run deeper and broader. As technology fuses across other business sectors - from manufacturing (such as the emergence of 3D printing), to financial technology, med tech and clean tech - technology is transforming London's economy, driving productivity across multiple sectors, changing the way we conduct business and the way we live.

To take advantage of these global trends, the LEP needs to ensure that London is the global city where innovation 'sticks'. This means ensuring London offers the skills firms need to innovate and grow; the underpinning infrastructure (such as ultrafast broadband); a Square Mile that is attuned to new opportunity and prepared to take risk, especially in emerging technology areas; and more effectively harnessing the interface between London's university base and the rest of London's 'innovation ecosystem' (including entrepreneurs and investors). London's creativity, its cultural assets and its more nebulous 'buzz' make London uniquely attractive to skilled workers, researchers, start-ups and investors - all of which are increasingly mobile and subject to a range of incentives from competing global hubs.

Priorities are for the LEP to:

- 1. Connect London:** help create a more 'connected London' - where businesses and investors can navigate the knowledge base, increasing investment in and interaction with London's research strengths;
- 2. Lever London's knowledge assets:** champion London's existing knowledge assets, including its world class research base, to maximise opportunities for collaboration and attract global R&D investment. Use the Mayor's power of convening to accelerate the fusion between emerging technologies and different sectors of London's economy to create and fund new business opportunities;
- 3. Create a competitive environment for science and technology firm and investors:** ensure London offers the most competitive environment for science and technology businesses to invest and grow - from planning, infrastructure and land, to skills and access to finance; and
- 4. Position London as a world leading hub for science, technology and innovation:** drive the global promotion of London as a world leading hub for science, technology and innovation.

¹⁰ <http://www.london.gov.uk/sites/default/files/digital-economy-2012.pdf>

Digital Creative, Science & Technology Actions

The LEP's vision is for London to be the world leading science and technology hub. Of all those surveyed 83% agree or strongly agree with this overarching aspiration. London has much of the essential ingredients to make this a reality, but the LEP needs to help London to be more than the sum of its parts. The LEP will aim to:

1. Connect London

'I think there's a lot of energy in London around this in terms of wanting to do the right things. I think people recognise that we are a great city and yet we can't rest on our laurels and we're not as great as we should be given the asset base that we've actually got inside the city and it shouldn't be impossible – tough maybe but not impossible – to connect up the dots to actually have a greater impact...'

Nick Turner, LEP Member, Co-Chair of the Science & Technology Working group & Senior Partner at Decision Strategies International

London's 'innovation ecosystem' refers to the flow of technology and information between people, enterprises and institutions as a key part of the innovation process. Making it easier for different parts of London's innovation ecosystem (be they firms, researchers or investors) to connect, exchange ideas, and collaborate is critical to London's competitiveness. The LEP will:

- **map London's science and technology knowledge base**, to help firms and investors identify opportunities to exchange information, ideas and collaborate;
- **use the Mayor's power of convening** to bring together London's science and technology investment opportunities (such as London's three AHSCs), with investors;
- **directly incentivise and promote collaborative behaviour** - host competitions for the most enterprising collaborations to solve London's future challenges, sponsored by the Square Mile; and
- **support enabling platforms** that bring aspiring tech entrepreneurs together with different markets to test ideas, and encourage collaboration between firms of different types and sectors.

2. Lever London's knowledge assets

"London's research and education capabilities in science, engineering, medicine, business, social sciences and the arts is amongst the very best in the world in performance and scale. These capabilities differentiate London from any other major international city. We will be innovative in engaging with research and education to produce the ideas and entrepreneurial talent to underpin high value employment in the UK and internationally."

David Gann
Chairman, Smart London Board

The breadth, depth and diversity of London’s university sector is an undersold strength. This research base underpins London’s STEM expertise and research, helps to attract global investment, stimulates the creation of new firms, and helps to address some of the world’s key problems. In order to harness this, the LEP will:

- Identify opportunities for expanding London’s existing research base in areas where London has a distinct competitive advantage;
- Link expansion opportunities to international businesses, investors, and other global partners to maximise growth potential and facilitate collaboration; and
- Champion London’s knowledge base globally, and use this strength to attract global R&D investment into the wider economy.

3. Ensure a competitive environment for science and technology firms and investors

‘It’s [London] going to have to build what we might call an ecosystem or a support framework for a different set of industries, so whereas in the last cycle, finance and business services created industries to an extent and perhaps the early stages of media and information industries were key, I think in the next cycle London will have to be successful in creating an environment in which scientific, medical and technological industries can grow and succeed, clean tech environmental and convergence technologies will be to the fore... My view is that the support framework needed for that new set of industries is going to be slightly different from the support framework that was needed for the set of industries in the previous cycle.’

Greg Clark, LEP Member & Global Cities

London’s business environment has been consistently ranked as the most competitive in Europe by Cushman and Wakefield’s European Cities Monitor for 20 years, but the global order is constantly shifting. London may be firmly established in the global rankings as a leading start-up hub, but the capital also needs to be recognised as the place to grow businesses to scale. The LEP will have an important role to play in ensuring the business environment meets the specific needs of science and tech firms and investors and that both national and European policy supports the sector’s competitiveness. This should include issues of taxation and regulation - from the time it takes to conduct clinical trials to immigration restrictions and IP protection. The LEP will:

- **inform the development of the Mayor’s lobbying position** to ensure London provides a competitive environment that supports business growth and investment;
- **ensure London has the underpinning technological infrastructure** to support rapid growth, including investment in broadband where the market will not provide;
- **increase the supply of affordable workspace** and grow-on space to retain London borne innovation;

- **encourage the development of new business models** that will enable emerging technologies to be more rapidly commercialised (for example, what new business models are required for London to be a leader in smart city innovation); and
- **lever European funding** to support the Mayor’s Smart London ambitions.

4. Position London as a world leading hub for science, technology and innovation

‘London’s promotion as a city of science and technology should be reflected in people’s everyday experience, as residents, employees or visitors e.g. ensuring public access to 4G, broadband, but also anticipating and harnessing the next wave of technology.’

Anon

London has one of the strongest and most productive science and technology sectors in Europe, but there are threats to London’s position from existing and emerging global centres. There is a significant scope to firmly establish London as a world leading R&D hub. London needs to communicate its distinct competitive advantage to the global investment community, alongside opportunities for R&D collaboration. Therefore the LEP will:

- **identify the value proposition** – what is London’s core competitive advantage relative to other global cities;
- **use the Mayor’s voice to champion London’s science and technology offer** to global partners, investors and potential collaborators;
- **support collaborative work across the greater south east** and communicate our collective strengths in science and technology; and
- **work with the Mayor’s inward investment agency**, London and Partners, to attract major global events that will put London firmly on the global investment map.

Smart London: collaboration across London’s ‘innovation ecosystem’

The term ‘smart city’ means different things to different people. ‘Smart London’ is about how the capital as a whole functions as a result of the complex interplay between its ‘systems’ – from local labour markets to financial markets and the trade networks of local firms, from local government to education, healthcare, transportation and utilities. Smart London is where the linkages between these different systems are understood, where the value from integrating these different systems is capitalised upon, and where London as a whole works more efficiently as a result.

The Mayor launched the Smart London board in March 2013 to galvanise cross working between academics, innovators and industry sectors to help develop and deliver a vision of what a ‘Smart London’ should look like. The board will have a delivery arm, the Smart London Innovation Network that will bring different networks of stakeholders together involved in unveiling smart city projects, such as those delivering and funding infrastructure schemes. The Smart London Innovation Network will reach out to entrepreneurs with challenge driven calls to solve Smart London challenges.

The successful ideas will be demonstrated, and hopefully rolled out. The aim is to help clarify market opportunities arising from London’s emergence as a smart city, support SMEs to seize these opportunities, shorten time to market for innovation and provide a pipeline of solutions to partners investing in London’s smart infrastructure.¹¹

Science and technology metrics

Aim	Target
Ensure Londoners have the STEM skills firms needs	<i>Double the number of science and tech apprenticeships by 2016, with SMEs and higher level apprenticeships accounting for 50% of the increase</i>
Incentivise and promote collaborative behaviour through competitions to solve London’s future challenges	<i>Pilot 5 innovations to solve London’s future challenges by 2016</i>
Lever European and private sector funding to support the Mayor’s Smart London ambitions	<i>Lever £3m of TSB funding, supported by additional European and private sector funds, to meet Smart London objectives</i>
Increased the supply of affordable workspace and grow on space to retain London borne innovation	<i>Increase incubation and work space provision for 100 businesses across the science and tech sector by 2016 (pending supply/demand analysis)</i>
Ensure London has the underpinning technological infrastructure to support rapid growth	<i>Lever up to £25m investment in ultrafast broadband to meet the demands of science and technology firms, and support digital inclusion aspirations, with funding committed by 2015</i>
Champion London’s knowledge base globally, and use this strength to attract global R&D investment and increase collaboration	<i>Attract £100 million of global investment in London’s R&D base by end 2016</i>
Put London firmly on the global investment map as a science and technology hub	<i>Attract at least 3 major science and technology events to London by 2016 – bringing an economic benefit of c. £60m to London, and GVA of £12m</i>

¹¹ The Chairman of the Smart London Board (SLB) is also a member of the LEP’s Creative Digital, Science & technology Group ensuring synergies across the two areas.



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PRIORITY 4: INFRASTRUCTURE

An immense network of infrastructure underpins London and enables it to function, grow and compete as a world city. As demand across the capital rises, London's networks supplying transport, energy, telecommunications, water, sewerage and waste face increased pressure. The investment available to address these challenges needs to be appropriately targeted to where most demand arises and where most growth potential exists. We need to ensure that infrastructure is adequate to meet new and modern expectations in terms of reliability, efficiency, capacity and resilience. It is estimated that by 2020 London needs infrastructure investment of around £75 billion; of this around £24 billion is needed for transport and about £8 billion for energy and water. Given London's position economically in UK terms, investing in the capital delivers a return, not just for London, but for the UK as a whole.

The LEP has funds available to it through the £36.3m ring-fenced for infrastructure spend through the Growing Places Fund. There will also be a proportion of future receipts from business rates in the Royal Docks Enterprise Zone, likely to reach £187m across 25 years. It is essential that funding is directed to places and infrastructure where it can have greatest economic impact in terms of supporting existing activity, increasing productivity, and providing a platform from which to compete for growth.

The private sector, local government and central government all play a role in ensuring investment in infrastructure meets London's needs. The LEP can also play a critical role in advocating for changes in the planning and delivery of London's infrastructure. The LEP will therefore work on five key infrastructure priorities:

1. **Invest** in infrastructure which helps unlock 'new' growth areas, leveraging private sector investment;
2. **Utilise** digital technology in transport efficiency and delivery of exceptional customer service;
3. **Drive** forward solutions which support a reliable, secure supply of electricity capable of meeting growing demand;
4. **Enable** efficient and sustainable management of energy production and use; and
5. **Support** the provision of telecommunications infrastructure delivering optimum coverage, capacity and resilience.

Infrastructure Actions

The overall aim of the LEP should be to support the Mayor and be a critical client of all the public and private sector organisations that deliver and regulate London's infrastructure, to ensure that it is world class, resilient and supports London's future growth.

The provision of infrastructure is the responsibility of many organisations in the public and private sectors and regulated utilities. All tiers of government are relevant: national policy, beyond the direct

remit of the Mayor, has a major impact on the way in which infrastructure is managed; the GLA Group is responsible for the much of London's transport network through Transport for London; and among their many functions local authorities maintain local roads, collect and dispose of waste and are responsible for planning decisions that affect infrastructure delivery. The LEP, as a business-led panel, has the ability to step back from the day to day management of London's infrastructure and assess whether it is fit for purpose. It can use its close ties with the Mayor, the GLA Group and local authorities to advise on how improvements can be made. It can use its limited but not insignificant resources to lever in additional funds and commission research. Many private sector businesses in London are also directly involved in infrastructure-related industries (nationally and globally), or are headquartered here, and their interests and expertise should also be taken into account.

"If you're thinking about relocating your global banking headquarters, being in London you know that it has the technology, it has the infrastructure, and very importantly it has the community around it of like-minded people, but also the support network of people who can fix things when they go wrong".

Chet Patel, LEP Infrastructure Working Group Managing Director of BT Wholesale Markets

Infrastructure is delivered under a variety of governance regimes in London. As a result, there isn't a comprehensive assessment of the costs and funding of London's overall requirements. Given London's anticipated growth, there is a need for reassurance that the total level of investment required - at a high level - can be funded and financed: this is a critical element of the long-term resilience and capability of London's infrastructure as a whole.

Consequently, the LEP will consider commissioning work in tandem with the next updates of the new London Plan Implementation Plan to understand the scale of the funding gaps and pressures concerning London's infrastructure investment needs. The work could pull together infrastructure planning assumptions by boroughs and infrastructure providers across London and initiate better cooperation reflecting the 'Duty to Cooperate' established through the Localism Act. The work should also reveal to what extent user charges for some types of infrastructure would need to rise and where potential efficiencies could be driven. For instance, is it helpful and efficient that the infrastructure regimes for the city are so fragmented? While there might be benefit in having multiple providers in competition with each other, are there now even more opportunities and benefits to collaboration, especially given developments in technology?

Infrastructure investment is an enabler where there is strong/suppressed demand and capacity constraints (as in London) as opposed to generating demand in areas where none currently exists. So bringing under-used areas of a large successful economy into use through key infrastructure is smart.

Lynne Miles, Associate, Arup

Many other business groups have infrastructure related expertise, including London First and the London CBI. The GLA has established an Implementation Group with a range of organisations responsible for different types of infrastructure. It has been established to support the further development of the London Plan Implementation Plan and will be relevant to the LEP's work. The Mayor's Chief of Staff also chairs the London Electricity High-level Working Group that is seeking to improve the operation of the regulated electricity supply market in the capital. The Digital, Creative, Science and Tech (DCST) sub group and the SMART London board will need to work closely with the Infrastructure sub group particularly with regard to the way in which infrastructure systems can work more intelligently together, and especially in the sphere of telecommunications. The LEP should support the drive for London's telecommunications infrastructure to be world-class to support London's future growth.

"Investment in infrastructure, not only underpins London's economic story but it also underpins London's story on liveability and on sustainability as well. Infrastructure is the common denominator there".

Greg Clark, LEP Member & Global Cities

The LEP and its infrastructure sub-group (the London Infrastructure Group) therefore have an opportunity and responsibility to:

- **advise the Mayor** on the impact on London of national and international policy regarding infrastructure development, including especially energy and climate change, and ensure that London's voice is heard in the national debate;
- **develop an understanding of the overall costs** and funding of London's existing and new infrastructure requirements, and their implications, including user charges, investment options, and efficiencies required;
- **monitor and assist with the delivery of the Mayor's stated objective** of generating at least 25% of London's energy needs by 2025;
- **receive and provide advice** on TfL's draft business plans prior to their publication;
- **advise the Mayor** on how £37m of the Growing Places Fund can best support infrastructure projects;
- **work with other stakeholders** to understand the operation of infrastructure regimes and scope for improvement;
- **promote London's expertise** in delivering infrastructure projects globally; and
- **engage in the consultation process** for the launch of the UKPN's business plan for 2015-2023 to ensure electricity infrastructure investment accommodates London's growth.

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Infrastructure Metrics

Aim	Target
Maximise the impact of GPF resources to deliver business growth through infrastructure spending	<i>Target: All GPF infrastructure funding allocated to demonstrably cost beneficial projects by 2014, with a clear plan for implementation in all cases.</i>
Understand, assess and advise the Mayor and TfL on the allocation of transport funding on projects and policies that will support economic growth in the capital.	<i>Target: Assess and comment on TfL's draft business plan for 2014/15.</i>
Commission and keep up to date a high level cost and funding plan for London's infrastructure needs, aligning with the implementation of the London Plan and supporting the Mayor's Vision 2020.	<i>Target: A draft plan in place by 2014</i>
To provide an assessment of the working of the electricity market and make high level recommendations for improvement.	<i>Target: Comment on the draft input into the draft UKPN business plan.</i>



APPENDIX 1: THE ROLE OF THE MAYOR IN LONDON

The Greater London Authority (GLA) Acts of 1999 and 2007 gave the Mayor of London citywide powers beyond that of any other city or region. Even with the repeal of influence over skills and employment in the 2011 Localism Act, the Mayor retains significant powers over Planning; Housing; and Transport.

The Mayor's existing role in these areas has enabled the LEP to become even more focused in its work; unlike other Enterprise Partnerships, it has a clear remit to secure jobs and growth for the capital, maximising its influence in areas that the Mayor does not already have direct authority over. Therefore, it is important to distinguish between those areas that are already within the Mayor's existing remit and the policy areas the LEP will choose to pursue.

Housing

The Mayor of London's Homes for London Board oversees the investment of his housing budget (approximately £3bn during the current spending period to 2015), maximizing the potential of newly acquired land assets to deliver thousands of new homes and jobs across the capital.

Chaired by Richard Blakeway, Deputy Mayor for Housing, Land and Property, the Homes for London Board brings together a mix of highly professional independent experts to help find creative solutions to London's unique housing need. Supporting and advising the Mayor on housing challenges in the capital, they will help oversee the delivery of housing programmes including the affordable homes programmes and the use of newly acquired GLA land.

Planning

In 2007, the Mayoralty was given the power – for the first time – to call in and take over major planning applications, rather than just veto them as had initially been the case. Understandably, London boroughs were apprehensive about this change. However, it is widely agreed that the powers have been used sparingly and judiciously – in each case, it can be justifiably argued that the power was invoked for the good of London as a whole.

The 2011 Localism Act granted the Mayor further devolution of Planning authority by:

- transferring the Homes & Communities Agency's (HCA) London functions to the GLA;
- transferring the London Development Agency's (LDA) functions to the GLA; and
- the creation of the London Legacy Development Corporation (LLDC) as a functional body of the GLA with responsibility for the transformation of the Olympic Park.

The transfer of HCA and LDA functions and the creation of the LLDC have involved significant additional policy, budget and staffing responsibilities for the Mayor.

Transport:

The Mayor of London holds the position of Chairman of Transport for London. On 10 May 2010, following extensive consultation, the Mayor published his Transport Strategy which sets out plans for improving London's transport over the next 20 years. The strategy has a clear vision that:

"London's transport system should excel among those of global cities, providing access to opportunities for all its people and enterprises, achieving the highest environmental standards and leading the world in its approach to tackling urban transport challenges of the 21st century."

The strategy has six key goals, to:

- support economic development and population growth;
- enhance the quality of life for all Londoners;
- improve the safety and security of all Londoners;
- improve transport opportunities for all Londoners;
- reduce transport's contribution to climate change and improve its resilience; and
- support delivery of the London 2012 Olympic and Paralympic Games and its legacy.

Tourism & Inward Investment

In addition to his statutory roles in Housing, planning and transport, the Mayor's official promotional organisation, *London & Partners*, showcases London as the best city to visit, invest and study in across the globe. It is a not-for-profit company limited by guarantee, funded by the Mayor of London and commercial partners. *London & Partners* works with other organisations in the capital and across the world to ensure that London is globally recognised as the best big city on earth.

Led by Chair Dame Judith Mayhew Jonas and CEO Gordon Innes, *London & Partners* is responsible for attracting tourism, inward investment and international students to the capital and delivering a single strategy for promoting London.

APPENDIX 2: FUNDING AND THE LONDON ENTERPRISE PANEL

The London Enterprise Panel (LEP) believes that more can be achieved by managing funds in a strategic way and leveraging funding pots against other available funding in order to maximise opportunities for growth. The LEP remains committed to ensuring investments make a real impact on jobs and growth in the capital, particularly in terms of sustained employment outcomes.

The **Growing Places Fund** is a £111 million revolving capital fund which was allocated to London in February and March 2012. A key component of the work of the LEP will be to advise the Mayor on how and where he should spend the Growing Places Fund. The revolving capital fund will be used to help establish financially sustainable projects, and will target projects which represent good value for money.

The first round of funding in London with a total of £41m available (renamed the 'London Growth Fund') was announced in March 2012 and closed in May 2012. The LEP received 16 bids of a value of £150m. Of these, ten were for infrastructure projects (seven of which specifically related to transport projects), one proposed a land acquisition, three relate to development and one proposes a skills and training centre. Whilst approximately half of these bids were initially supported, due to their complexity and scale, the majority are yet to develop into full proposals ready for investment. A second round of funding will be announced in April 2013.

The Round 2 fund will concentrate on projects which fall into the following three LEP priority areas, with the skills and employment agenda being relevant across all areas:

- SME support;
- digital, creative, science and tech sectors; and
- infrastructure (in exceptional cases, infrastructure projects will be considered).

A Prospectus for Round 2 will be published alongside this Plan.

The LEP has been granted a £500,000 **City Skills Fund**, through the Skills Funding Agency, as part of a round of funding to Local Enterprise Partnerships across the nine English regions. It is this funding that has enabled much of the research to support the evidence base for this strategy, and will also contribute to the planned implementation plan to support this and other local initiatives over the next two years.

European Social Fund

The European Social Fund (ESF) was set up to improve employment opportunities and tackle disadvantage in the European Union. The funds are delivered over seven years and in the 2007-13 programme, a total of £820million¹² was invested in London to support workless adults and young people progress into sustainable employment and to boost skills in the workforce, mostly through nationally designed programmes.

The next round of ESF funds from 2014-2020 will concentrate on locally driving growth and employment, with LEPs playing a key role in shaping the priorities for investment to ensure London's needs are met. The programme will continue to support access to employment for job-seekers and inactive people, sustainable integration of young people, in particular those not in employment, education, or training (NEET) into the labour market and upgrading the skills and competences of the workforce.

European Regional Development Fund

The European Regional Development Fund (ERDF) is used to tackle regional disparities across Europe by supporting actions such as business innovation, access to finance to SMEs, regeneration and green infrastructure. The London 2007-13 programme receives £330 million, including match funding, and is being invested in a wide range of projects that support SMEs across the capital.

The priorities for the 2014-2020 London ERDF programme will be closely aligned to the LEP objectives and will focus on supporting the growth and employment agenda. The LEP will play a crucial role in designing and overseeing the implementation of the ERDF funds in London and ensuring opportunities are maximised.

¹² This figure includes 50% domestic match-funding and 50% ESF.

APPENDIX 3: EMPLOYMENT & SKILLS DEVOLUTION: THE FUTURE?

Around £700m¹³ is spent each year delivering adult skills in London. We have 50 colleges supporting 380,000 learners and hundreds of training providers supporting thousands more employers and learners. There are some fantastic examples of world class provision and many Londoners are supported into work and helped to progress through high quality employer-led training. The freedoms and flexibilities introduced means that providers across the system have been freed from regulations and bureaucracy to respond to employers' and Londoners' needs. Initiatives such as the Employer Ownerships of Skills fund show first-hand the commitment of the government to put employers in the driving seat of skills development.

However, there are also courses that have little employer backing, that fail to prepare the learner for work or add value to the London economy. There is duplication of provision, poor performance of contracts, limited oversight of how delivery meets the needs of Londoners or our employers, and little flexibility in the funding regime to respond quickly to changing demand and supply.

In London we know that there is a significant disconnect between the skills we are producing and the skills our economy needs. We also know that tackling this disconnect is not intractable and that the solutions lie at the London level.

Successive governments have promised greater local influence over skills funding and yet little has been delivered.

The Greater London Authority Act of 1999 - the longest Act to be passed in Parliament since 1935, establishing the Mayor of London, the Greater London Authority (GLA) and the Assembly - gave the Mayor authority and powers over significant areas of London's economic regeneration and infrastructure. However, the Act did not give the Mayor any clear skills and employment powers. Both the current Mayor and his predecessor have set out proposals for the devolution of employment and skills to the Mayoral level with limited success. Most recently, in 2010, The Mayor's 'Proposals for Devolution' outlined plans for further devolution of the skills and employment system in London, and in particular argued for the Mayor to be given full powers over the allocation of a regional skills budget devolved from the Skills Funding Agency - the successor body to the Learning and Skills Council - which is now a national organisation with little regional presence and no regional skills budget. Whilst the Mayor succeeded in obtaining a number of new devolved powers in the Localism Act 2011, additional skills and employment powers were not granted. In parallel, the 2011 Education Act repealed the statutory requirement for the London Skills and Employment Board (LSEB) and the role of the Mayor with regards to adult skills spends in London.

For several years it has been a priority for London businesses, supported by the Mayor and the boroughs, to have greater influence over adult skills in the capital. In turn, this would mean better

¹³ Including Skills Funding Agency, DCLG, Department for Work and Pensions and Jobcentre Plus provision, NOMs, European Social Fund, GLA and local Borough provision.

outcomes in terms of matching the skills of Londoners to the needs of London's businesses, both large employers and SMEs.

We, the London Enterprise Panel (LEP), established formally in Spring 2012, have made this one of our key priorities, building on the earlier work of the LSEB. Whilst London is currently largely reliant on national systems to deliver its ambitions, we warmly welcome the intention of the coalition government - in line with Lord Heseltine's recommendation - to consider skills funding devolution to the local level.

For London, the ownership of skills funding is not an end in itself. We have clear goals for what we want adult skills funding to achieve in the capital, and how and why that is more effectively delivered at the London level.

It is the view of the LEP that even the current proposals such as the creation of a single funding pot for LEPs nationally to bid into from 2014/15, recommended in the Heseltine Review, do not go far enough.

For the London Enterprise Panel to deliver a step change in the employment and skills outcomes of Londoners, there has to be full involvement in setting the outcomes for the whole system rather than the ability to bid into discrete pots or to direct small portions of skills funding. We want to make significant structural change to the funding mechanisms currently in place to ensure that all mainstream funding is aligned without exception to our jobs and growth agenda and to ensure that funding drives economic growth through increased employer productivity, sustainable employment outcomes and progression in work.

The Mayor already has authority and powers over significant areas of London's economic regeneration including: strategic responsibility for European Structural Fund programmes, housing growth, planning, transport and inward investment. The Mayor has the ability - as demonstrated through the highly effective Apprenticeships Campaign - to galvanise London's employers to engage with the skills and employment system.

However, the missing piece in this economic development function is the lack of any clear skills and employment powers.

On that basis it is the view of the London Enterprise Panel that we expect that the Skills Funding Agency allocation for London to be devolved in full to the London Enterprise Panel and that this funding devolution be matched with appropriate devolution of the funding guidance set by the Government's skills strategy to maximise economic benefit for Londoners.

The impact of the system issues identified above is felt particularly in the Olympic Host Boroughs where despite the hard work, professionalism and excellent customer service skills demonstrated during the Games too many east Londoners are under qualified and un or under employed. The Mayor is determined that the LEP's improvements to London's skills and employment system will serve to address disparities in earnings, skill levels and employment rates, supporting his convergence agenda.

Alternatively, and at the very least, we require a national structural change to all mainstream skills provision. We are clear that the skills system must move away from an outdated target based

qualification system and, by linking funding to job and progression outcomes, focus on those skills employers actually want.

With this focus in place we can ensure provision leads to jobs and progression (career or into further learning) for individuals. We believe that if all provision is aligned to these outcomes, the market will function effectively without overly burdensome local commissioning. In other words, providers will only deliver skills that employers want. We believe that it is critical that public funding is tied to these outcomes to maximise its impact, and that information about outcomes is publicly available to help inform employers' and individuals' decision making.

To ensure full alignment with publicly funded provision we also expect the government to support the Mayor's call for the Greater London Authority to be awarded the status of Managing Authority for the 2014-2020 European Regional Development Fund and European Social Fund programmes. The Greater London Authority will expect all ESF and ERDF to meet the binding principles of:

- promoting sustainable employment and boosting education, skills and career progression (ESF); and
- supporting SMEs, technological development, innovation and the low carbon economy (ERDF).

APPENDIX 4: MEMBERS OF THE LONDON ENTERPRISE PANEL

London Enterprise Panel

Co-Chairs:

- Kit Malthouse AM, Deputy Mayor for Business & Enterprise
- Harvey McGrath

Members:

- Sir William Castell LVO, Chairman Wellcome Trust
- Grant Hearn, Executive Chairman, Travelodge
- Nick Turner, Senior Partner, Decision Strategies International
- Stephen Howard, Chief Executive, Business in the Community
- Sue Terpilowski, Chairman London Policy Unit at Federation of Small Businesses
- Jack Morris OBE, Chairman, Business Design Centre Group
- Chet Patel, Managing Director, BT Wholesale Markets and BT Group Director for London
- Greg Clark, Owner and CEO, The Business of Cities Ltd
- Sue Kershaw, Deputy Director of Transport at the Olympic Delivery Authority
- Councillor Chris Roberts, Leader, Royal Borough of Greenwich (London Councils' nominee)
- Councillor Michael White, Leader, London Borough of Havering (London Councils' nominee)
- Councillor Peter John, Leader, London Borough of Southwark (London Councils' nominee)

Observers:

- Gordon Innes, Chief Executive London & Partners

Skills & Employment Working Group

Co-Chairs:

- Grant Hearn, Chief Executive, Travelodge
- Jack Morris OBE, Chairman, Business Design Centre Group

Members:

- Councillor Peter John, Leader, London Borough of Southwark (London Councils' nominee)
- Sue Terpilowski, Chairman, London Policy Unit at Federation of Small Businesses

Co-optees:

- Ian Ashman, Chair of the Association of Colleges London Region
- Ian Mulheirn, Social Market Foundation
- Roy O'Shaughnessy, Shaw Trust
- John-Paul Marks, JCP, Director for London and Home Counties
- Emma Stewart MBE, Director, Women Like Us
- Paul Whitmore, Commercial Director, Morgan Sindall Group plc
- Robert Noel, Chief Executive, Land Securities
- Cllr Mark Rusling, Councillor LB Waltham Forest and Head of Office for David Lammy, MP for Tottenham

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SME Working Group

Co-Chairs:

- Kit Malthouse AM, Deputy Mayor for Business & Enterprise
- Stephen Howard, Chief Executive, Business in the Community

Members:

- Sue Terpilowski, Chairman London Policy Unit at Federation of Small Businesses

Co-optees:

- Mike Brook, Chair of Capital Enterprise
- Malcolm Bacchus, Chair the London Enterprise Committee at the Institute of Chartered Accountants (ICAEW)
- Jenny Tooth, Chief Executive of UK Business Angel Association
- Richard Shackleton, Area Business Manager for Barclays Business and champion for BB Community and Citizenship in London
- Peter Thackwray, Director of Enterprise Development, Greater London Enterprise
- Indy Johar, co-founder of Architecture 00:/, founders of Hub Westminster
- Parveen Thornhill, International Trade Director, UKTI London
- Emma Jones, Co-founder of Start-Up Britain
- Malcolm John, Malcolm John Restaurants
- Simon Pitkeathley, Chief Executive, Camden Town Unlimited
- Rajeeb Dey, CEO and co-founder of Enternships.com
- Cllr Stephen Alambritis, London Borough of Merton (London Councils' nominee)

Observers:

- Andrew Cooke, London & Partners

Digital Creative, Science & Technology Working Group

Co-Chairs:

- Nick Turner, Senior Partner, Decision Strategies International

Members:

- Sir William Castell LVO, Chairman, Wellcome Trust

Co-optees:

- Phil Smith, UK & Ireland CEO of Cisco
- Professor Stephen Caddick - Vice-Provost (Enterprise), UCL
- Professor David Gann, Deputy Principal for Research and Business Engagement, Imperial University
- Chris Mottershead, Vice-Principal (Research and Innovation), King's College London
- Dr Keith Powell, Chairman of Domainex, Biomoti and Canbex
- Julian Dixon, Chief Operating Officer, UCL Partners
- David T. Philips, Partner, SR One
- Geoff Mulgan, CEO of Nesta
- Harriet Fear, CEO One Nucleus
- Reshma Sohoni, Partner and Co-founder of Seedcamp
- Ben Southworth, Deputy Chief Executive of Tech City Investment Organisation

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- Dr Paul Brickell, Executive Director, Regeneration & Community Partnerships, London Legacy Development Corporation
- Cllr Sarah Hayward, Leader London Borough of Camden (London Councils' nominee)

Observers:

- David Slater, London & Partners

London Infrastructure Group

Co-Chairs:

- Harvey McGrath,
- Isabel Dedring, Deputy Mayor for Transport

Members:

- Chet Patel, Managing Director, BT Wholesale Markets and BT Group Director for London
- Greg Clark, Owner and CEO , The Business of Cities Ltd
- Sue Kershaw, Deputy Director of Transport at the Olympic Delivery Authority
- Councillor Chris Roberts, Leader, Royal Borough of Greenwich (London Councils' nominee)
- Councillor Michael White, Leader, London Borough of Havering (London Councils' nominee)

Co-optees:

- Michelle Dix, Transport for London's Managing Director, Planning
- Fiona Fletcher-Smith, The GLA's Executive Director of Development and Environment
- Victoria Hills, The GLA's Head of Transport
- Further Members TBC

Observers:

- Craig Harrison, London & Partners

Appendix 5: Stakeholders Consulted on the London Jobs & Growth Strategy (not including survey respondents)

Name		Organisation
Mark	Blinder	Adobe
Kieron	Hyams	Arup
Lynne	Miles	Arup
Caroline	Neville	Association of Colleges
Steve	Fox	BAM Nuttall Ltd
Nico	Macdonald	Big Potatoes
Stuart	Thomson	Bircham Dyson Bell
Ghislaine	Trehearne	British Property Federation
Dr Prabhjot Kaur	Basra	British Telecommunications plc
Charlotte	Holloway	Broadband Stakeholder Group
Alan	Patrick	Broadsight Ltd
Andrew	Ward	Brunel University
Stephen	Howard	Business in the Community
John	Spindler	Capital Enterprise
Philip	East	Careers Development Group
Bryan	Cress	CBI
Carrie	England	Central London Forward
Jim	Jessop	Central London Forward
Tom	Bolton	Centre for Cities
Steven	Bage	City of London Corporation
Edward	Perello	Desktop Genetics
Emma	Thomson	East and South East London Transport Partnership
Steve	Walker	Environment Agency
Sue	Terpilowski	Federation of Small Business
Matthew	Jaffa	Federation of Small Business
Stuart	Emmerson	Federation of Small Businesses
Omid	Ashtari	Four Square
David	Hare	Grant Thornton UK LLP
Simon	Littlewood	Grant Thornton UK LLP
Ian	Ashman	Hackney Community College
Malcolm	Bacchus	ICAEW
Julian	David	Intellect
Janet	Parkinson	janetparkinson.com
Nick	Steward	Jobcentre Plus
Jerry	Irving	Kingston Chamber of Commerce

Debbie	Akehurst	Land Securities
Greg	Clark	LEP member
Sue	Kershaw	LEP member
Andrea	Lagos	London Borough of Brent
Ian	Plowright	London Borough of Croydon
Antonia	Hollingsworth	London Borough of Hammersmith & Fulham
Stephen	Alambritis	London Borough of Merton
Amanda	Cherrington	London Borough of Sutton
Cllr Mark	Rusling	London Borough of Waltham Forest
David	Hodges	London Chamber of Commerce and Industry
Iain	Smith	London Chamber of Commerce and Industry
Iain	Smith	London Chamber of Commerce and Industry
Dianna	Neal	London Councils
Mary	Vine-Morris	London Councils
Dianna	Neal	London Councils
Jane	Harrison	London Councils
Nick	Turner	London Enterprise Panel
David	Leam	London First
Mark	Hilton	London First
Richard	Rochester	London Higher
Steve	Kerr	London Voluntary Service Council
Charlotte	Eddington	London Waste and Recycling Board
Victor	Farlie	London Work Based Learning Alliance
Laura	North	mediafutures.org.uk
Diana	Sterck	Merton Chamber of Commerce
Mark	Gray	Middlesex University
Tony	Oloya	Ministry of Justice
Harminder	Matharu	National Apprenticeship Service
Jon	Thorn	National Apprenticeship Service
Sonia	Brown MBE	National Black Women's Network
Rob	Smith	Network Rail
Stephen	King	North London Strategic Alliance
John	McGill	North London Strategic Alliance
Stephen	King	North London Strategic Alliance
Tony	Jones	One Nucleus
Charles	Sermon	Phase4 Ventures
Teresa	Folkes	PRIME
Francesca	Sidoli	PRIME
Andrew	Shaw	Queen Mary University
Darren	Richards	Royal Borough of Kingston

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David	Wilson	Savills
Jill	Lowery	Skills Funding Agency
Malcolm	Rodrigues	Skills Funding Agency
Ian	Smith	South London Partnership
Barry	Francis	Southern & Eastern TUC
Xohan	Duran	Squires and Duran P and H Ltd
Sue	Sissling	STEMNET
Gary	Robinson	TNT Post
Lucinda	Turner	Transport for London
Grant	Hearn	Travel Lodge
Jenny	Tooth	UK Business Angels Association
John	Lock	University of East London
Ian	Nichol	West London Alliance
Robert	Pollock	Westminster City Council & Tri-borough
Emma	Stewart MBE	Women Like Us
Rajeeb	Dey	www.enternships.com
David	Scheine	yelp.com
Marian	Forkin	
Keith	Powell	

Appendix 6: Glossary

Claimant count unemployment	The claimant count records the number of people claiming Jobseeker’s Allowance (JSA). People claiming JSA must declare that they are out of work but capable of, available for, and actively seeking work during the week in which the claim is made. This administrative measure will be affected by the forthcoming transition to Universal Credit.
Claimant count unemployment rate	The number of claimant count unemployed residents in an area expressed as a percentage of the sum of claimants and workforce jobs in the area. Published at national or regional level.
Commuter	In this document a commuter is someone who crosses over the Greater London boundary for the purposes of accessing a workplace on a regular basis.
Default Retirement Age	Between October 2006 and September 2011 a Default Retirement Age of 65 was in force, meaning that employers could not retire employees below age 65 unless the decision could be ‘objectively justified’. In October 2011, the Default Retirement Age was abolished and it became illegal to retire an employee of any age without objective justification.
Demography/Demographics	Demography refers to the scientific discipline that deals with aspects of population – including change, births, deaths, and migration. It often involves making projections of future populations levels and structural compositions.
Economic activity	Economically active people are those adults who are actively engaged in the economy and are in, or are seeking work. In strict terms we include people of working age who are either in employment, or are unemployed but actively seeking work and are available for work.
Economic activity rate	The economic activity rate is the proportion of a population engaged in economic activity. It is conventionally measured by dividing the economically active by the population of working age. Activity rates can also be calculated for specific groups such as males or females or for age groups.
Economic growth	The increase in the value of goods and services produced by an economy and usually measured (at the London level) by GVA.
Economic inactivity	Economically inactive people are those adults who are not employed or actively engaged in seeking work such as retirees, students, people looking after the family home and the sick and disabled. In strict terms, the economically inactive includes those not in employment, not classified as unemployed (by the ILO measure), or not either actively seeking work or available for work.
Economic inactivity rate	The economic inactivity rate is the number of economically inactive people expressed as a percentage of the total working age population. It can be calculated for any population group.
Employee	Someone who works for a person or organisation other than themselves. The relationship between employee and employer is usually defined by a contract of employment, which sets out the obligations of each party. An employee job is one held by an employee, or which is vacant, waiting to be filled. An employee may hold more than one employee job (e.g. two part-time jobs).

Employment	Generally, employment includes both those who are contracted into employment (employees) and the self-employed. There are also two ways of looking at employment: the number of people in employment or the number of jobs. These two concepts represent slightly different things, as one person can have more than one job. People aged 16 or over are classed as employed by the Labour Force Survey (LFS), if they have done at least one hour of work in the reference week surveyed or are temporarily away from a job (e.g. on holiday). Employed people can be classified into one of four categories: employees, self-employed, unpaid family worker (doing unpaid work for a family-run business) or participating in a government supported training programme. Much of the demand side analysis in this document uses the concept of jobs.
Employment rate	Employment rates can be presented for any population group as the proportion of that group who are in employment. The main presentation of employment rates is the proportion of the population of working age who are in employment.
Expansion demand	Expansion demand is the need for new employees as a result of net growth in economy. It is a product of both expansion and contraction in total employment in employing organisations. For example, if in the London economy the manufacturing sector decreased employment by 30,000 employees, yet the financial services were expanding their total number of employees by 80,000 – the economy’s total expansion demand would be the difference of the two: 50,000 employees
Forecasting	Forecasting is concerned with the production of estimates of future events. They can be based on the output of econometric models, based on previous performance and patterns, assumed to be a guide to the future, or they can be based on individuals’ (e.g. employers, analysts) views on what is likely to happen. Forecasts should always be used with care, increasingly so as they become more detailed or localised, or try to look further into the future. It is never possible to predict the future with absolute certainty: there are many uncertainties, as well as gaps in our knowledge and understanding of past and present performance as a guide to future events. Sudden shocks or changes are also by their nature unpredictable.
Further education institutions (FE(I))	Usually a college, delivering post-compulsory education and courses, often of a vocational nature.
Gross value added (GVA)	GVA is the total value of output of goods and services produced in an area less ‘intermediate consumption’ (the value of goods and services used to produce the output).
Higher education institution (HEI)	A Higher Education Institution is an organisation that delivers courses of higher education qualifications and degrees. A higher education institution is usually a university but also sometimes specific schools and institutes whose purpose is to provide higher-level education which is accredited by a university.
Higher education statistics agency (HESA)	The Higher Education Statistics Agency (HESA) is a central body responsible for collecting and compiling statistical data on Higher Education establishments in the UK. HESA was set up in 1992 and receives data from all the UK universities.

	These data are held centrally and analysed to give trends in higher education. HESA collects three main streams of records from its institutions, related to: student data; staff data; and finance data. Website: http://www.hesa.ac.uk
Household	A single person or group of people living at the same address as their only or main residence, who either share one meal a day together or share the living accommodation (i.e. a living room).
Human capital	Human capital is a loose catch-all term for the practical knowledge, acquired skills and learned abilities of an individual that make them potentially productive and thus equip him or her to earn income in exchange for labour. Varying levels of past investment in human capital provides one of the main explanation for the size of wage and salary differentials among individuals.
ILO unemployment	The ILO (International Labour Organisation) definition of unemployment is the internationally agreed definition, used by the Statistical Office of the European Union (Eurostat), the Organisation for Economic Co-operation and Development (OECD), and many other countries, including the UK. Under ILO guidelines, all people aged 16 and over can be classified into one of three states: in employment; ILO unemployed; or economically inactive. ILO unemployed people are: <ul style="list-style-type: none"> • without a job, want a job, have actively sought work in the last 4 weeks and are • available to start work in the next 2 weeks or • out of work, have found a job and are waiting to start it in the next 2 weeks. In general, anybody who carries out at least one hour's paid work in a week, or who is temporarily away from a job (e.g. on holiday) is in employment. Those who are out of work but do not meet the criteria of ILO unemployment are economically inactive.
Index	A method of showing numbers relative to a fixed base (often 1 or 100). In labour market data, it often used to show changes in a variable (e.g. unemployment) in different areas over a period of time, starting from a fixed point, e.g. January 2010. Using employment as an example, if an index over three years were created, with January 2010 chosen as the first point (i.e. set as 100), and unemployment halved over the period to January 2012, the index value at that point would be 50.
Industry	Industry is used in economics terms to categorise the activity of an employing organisation and is also referred to as a sector of the economy.
Labour demand	Demand is generally the quantity of a good or service that people wish to buy. Labour demand refers to the total number of workers or even working hours required by employers, and is usually measured in this document by the number of jobs. Demand is influenced by the customer's (employer's) purchasing power, the price of the good or service (the wages and other costs of employing someone) and the availability of alternatives (e.g. machines).
Labour force	The labour force is the number of people potentially available for work and is sometimes also called the economically active population. The size of the economically active population is given as those people on the labour market at

	any time, and includes those in work and those seeking work. It does not have to be restricted to working age people. Often, some people that are older than retirement age remain economically active.
Labour market	Labour refers to actual and potential people’s input into economic production. Actual in terms of people in work, potential in terms of people who are not in work but could notionally work. A market is an organised exchange between buyers and sellers of a good or service. The labour market is the mechanism, or market place in which buyers and sellers of labour engage. The term labour market is not so strictly defined in practice and usage though – it is used widely in its broadest sense to cover a wide range of issues that are concerned with labour and the market for labour over time, and generally is concerned with elements of labour supply and labour demand, and how these interact. For example, we are still interested in children and the subjects they study as this has implications for labour supply in the future.
Labour supply	The labour supply is made up of the total of workers making their services available to employers. The supply of labour is determined by a number of factors, including the population of working age, their economic activity rate, the number and nature of available jobs, wage levels and the influence of alternative sources of income. Individuals can offer varying levels of times and days they will work, skills and experiences they can potentially provide an employer with, or attach various conditions to making their labour available (such as working hours, pay and other benefits).
Labour turnover	Labour turnover is the total of both the inflow and outflow of workers employed by an enterprise. Workers may leave an employer for reasons of changing job, caring responsibilities, retirement, or even death. Employers may dismiss their employees because of poor performance, or because they are no longer required due to changes in technology or demand. Even where a company’s headcount is static, a significant percentage of the workforce will often leave and be replaced over the course of a year.
London Plan	The Mayor’s spatial development strategy for Greater London
Migration	Migration is the movement of people between different areas. There can be "push" and "pull" reasons for migration. In labour market usage, the availability of suitable employment opportunities is a major factor influencing migration.
NEET	Not in Education, Employment, or Training
‘Not in work’	All those of working age who are either unemployed or who are in some way economically inactive. This is a far wider definition than just those who are ‘unemployed’
Occupation	Occupation is a classification or description of a job, type of job, job title or job role. For example, ‘nursing’ would be described as an occupation. When discussing occupations, their names usually infer details about the kind of work performed or job – a set of tasks or duties, usually structured by employers; and the levels and types of skill deployed in the job. Officially, the UK government sets out systematic classifications of occupations in its Standard Occupational Classification (SOC). When analysing the labour market and aspects of employment, SOC is often used to divide up people or

	employees by the types of job they do.
Office for National Statistics (ONS)	The Office for National Statistics is the UK government agency responsible for collection and publication of official statistics. In 2008, ONS became independent and answerable to the UK Statistics Authority. As the UK's largest statistical producer, it is at the centre of the UK statistical system. A wide range of information, guides and statistics can be accessed at: http://www.ons.gov.uk/ons/index.html
Productivity	The value of output (goods and services) produced per unit of input (productive resources) used. Thus an increase in productivity means producing more goods and services with the same amount of resources, or producing the same goods and services with fewer resources, or some combination of these two possibilities. While productivity is often measured or referred to only in terms of the productivity of labour (output per man-hour), a more precise and complete view of the sources of productivity incorporates the effects of all inputs to production, including capital, land and materials.
Projections	Projections is a term often used to refer to estimates of future values of future performance of the economy. Projections can commonly be an extension of existing trends. They are commonly differentiated from forecasts - which may include fluctuations and cycles - by being linear and constant. Projections are often used for demographics, which are much less subject to short-term fluctuations and changes than business and economic trends.
Qualifications	In a labour market context, a qualification is an endowment or achievement (often formally certified) that demonstrates an individual's competence and proficiency in a specified area of activity. Qualifications are often used as conditions of entry to particular jobs, and sometimes as a proxy for measuring the broader and more amorphous concept of skills. However, not all skills require or lead to qualifications, and vice versa.
Replacement demand	Replacement demand is demand for new employees created by the need to replace employees that permanently leave their jobs because they retire, are deceased, migrate from the area, or move to another occupation.
Russell Group	Initially established in 1994 as a group of 19 leading universities in the UK engaged in public research. In 2012 the Group admitted five new members, all of which had previously been members of the '1994 Group' of smaller universities established in response to the formation of the Russell Group.
Sampling error/variability	When surveys of people, organisations and businesses, are conducted most of the time only a proportion of them are surveyed. It is often unrealistic to survey absolutely everyone – they may not all respond and reply, and it may be too costly. So a sample of the population is taken and the results are interpreted as indicative of the whole population. However, there is a risk that surveying a subset of the population cannot be guaranteed to be exactly representative of the full group's views, actions, or characteristics. Therefore there is the likelihood of some kind of variability or sampling error. Careful design of surveys and choice of sampling techniques can reduce the likely extent of variability but it can never be eliminated. The likely size of sampling error can be estimated

	using mathematical and statistical techniques.
Seasonally adjusted	Features of the labour market that statistics are collected on, such as unemployment are affected by seasonal influences like weather, the opening and closing of schools, holidays and other seasonal events. Seasonal events will hide underlying trends that could be significant for interpreting an economic time series. Removal of seasonal influences from the statistical counts should allow for assessing only the real changes over time, thus allowing for a better analysis of the more important underlying reasons for month-to-month changes.
Self-employment	Self-employed individuals work for themselves and generally pay their National Insurance themselves. The self-employed can be sole traders, or business owners, including partners. Unlike those with employee-status jobs, the self-employed generally will not have a formal contract of employment with the organisation contracting their services.
Skill(s)	<p>At its broadest level, a skill is a special ability to do something. In the context of the labour market it relates to a special ability to perform a task in work. In defining what a skill is, it is not a clear and unambiguous concept – for example a skill may be a personal characteristic such as friendliness (for use in work tasks that require customer contact); or it may be learnt such as numeracy. A skill can be simple and easy to learn, or it may be very complex and require many years to learn.</p> <p>As a result, skills can be difficult to measure – qualifications are sometimes used to indicate types and levels of skill, but the two concepts are not the same. An individual can have a skill without it being represented by a qualification. Some skills are hard to accredit to qualifications, especially personal characteristics or attributes.</p>
Standard deviation	The standard deviation offers some measure of the ‘closeness of fit’ of a calculated average to the population or set of values that it is calculated from. For example, calculating the standard deviation in the weekly hours of full time employees will show how well the average (40 hours in 2002) captures the diversity of working weeks: if the cases are clustered together (i.e. most people work close to the average of 40 hours), the standard deviation is small. When the examples are spread far apart (i.e. if the average is based on a wide variety of results) there is a large standard deviation.
Standard error	The standard error is an estimate of the scale of the standard deviation, and a means of expressing the accuracy and reliability of results from a random sample survey. The standard error of a statistic depends on the sample size. In general, the larger the sample size the smaller the standard error, although the error cannot be completely removed.
Standard Industrial Classification (SIC)	Standard Industrial Classifications (or SIC) is a method of classifying industries into certain groups or categories by activity according to an established standard set by the UK government. The Standard Industrial Classification sometimes uses letters or codes as shorthand to describe the type of industry – for example, you may find an industry referred to as SIC61 rather than by its name or title (Telecommunications). This analysis has used SIC (2007).

<p>Standard Occupational Classification (SOC)</p>	<p>The Standard Occupational Classification (SOC) is a classification system used to define occupational areas and job types according to an established standard set by the UK government. The structure of the SOC is based on two main concepts:</p> <ul style="list-style-type: none"> • the kind of work performed or job – a set of tasks or duties, usually structured by employers • the concept of skill – defined for as the skill level - the complexity of the tasks and duties to be performed; and skill specialisation – the field of knowledge required for competent, thorough and efficient conduct of the tasks.
<p>State pension age</p>	<p>The age at which someone can claim a state pension, although people can choose to defer the receipt of their state pension beyond this age. Currently the state pension age for men is 65. It was 60 for women until 5 April 2010, but women’s state pension age began to increase thereafter and will reach 65 by November 2018. In reality, people do not necessarily retire at state pension age – they can and do retire if they are younger or older.</p>
<p>Time series data</p>	<p>Time series data are values or results obtained over intervals of time. They are usually gained from the measurement of one variable (e.g. the number of people in employment), using the same method over consistent intervals of time. An example of time series data would be the Labour Force Survey (LFS) results that have been used to track unemployment on a consistent basis every quarter since 1992.</p>
<p>Training</p>	<p>Training is the process of coaching in or accustoming an individual to a mode of behaviour or performance; or to make proficient with specialized instruction and practice. In the labour market context it refers to the process of improving workforce skills, either by employer instruction or by educational institutions, on or off the job, and with or without formal qualifications.</p>
<p>UCAS points score</p>	<p>A means of differentiating students at A level and other post-GCSE examinations. For example, at A-level an A* counts as 140 UCAS points whereas an E grade at AS level counts as only 20 UCAS points. The system is not used universally by UK universities.</p>
<p>Unemployment</p>	<p>Unemployment, in terms of its use to describe a group of people whom we may be concerned about, it is more correctly described as ‘people who are not in work or employment but who want to work’. However, there are a variety of ways of precisely classifying and measuring it. Unemployment has long been one of the most difficult and contentious of labour market statistical measures. In the UK there are two key statistical measures of unemployment - that of the International Labour Organisation (ILO) and the Claimant Count.</p> <p>The most widely recognised definition of unemployment is that of the ILO, the measure used by the Labour Force Survey. This records as unemployed, those who have undertaken no paid work in reference week (i.e. when they are interviewed), are starting, or are available to start work in the next fortnight and have actively sought work in the preceding four weeks. No account is taken of the individual’s age, family status or eligibility for unemployment related benefits. This definition is commonly referred to as ILO unemployment.</p>

	The Claimant Count is an administrative measure of those eligible for unemployment related benefits, i.e. Jobseekers Allowance, National Insurance credits. Those eligible for these benefits do not include all those in the ILO measure and the eligibility criteria for the relevant benefits have been altered over time. Therefore, the claimant count is often seen as a partial measure of unemployment. It is, however, free from sampling errors (it is a 100% count) and is available for very small geographical areas and by age and duration of benefit claim.
Unit wage costs	The Office for National Statistics calculates unit wage costs as the average of total wages and salaries per job.
Wages	Wages (and earnings) relate solely to financial income from paid work, e.g. salaries and bonuses but not including non-financial perks. These terms are not synonymous with income, which is a more widely encompassing definition, including benefits, share dividends and bank/building society interest, etc. Only limited official information is available on earnings at the local level, mostly related to average hourly and weekly earnings.
Workforce	The number of people available for work. A generic term that can be used in reference to a country or area, a particular type of work, or even an individual organisation.
Workforce jobs	Workforce jobs are calculated by summing employee jobs, self-employment jobs from the Labour Force Survey, HM Forces and government-supported trainees. They are a measure of jobs rather than people. For example if a person holds two jobs, each job will be counted in the workforce jobs total.
Working age	Working age is defined in this work as all those aged between 16 and 64.
Workplaces	A specific site or geographic location where people are employed. Workplaces differ from enterprises, employers or organisations - which may be a collection of workplaces controlled from a central point

Appendix 7: References

Aston University, *London Business Demography*, Greater London Authority, 2013

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Chinese

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Hindi

यदि आप इस दस्तावेज की प्रति अपनी
भाषा में चाहते हैं, तो कृपया निम्नलिखित
नंबर पर फोन करें अथवा नीचे दिये गये
पते पर संपर्क करें

Vietnamese

Nếu bạn muốn có văn bản tài liệu
này bằng ngôn ngữ của mình, hãy
liên hệ theo số điện thoại hoặc địa
chỉ dưới đây.

Bengali

আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি
(কপি) চান, তা হলে नीचेर फोन नम्बरे
বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

Greek

Αν θέλετε να αποκτήσετε αντίγραφο του παρόντος
εγγράφου στη δική σας γλώσσα, παρακαλείστε να
επικοινωνήσετε τηλεφωνικά στον αριθμό αυτό ή ταχυ-
δρομικά στην παρακάτω διεύθυνση.

Urdu

اگر آپ اس دستاویز کی نقل اپنی زبان میں
چاہتے ہیں، تو براہ کرم نیچے دئے گئے نمبر
پر فون کریں یا دیئے گئے پتے پر رابطہ کریں

Turkish

Bu belgenin kendi dilinizde
hazırlanmış bir nüshasını
edinmek için, lütfen aşağıdaki
telefon numarasını arayınız
veya adrese başvurunuz.

Arabic

إذا أردت نسخة من هذه الوثيقة بلغتك، يرجى
الاتصال برقم الهاتف أو مراسلة العنوان
أدناه

Punjabi

ਜੇ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਦੀ ਕਾਪੀ ਤੁਹਾਡੀ ਆਪਣੀ ਭਾਸ਼ਾ
ਵਿਚ ਚਾਹੀਦੀ ਹੈ, ਤਾਂ ਹੇਠ ਲਿਖੇ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਹੇਠ
ਲਿਖੇ ਪਤੇ 'ਤੇ ਰਾਬਤਾ ਕਰੋ:

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં
જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર
ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

