

## Skills, Economy and Growth Scrutiny Commission

All Members of the Skills, Economy and Growth Scrutiny Commission are requested to attend the meeting of the Commission to be held as follows:

**Wednesday, 17th April, 2019**

**7.00 pm**

**Council Chamber, Hackney Town Hall, Mare Street, London E8 1EA**

**Tim Shields**

**Chief Executive, London Borough of Hackney**

Contact:

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**Members:** Cllr Mete Coban (Chair), Cllr Polly Billington, Cllr Richard Lufkin (Vice-Chair), Cllr Sam Pallis, Cllr Steve Race and Cllr Gilbert Smyth

## Agenda

**ALL MEETINGS ARE OPEN TO THE PUBLIC**

- 1 Apologies for Absence**
- 2 Urgent Items / Order of Business**
- 3 Declarations of Interest**
- 4 Minutes of Previous Meeting** (Pages 1 - 28)
- 5 Executive Response for Future World of Work and Skills in Hackney Scrutiny Review** (Pages 29 - 142)
- 6 Roundtable Discussion and Business Conference for Scrutiny Commission Review** (Pages 143 - 144)
- 7 Draft Terms of Reference - Making the Economy Work for Hackney Review** (Pages 145 - 168)
- 8 Skills, Economy and Growth Scrutiny Commission 2018/19 Work Programme** (Pages 169 - 184)
- 9 Any Other Business**

## Access and Information

### Getting to the Town Hall

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Induction loop facilities are available in the Assembly Halls and the Council Chamber. Access for people with mobility difficulties can be obtained through the ramp on the side to the main Town Hall entrance.

### Further Information about the Commission

If you would like any more information about the Scrutiny Commission, including the membership details, meeting dates and previous reviews, please visit the website or use this QR Code (accessible via phone or tablet 'app')

<http://www.hackney.gov.uk/individual-scrutiny-commissions-governance-and-resources.htm>



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All those visually recording a meeting are requested to only focus on recording councillors, officers and the public who are directly involved in the conduct of the meeting. The Chair of the meeting will ask any members of the public present if they have objections to being visually recorded. Those visually recording a meeting are asked to respect the wishes of those who do not wish to be filmed or photographed. Failure by someone recording a meeting to respect the wishes of those who do not wish to be filmed and photographed may result in the Chair instructing them to cease recording or in their exclusion from the meeting.

If a meeting passes a motion to exclude the press and public then in order to consider confidential or exempt information, all recording must cease and all recording equipment must be removed from the meeting room. The press and public are not permitted to use any means which might enable them to see or hear the proceedings whilst they are excluded from a meeting and confidential or exempt information is under consideration.

Providing oral commentary during a meeting is not permitted.

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<b>Skills Economy and Growth Scrutiny Commission</b> 17 <sup>th</sup> April 2019 <b>Minutes of the previous meeting and Matters Arising</b>	Item No <b>4</b>
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## OUTLINE

Attached are the draft minutes for the meetings held on 10<sup>th</sup> December 2018.

### **Action and Matters Arising Update**

**Action page 5 - The Head of Economic Regeneration to circulate the date once agreed.**

#### **Response**

**Action page 8 - Cabinet Member for Planning, Business and Investment to report back on the number potential highstreets identified.**

#### **Response**

Written response is attached on pages 25-27.

**Action page 14 - Cabinet Member for Employment, Skills and Human Resources to report back on the timeline for the self-employed union.**

#### **Response**

Update to be provided at the meeting.

## ACTION

The Commission is requested to agree the minutes and note matters arising.

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London Borough of Hackney  
Skills, Economy and Growth Scrutiny Commission  
Municipal Year 2018/19  
Date of Meeting Monday, 10th December, 2018

Minutes of the proceedings of  
the Working in Hackney  
Scrutiny Commission held at  
Hackney Town Hall, Mare  
Street, London E8 1EA

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**Chair** Councillor Mete Coban

**Councillors in Attendance** Cllr Polly Billington, Cllr Richard Lufkin (Vice-Chair), Cllr Sam Pallis, Cllr Steve Race and Cllr Gilbert Smyth

**Apologies:**

**Officers In Attendance** Suzanne Johnson (Head of Economic Regeneration), Stephen Haynes (Director – Strategy, Policy and Economic Development) and Andrew Munk (Head of Employment and Skills)

**Other People in Attendance** Councillor Guy Nicholson (Cabinet Member for Planning, Business and Investment), Councillor Carole Williams (Cabinet Member for Employment, Skills and Human Resources) and Councillor Aron Klein

**Members of the Public**

**Officer Contact:** Tracey Anderson  
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## Councillor Mete Coban in the Chair

### 1 Apologies for Absence

1.1 No apologies for absence.

### 2 Urgent Items / Order of Business

2.1 There was a change to the order of business. Item 8 was taken first followed by the remaining discussion items as per the agenda.

### 3 Declarations of Interest

3.1 There was no declarations of interest.

#### 4 Minutes of Previous Meeting

- 4.1 The minutes of the previous meeting held on 3<sup>rd</sup> September 2018 were approved.
- 4.2 The minutes of the previous meeting held on 22<sup>nd</sup> October 2018 were approved.

<b>RESOLVED</b>	Minutes were approved.
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#### 4.3 Actions update from meeting on 3<sup>rd</sup> September 2018

##### 4.3.1 Action – page 9

The Licensing Team Leader to confirm if the Gambling Commission collates information on the amount spent in gambling establishments in Hackney borough.

##### Response

The Licensing Team Leader advised he was unable to identify information specific to the borough. However research in 2015 by NatCen for Social Research carried out on behalf of the Gambling Commission, provides information on gambling participation in various regions across the Country. The link below provided the figure for London but there is no further breakdown beyond that.

<https://www.gamblingcommission.gov.uk/PDF/survey-data/Gambling-behaviour-in-Great-Britain-2015.pdf>

The Licensing Team Leader also highlighted that the most recent statistics by the Gambling Commission gives the Gross Gambling Yield (GGY) figure which essentially the amount is raised by the gaming industry after winnings are paid out. The headline statistics can be found using the link below.

<https://www.gamblingcommission.gov.uk/news-action-and-statistics/Statistics-and-research/Statistics/Industry-statistics.aspx>

##### 4.3.2 Action– page 16

The Head of Economic Regeneration and the Head of Corporate Programmes to provide a formal response to the Commission in response to the SEG Commission's BAME summary report.

##### Response

This update was provided under item 8

##### 4.3.3 Action – page 16

The Head of Economic Regeneration to circulate the dates of Business Forums to the Commission.



Response

An email providing a link to this information was circulated to members of the commission.

Members pointed out the Stamford Hill Business Forum was due to meet before Christmas. Members enquired if a date was set for this business forum.

One Member advised she had signed up to Dalston Business Forum because it is relevant to her Ward and suggested the other Commission Members sign up to the business forums to monitor their progress.

The Head of Economic Regeneration advised she would confirm and get date circulated once agreed.

<b>ACTION</b>	The Head of Economic Regeneration to circulate the date once agreed.
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4.3.4 Action – page 17

The Overview and Scrutiny Officer to circulate the previous Cabinet Question Time session topics and minutes of the session previous session to Members of the Commission.

Response

This was circulated.

4.3.5 Action – page 17

The Chair and Overview and Scrutiny Officer to draft the Terms of Reference for the Commission.

Response

This is currently going through the Commission's sign-off process.

## 5 Cabinet Question Time - Planning, Business and Investment

5.1 The Chair welcomed to the meeting Councillor Guy Nicholson, Cabinet Member for Planning, Business and Investment from London Borough of Hackney.

5.2 The Chair asked the Cabinet Member to start the session by providing a response to the questions submitted in advance of the meeting. They were related to regulatory services, the Community Infrastructure Levy and the economy.

5.3 The main points from the response are outlined below.

5.3.1 In response to Members questions about the measures to ensure landlords are compliant and the action taken to discourage multiple occupancy.

5.3.2 The Cabinet Member explained in terms of planning services the first step is to define a Housing of Multiple Occupancy (HMO). In planning terms if 6 people live in a dwelling but it's not converted this is not classified as a HMO. If a

- home has additional baths, sinks and toilets and divided up for unrelated people this is a HMO.
- 5.3.3 Planning Services can take enforcement action and demand for a planning application to be completed if the HMO is illegal. This becomes a retrospective application. In regards to the number of unauthorised HMOs. There were 25 cases in 2017 of alleged unauthorised HMOs. There were 3 refusals for HMO applications last year and 2 of those were retrospective applications. This shows that a retrospective planning application may not get approved following enforcement action. Illegal HMOs can be identified by members of the public or a planning officer.
- 5.3.4 In response to Members questions about the Community infrastructure levy. The Cabinet Member explained attached to the community infrastructure levy is the Regulation 123 list. This list is a legal document that sets out the infrastructure needs for the borough. This list is compiled from all the different service areas operating and delivering services within the borough. It covers services such as GP surgeries, the council's plans around school places and planning for future places, community centres, libraries, leisure centres, it picks up on transport infrastructure - highways, parks and open spaces.
- 5.3.5 The list was last updated in 2015 and identified about £1 billion worth of investment required to deliver the infrastructure needs in the borough over the next 10 years.
- 5.3.6 The Council is about to commence a review of the Regulation 123 list. This process starts with all service areas outlining their infrastructure needs and this starts to curate and direct the spending for the levy.
- 5.3.7 The Community Infrastructure Levy commenced in 2015 and since then approximately £30 million has been pulled together. This levy is not the same at the Section 106 funding. As new developments are agreed it adds to the funding stream.
- 5.3.8 The Community Infrastructure Levy does not focus on new homes this comes under Section 106 contributions.
- 5.3.9 The Community Infrastructure Levy has 2 elements the Neighbourhood CIL and Hackney community infrastructure CIL (a main fund and neighbourhood fund). In the coming months there will be discussion about where the neighbourhood CIL should be spent. There are suggestions to spend it on communities and wards rather than infrastructure. Currently this fund has £3 million allocated. The remainder of the fund is either being spent or allocated. However there is still a small balance to be spent. The Cabinet Member pointed after five years they have 30 million. This balance is small in comparison to the £1 billion of spend needed over the next 10 years.
- 5.3.10 Members were informed the CIL has contributed toward such projects like:
- Narrow way scheme
  - Hackney Wick station
  - Olswald Street Day Centre.
- 5.3.11 Members were informed there is no indication the CIL is diminishing. It has a regulated process with a set criteria for the levy and this is based on land values. However the land values will be reviewed and that will adjust the levels of levy receipts.

- 5.3.12 In response to neighbourhood CIL and the decision criteria for CIL receipt spend in neighbourhood areas. Members were informed there will be discussions about how to spend the CIL to support the needs across the borough and in wards.
- 5.3.13 In response to Members questions about the economy and how successful the Council has been at working with local businesses to ensure access to employment opportunities for local residents. The Council's business network have just under 2000 subscribers. This membership has fallen following the introduction of GDPR. The Economic and Regeneration team make referrals and introductions to local businesses to the Employment and Skills service.
- 5.3.14 In response to Members question about the council's plans to protect its highstreets. The Cabinet Member explained this activity falls under a number of spheres. One of these is the planning system. The Local Plan supports highstreets and economic clusters (both big and small) around the borough. It was highlighted that Shoreditch in planning terms is not a designated town centre. In planning policy terms it is not described as a town centre but a major hub because it is part of the central activity zone.

#### 5.4 Questions, Answers and Discussions

- (i) **Members referred to the work to protect high street and to the recent change in legislation to Fixed Odds Betting Terminals in betting shops. Members commented this is expected to result in a number of betting shops closing. Members enquired if this was expected in Hackney and if it was, what would be the impact?**
- (ii) **In reference to the statistic that 70% of London's high street do not fall within a town centre boundary. Members made the following enquires:**
- **How many high streets do we have in Hackney?**
  - **How many have formal policy designation?**
  - **Is there potential to bring policy to high streets that are not designated and have these areas been identified?**
- (iii) **Members referred to article 4s and multiple occupancy homes and enquired if the council used article 4s in conservations area to prevent HMOs as a contravention under character? If not would this something the council would consider doing?**
- (iv) **Members enquired what constitutes sustainable infrastructure.**
- (v) **Members referred to energy and commented it was their understanding that energy did not form part of the Community Infrastructure Levy. Members enquired if further information could be provided about this and queried how the council could use the CIL to leverage other financial investments to create the clean energy infrastructure needed?**
- (vi) **Members referred to the planned expansion of economic activity at the HereEast and Hackney Wick sites and enquired how the council could ensure they worked together to increase the activity across the borough and not compete?**

- (vii) **Members enquired if the council was ensuring young people have access to the skills that the jobs at HereEast and in Shoreditch will offer in the next few years?**

In response to the questions above the Cabinet Member provided the following replies:

The council has no insight on the impact of the restrictions to fixed odds betting terminals or to the viability of betting shops in the borough. It was pointed out there is huge demand for commercial space in Hackney. It was noted that in the past the council has used its planning powers to halt the growth of betting shops in the borough. The council does anticipate there will be changes to the industry, but as a multinational company they do not qualify for business rate relief. Therefore if they do vacate the borough the Cabinet Member is confident the Regeneration Team will work to promote the empty spaces to a wider market.

Designated town centres have to go through the London plan and are placed on a designation list. Members were informed areas such as Chatsworth Road and Green Lanes are designated as local town centres. Whereas Hackney Central was designated as a major town centre and Dalston as a regional town centre. Members were reminded that Shoreditch was under the central activity zone and a different policy designation applied to the central zone square mile.

It was noted that the GLA had agreed to upgrade Hackney Central to a major regional town centre and upgrade Stamford Hill to a local town centre. However they have not agreed to the designation of Clapton as a local town centre. The reason for this it is a reactive not proactive. The council still needs to do more work to create a coherent town centre. The designation is through planning policy lenses not local view. The original designations still remain in place. It was highlighted that Hackney Wick is in a similar position to Clapton and has not been designated.

The cabinet member advised he would report back on the number potential highstreets identified.

<b>ACTION</b>	Cabinet Member for Planning, Business and Investment to report back on the number potential highstreets identified.
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Article 4 directions are used for a number of things and the Council has used it to challenge the Government on its relaxation of planning regulation in relation to the conversion of commercial property to residential dwellings. Under this change approximately 350 homes have been created in the borough through permitted development rights. It was pointed out to Members that none of the homes have been affordable or subject to the affordable homes criteria.

For sustainable CIL the Narrow way project was cited as an example of the council using the leverage of the CIL to acquire further investment. It was pointed out the CIL was the catalyst for bringing investment together to complete this project.

In terms of energy, it is through the sustainability agenda imposed on the different service areas that sustainability investments are made and currently this is based on the 2015 service area plans.

To deliver energy when the new list is produced they must ensure all the energy requirements are embedded in the infrastructure needs.

In terms of connecting town centres like Hackney Wick and Fish Island. The council's view is they are complementary economies in the borough. The Council has expressed they are complementary economies and encouraged businesses to work in collaboration. Particularly businesses that have moved to Hackney Wick for expansion because they need more space.

The question on skills was passed to the Cabinet Member for Skills, Employment and Human Resources to respond.

## **6 Cabinet Question Time - Employment, Skills and Human Resources**

- 6.1 The Chair welcomed to the meeting Councillor Carole Williams, Cabinet Member for Employment, Skills and Human Resources. Also in attendance for this item was Stephen Haynes, Director Strategy, Policy and Economic Development and Andrew Munk, Head of Employment and Skills from London Borough of Hackney
- 6.2 The Chair asked the Cabinet Member to start the session by providing a response to the questions submitted in advance of the meeting. They were related to employment and skills, equalities and the Council's relationship with local employers.
- 6.3 The main points from the response are detailed below.
  - 6.3.1 In response to questions about employment and skills and the council's plans for the future growth of industries where businesses are relocating to Hackney. The Cabinet Members for Employment, Skills and HR advised her portfolio crosses over with Cllr Nicholson and where this happens they take opportunities to collaborate. Where it is not just employment being discussed they connect and collaborate as with this case. An example of this is a meeting with Stanstead Airport. In that meeting they did not just talk about the vacancies coming through.
  - 6.3.2 A key priority for the council is to ensure Hackney residents benefit from the growth in the borough, London and across the UK. It is acknowledged that resident will not just work in Hackney, especially if they develop the skills identified for growth industries like the digital and creative sector. It is recognised these skill sets can take you anywhere in the world not just in the UK.
  - 6.3.3 The Council also recognises that businesses want softer skills too. Through the employment pathways team and the employment and skills services they are working to develop and deliver this training. The council is also doing some work on providing experience such as insight days and work experience for Hackney's young people.

- 6.3.4 The Cabinet Member reminded members of the commission the council still has a STEM commitment and they are working with education providers and businesses to close that skills gap. This is being delivered in partnership with Cllr Bramble, Deputy Mayor and Cabinet Member for Education, young people and children's social care.
- 6.3.5 In response to question 2 about the Commission's last review report and a recommendation related to setting up a union to support self-employed workers. The Cabinet Member explained she was in conversation with relevant cabinet colleagues about this and the officers are exploring the possibility of Hackney becoming a location for a self-employed union. The borough does have approximately 24,000 people registered as self-employed.
- 6.3.6 In response to question 3 about how to support young people who leave alternative provision and PRUs to transition to adult learning. The councils does the following:
- Promotes its apprenticeship scheme and the Hackney 100 programme to schools colleges and other organisations working with young people. The Hackney 100 programme is a paid work experience programme which seeks to ensure 50% of participants are from disadvantaged groups.
  - Through the carers collaboration use their mailing list to promote services.
  - Use social media to target young people and present at assemblies. The council also engages with 20-24 year olds in Hackney.
  - Partners with Young Hackney, virtual schools and other partners who work with NEET and disadvantaged young people.
  - Will relaunch their pre-employment scheme in 2019. This programme targets cohorts who are over looked such as care leavers, NEET and those who have experienced the criminal justice system.
- 6.3.7 In response to the question that enquired about the effectiveness of Hackney Works (HW). Between April and September 2018 a total of 687 residents signed up to the services. This is a 47% increase in registrations compared to the same period last year. From April to September 2018 the HW clients benefited from over 1400 employability interventions aimed at addressing the barriers to employment. These interventions included volunteering, training and interview preparation.
- 6.3.8 From April to September 2018 Hackney Works achieved over 200 job starts. Representing a 28% increase in job starts in the same period in 2017. The service area does not currently collect data on salary levels. But it is a key priority for the service area to work with employers who pay the London living wage (LLW). It was pointed out that the advisors who support HW clients do continue to provide in work support to their client to help with progression to higher paid roles. Including support to access relevant training to develop their skills.
- 6.3.9 In response to the question about progression and the council's apprenticeship programme. The apprenticeship programme was a key manifesto commitment in 2016 and again this year. The number of apprenticeships has increased from 30 (at the start of 2016) to currently employing of over 100 young people as apprentices. It was highlighted the council's scheme pays the LLW to apprentices and the programme is open to anyone up to the age of 65. The Council now has apprentices in the following service areas:
- IT

- Surveying
- Paralegal
- Design
- Housing
- Engineering.

- 6.3.10 The Council has removed the GCSE requirement in its apprenticeship programme.
- 6.3.11 In 2017/18 7% of all the new apprenticeship starters were care leavers, 9% had a disclosed disability and 16 were young black males. Currently 26% of the apprentices are studying for a higher degree level. Up from 6% in 2016/2017.
- 6.3.12 In response to Members questions about equalities sexual harassment, improving diversity at a senior level and disabled staff, the Cabinet Member advised the Council's Corporate Committee reviews all HR policies. The policy for harassment and bully was recently updated and a training session for all Councillors was scheduled to update them on the changes to the harassment and bully policy. The Cabinet Member offered to reschedule this training in the New Year.
- 6.3.13 The Cabinet Member informed Members the council takes a zero tolerance approach on this policy and provides managers with training on how to deal with allegations. The cabinet member pointed out the policies and procedures in place include sexual harassment and are robust.
- 6.3.14 The council directly employs approximately 3000 full time equivalent staff. The Council is also committed to promoting a diverse workforce. The council is doing this through the single equality scheme and promoting it under the 'culture of inclusive leadership' objective. This was also highlighted in the work the council has been doing on improving outcomes for young black men.
- 6.3.15 The council is aware that a demographically diverse workforce can help to drive innovation which is good for the organisation and staff. The council has held a number of focus groups with staff and they have been well attended. The Council has an inclusive leadership programme and they are looking at unconscious bias and how that needs to be tackled across the organisation as well as developing staff to recognise their unconscious bias.
- 6.3.16 In response to Members question about the protection against redundancy for pregnant staff and unequal pay. The Cabinet Members informed Members the council has clear policies on this and complies with the law and ACAS guidance.
- 6.3.17 In reference to the question about unequal pay. The Council has policies in place and this is a legal requirement on the council by European legislation. The Council has an equality proof pay and grading structure which was implemented approximately 15 years ago.
- 6.3.18 In response to the question about ensuring the right skills and support is offered to help women find work. Through the employment and skills service they have hubs across the borough including children centres where they engage with women. The HW hubs run late sessions (from 5-8pm) to provide flexibility for women with caring responsibilities.
- 6.3.19 In response to Members questions about ensuing decent and flexible job are available. The council is an accredited Timewise council. The council was first accredited in 2015 and has been accredited annually. Jobs are advertise

through timewise so they are open to being part time. The council is working with Timewise to agree a pilot scheme for part time and flexible apprenticeships. The aim is to create up to 10 part time apprenticeships targeting parents with child care responsibilities, special educational needs and neurodiversity conditions.

6.3.20 Hackney Works offers out of work and under employed residents a personalised service that looks at jobs goals, alongside their skills and experience.

#### 6.4 Questions, Answers and Discussion

- (i) **Members referred to the point that HW do not measure salary as a metric. In discussions Members commented the long terms measurement of success for HW would need to include a metric measuring salary. This would help to identify if people entering at entry level are progressing and the types of salary they start on. This would help to identify if the salaries support people, if there is a gap and what the council could do in response to this. Members pointed out it was important to consider how HW is measuring progression.**
- (ii) **Members pointed out that Hackney Quest talked about organisations having a sticker to indicate that they were open to speaking to young people about their CV and employment. Is this something the Council would think about enhancing within Hackney?**
- (iii) **Members enquired how open the council was to having a dialogue about diversity and inclusion particularly for equality groups mentioned previously. Members wanted reassurance staff were able them to talk about some of the challenges within the business, progression and the way they are treated.**
- (iv) **Members referred to the exploration of the self-employed workers union and enquired if there was a timeline for this?**
- (v) **Members referred to the 200 job starts and enquired if the council held statistics about the sectors, the levels applicants are placed in and queried if this met the aspirations of the programme. Members also asked how they were measuring the success rate.**
- (vi) **Members commended the Council for its award winning apprenticeship scheme. Members enquired if the programme was full to capacity and the target for recruitment each year?**
- (vii) **Cllr Klein made reference receiving correspondence from Unite Union about a staff member being asked to remove their head scarf and being told they could remain at work. The Member enquired if wearing head scarf was not permitted at work in the council?**
- (viii) **Members enquired about the main drivers that stop Hackney's young people from accessing opportunities?**

In response to the questions above the Cabinet Member for Employment, Skills and Human Resources replied:



**Monday, 10th December, 2018**

There has been big changes to the labour market in recent years particularly the hollowing out. The cabinet member advised she was in constant dialogue with officers about how to support young people who do not have access to social capital – that is not being able to turn to a family members for support in gaining access to work experience. The challenge for the council is how they can replicate that social capital for young people in the borough who do not have access to networks. This has been a key driver behind the Hackney 100 placements, the pre-employment placement and the corporate apprenticeship programme. The Council has an award winning apprenticeship programme identifying it as a good scheme in addition to the scheme paying the LLW. The Council's apprenticeship scheme was oversubscribed and for the first cohort in the summer the council received 250 applications for its apprenticeship programme.

This highlights the corporate scheme is popular and being oversubscription means there is not enough opportunities to meet the current need and demand. The Council wants to progress this by using what it has learnt from the apprenticeship scheme to support local businesses to do the same. The first step with this is to start an apprenticeship network with businesses in the borough and there will be a kite mark for this. Through this network they will identify the indicators to measure the success of apprenticeship schemes.

In response to Cllr Klein the Cabinet Member advised she could not comment on individual cases however, the Council does take any allegation seriously. The Council is in dialogue with the Unions and has agreed to carry out an investigation to review the allegations. In the meantime the Chief Executive has written to all staff to express this view and encourage staff to come forward. The Council has relevant policies and procedures in place. The Cabinet Member advised she will reschedule the training for Members to update them on the Council's harassment and bullying policy.

The council has 108 apprentices in total. The council has not set a recruitment target per year. Managers and Directors across the organisation are encouraged to identify where they may have opportunities to employ apprentices and supported to set up an apprenticeship. This year IT identified 21 positions for apprenticeship employment. The Cabinet Member was pleased to report the number of women employed in the IT apprenticeships was above the sector average. However, it was pointed out there is still room for improvement and the council still has the STEM commitment to fulfil but this was a good start.

The Cabinet Member referred to the question about sectors and levels and enquired if this question was specific to a hub placed within that Member's Ward (Shoreditch hub) as it was a perennial question that comes up.

- (ix) **The Member clarified this query related to the level the council was aiming for? Members asked if the council was hitting its target and was keen to ensure the scheme was not under aspiring for the young people in Hackney. Members enquired if the council was accessing a range of different options and employers and not just providing low / unskilled work or quick wins.**

**Monday, 10th December, 2018**

The Cabinet Member for Employment, Skills and Human Resources advised the council wants to work with young people a little further from labour market too, so they can help them build their skills and progress and not stay in the first job they enter. The challenge is to understand the skills gaps in each sector and consider how this will affect the various equality groups. The cabinet member pointed out if the council is targeting construction or the hospitality sectors they need to consider the long term impact on equalities in this borough. The data shows that women tend to do caring and administration jobs so the council needs to understand what this could mean for that group long term as they age in the labour market. The council also need to consider what that means for their ability to support themselves and their families to remain in the borough. These are some of the challenges they have to look at.

The cabinet member advised she would report back on the timeline for the self-employed union.

<b>ACTION</b>	Cabinet Member for Employment, Skills and Human Resources to report back on the timeline for the self-employed union.
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The Cabinet Member advised they have held workshops with staff and these workshops have not just been about ethnicity but gender identity and disability too.

In reference to Hackney Council operating the Hackney Quest kite mark – putting a sticker up to indicate to a young person they can come in with their CV and talk about a job – the Cabinet Member explained Hackney Works online system is not just uploading your CV. It asks a series of questions and then directs the individual to a support officer for further dialogue about skills, work and identifying possible employment opportunities.

It was highlighted that operating in the hospitality sector within the borough are some quality employers, and the council's aim is not just to challenge the businesses in the borough to develop access to jobs but to improve their employment practices, offer stable employment - not just employ on zero hours contracts – and consider the safety of their staff working late hours.

The Director of Strategy, Policy and Economic Development advised he will report back on Trust for London and the self-employed union as officers will be developing this over the coming months.

The Director of Strategy, Policy and Economic Development urged Cllr Klein to contact the Chief Executive to advise him of any particular case he has aware of for further investigation.

The Head of Employment and Skills advised they do have knowledge about the job sectors people move into, however, it was pointed out that a large number of the Hackney Works cohort are long term unemployed and move into low level jobs. But more recently the eligibility criteria has changed and the service area now works with people who are under employed.

The Head of Employment and Skills informed Members he has been working with his team to understand the service is not just about the job outputs but the client's aspirations too, so they can support them to move along their pathway. Achievement of this will take time and the council recognises there is more work to do to up skills and put on the right course to upskill people. The officer informed Members the employment and skills service is not a statutory service and it was important to remember their funding required job outputs.

The officer pointed out Hackney Quest were supporting their work on Gascoyne estate for the employment, housing and health hub. The apprenticeship network mentioned previously would be an approach like the kite mark referenced by Hackney Quest. Their discussion with business will not just be about the quality of their apprenticeships but their offer of employment and skills.

- (x) **Members commented that it was important for staff to feel empowered to have conversations about diversity, inclusion and progression. It was equality important for the council to lead by example in this area and demonstrate this within their own organisation. Members suggested these should be staff event where the parameters are set and led by staff.**

The Cabinet Member for Employment, Skills and Human Resources and Director of Strategy, Policy and Economic Development advised the council has held 7 workshops with 64 staff. These workshops have been very challenging to the organisation and is making the organisation face up to some stark issues and the senior management team will need to address these. The council recognises there is not enough BME staff in senior management and there are issues across the organisation with disability and shifting unconscious bias. It was also pointed out that some of the themes from the workshops have come out of existing staff networks.

- (xi) **Members enquired if there was a report on the key findings from these workshops that could be shared with the Commission?**

In response the Director of Strategy, Policy and Economic Development advised he would check on the progress of the report and report back to the Commission.

The Cabinet Member for Employment, Skills and Human Resources highlighted that Hackney Council is recognised as an excellent employer and the council's policies – in comparison to other London boroughs – is among the best in London. This is reflected in the work they do, not just on the apprenticeship programme, but in the council's work more broadly.

## 7 Developing the Council's Strategy for Inclusive Growth

- 7.1 The Chair welcomed to the meeting Stephen Haynes, Director Strategy, Policy and Economic Development from London Borough of Hackney.

- 7.2 The Director Strategy, Policy and Economic Development updated the Commission the Council's work on inclusive growth. The main points from the presentation were:
- 7.2.1 The Council's economic community development framework was developed approximately 18 months – 2 years ago. This initial work looked at the growth and development in Hackney to consider how it could be more joined up and impactful for local residents who were feeling left behind.
- 7.2.2 To lead the work under the economic community development framework a Member and officer board was established. Underpinning this work was 3 strands:
- Access to Employment opportunities
  - Place based economic development
  - Business relationships.
- 7.2.3 Under the work of this framework a number of service areas within the council were reconfigured to deliver this work. The Economic Regeneration Team was reconfigured to make it more about area and place and not just regeneration. The Employment and Skills service had its remit broadened to focus on pathways and not just outputs to reflect the change in environment.
- 7.2.4 The debate about inclusive growth has been gaining traction in the last 18 months. The Council's initial work on the ECDB framework fits with the vision for inclusive growth. This debate has given the council the opportunity to reset its work in this area and align it with the inclusive growth agenda.
- 7.2.5 The new work area has also given the council the opportunity to reset its governance arrangements for this work area. The Council no longer has a Member and Officer Board with oversight of this work. But it does have an officer groups driving the work. The council is currently in the process of developing Member involvement. The strategy for this work still focuses on the same three strands of work (employment, place and business) as the key drivers of change.
- 7.2.6 The officer explained this work was important because from an economic perspective poverty is bad for growth and the fiscal costs of poverty are significant. There are also clear socioeconomic argument for pushing this agenda forward.
- 7.2.7 The current plan is to present a draft strategy to Cabinet in June 2019. The Council would like to have a dialogue with the Commission as the strategy is being developed.
- 7.2.8 The Director acknowledged the independence of scrutiny but urged the Commission to dovetail its work with the Council Executive's work on the strategy to avoid duplication. Highlighting there were areas they could work together such as community engagement, metrics etc.
- 7.2.9 For new Members of the commission the Director of Strategy, Policy and Economic Development outlined the service areas he covered:
- Employment and Skills
  - Business Intelligence and Members Services
  - Mayor's Office
  - Corporate Programmes
  - Policy and Partnership (which includes overview and scrutiny).

7.2.10 In reference to Members questions earlier about sustainability. The officer pointed out section 9 of the draft London plan covers sustainability infrastructure which makes reference to air quality and energy infrastructure, and it also talks about digital connectivity. The officer pointed out this was important to and he would strongly suggest this is included in the inclusive growth work.

### 7.3 Questions, Answers and Discussion

- (i) **Members enquired about modes of ownership and the councils approach to inclusive growth, community sector and how this would be embedded in practices in Hackney and integrated into the metrics being produced.**
- (ii) **Members asked for clarity on the Cabinet Member(s) responsible for the inclusive growth strategy being developed for the Commission to ask further questions at a later date.**
- (iii) **Members discussed Scrutiny's role. Whilst it was key for the Commission to hold the executive to account for the terms of reference the Executive defining its work on inclusive growth. The Commission were of the view they had a role to highlight best practice and bring in external expertise and evidence. Members were keen for scrutiny to explore the retention of value within the community and the risks around the extraction of value. Not just for income inequality but asset inequality too.**

The Director of Strategy, Policy and Economic Development advised Cllr Williams was the Cabinet Member responsible for this agenda. However in terms of who to liaise with about the strategy, the officer explained all the officers and Cabinet Members present at the meeting tonight would be the right people to call back to hold to account for inclusive growth.

In terms of the strategy and its focus will be the 3 strands outlined earlier in the presentation. Although officers are mindful that inclusive growth can be as broad as it needs to be. The Director pointed out there needs to be a paradoxical delineation between strategy and the concept and that the strategy being developed would not cover the entire breadth of the inclusive growth agenda.

In response to the query about modes of ownership the Director advised it could be considered. In relation to the metrics the council was scheduled to meet with the London Prosperity Board and UCL about the inclusive growth work carried out in Hackney. They have developed and tested a set of metrics in Hackney Wick and will be reporting on this. Within that framework modes and types of ownership are considered if not they will include this in the strategy as it cuts across all three strands.

- (iv) **Members highlighted their review would focus on residents' views. Members advised they were keen to explore asset based growth to pick up on what is working within the community and consider how they could be used to enable and empower people to move forward in the area of inclusion. This work shows the council is listening to residents following the HAPPE consultation.**

## 8 Council Response to SEG BAME Engagement Event Report

- 8.1 The Chair welcomed to the meeting Stephen Haynes, Director Strategy, Policy and Economic Development and Suzanne Johnson, Head of Economic Regeneration from London Borough of Hackney.
- 8.2 The Chair initiated the discussion by informing that the Commission would be commencing a review looking at inclusive growth.
- 8.3 Following on from the Hackney a Place for Everyone (HAPPE) consultation the Commission wishes to explore the views expressed by residents that the opportunities being created were not for them. This review would focus on the residents' prospective.
- 8.4 The review will commence evidence sessions in February 2019. Currently the terms of reference for the review are being drafted and going through the sign-off process.
- 8.5 The review will have 2 case study areas and the Commission will hold engagement session with residents in Hoxton/Shoreditch and Hackney Wick. The review will commence with a session with academics and think tanks to understand the metrics for inclusive growth and the work to date in this topic area. There will also be a business engagement session.
- 8.6 On 12<sup>th</sup> July 2018 the Skills, Economy and Growth Scrutiny Commission held a business engagement event with Black and Minority Ethnic (BAME) business owners.
- 8.7 A report summarising the key points from the event was submitted to the Council Executive for a response.
- 8.8 The formal response from the executive has been provided in the report on pages 47-56 of the agenda.
- 8.9 The officer advised the Executive response circulated was formatted using the themes from the SEG Commission's summary report. The key points highlighted from the report were:
- 8.9.1 The introduction sets out the council's approach to business engagement and how this is being carried out in reference to Hackney's Community strategy, the Sustainable Procurement strategy and the new Local Plan.
- 8.9.2 The first theme about engaging with the council and improving access to business support and services. The report outlines the council's business engagement methods, the programmes run and where they advertise the events. It was pointed out the events are all free. The economic regeneration team recognise there is more they can do to raise awareness about their work and the support available. This is an action they will undertake to raise the profile of what they do and the engagement activities available.
- 8.9.3 The report also covers the web based work they have been doing. This is mainly associated with the Hackney Council website which will bring council

- service together and make clearer how businesses can access services. There are plans to carry out an audit of council services to address the issue of quality and consistency in relation to the interaction of council departments with businesses. This will set out what is done already and what improvements could be made.
- 8.9.4 Theme 2 was about working with the council. This covers a range of headings: finding business space and accessing new business premises, affordable business premises, procurement and selling to the council and quality of the environment.
- 8.9.5 In reference to finding business space and accessing new premises the council does have a support functions it offers to business wishing to invest in Hackney. The regeneration team will offer support such as links to commercial property agents and access to an approved workspace providers list.
- 8.9.6 In terms of affordable work space this is open to all businesses in Hackney. The report informs about the council's new affordable workspace policy in the council's Local Plan (LP33). This policy looks at setting rent at an affordable percentage to market rental rates. This is 40% of market rental rates in Shoreditch and 60% in other parts of the borough. These are examples of what the council can do using its planning powers to influence the local market.
- 8.9.7 If a developer wishes to be added to the approved workspace provider list for their development, they need to demonstrate social and economic inclusive type benefits via the section 106 agreement.
- 8.9.8 The economic regeneration team is working to utilise council assets - aimed at increasing the supply of affordable work space –by thinking about how the council can make better use of its land and assets that cannot be used for affordable housing. Specific projects are referenced in the report.
- 8.9.9 In terms of procurement and selling to the council the report make reference to the procurement strategy.
- 8.9.10 The officer highlighted the quality of environment as an interesting point, and explained this was not specific to the BAME business community. This issue was raised more often in relation to town centres. This point has been raised by many businesses particularly those operating in Hackney Central or Dalston. The officer explained the nature of town centres – a concentration of shops and services, higher footfall, busy stations and public transport links – means the quality of the environment is more likely to be an issue compared to quieter or residential street. The report outlines the work the council is doing to address this in their regeneration work and via the Dalston conversation. The Dalston conversation is what the team would like to replicate for other town centres.
- 8.9.11 In terms of BAME business support. BAME businesses suggested there should be more support in setting up and expanding their business. The council will be reviewing the business support offer and how this information is made available. This is another area where the council will do more work to raise awareness because there is a lot of support available agencies in the borough through support and this may need better sign posting.

8.9.12 In relation to theme 4 the councils changing business profile and property prices. The council recognises more businesses are moving into the borough and they may be conflicting with the existing business base in the borough. The council will take the opportunity to use its planning powers if there is change of use or planning permission request for new businesses. To ensure they comply with the council's affordable workspace policy and build relationships with businesses to maximise social and economic value.

8.10 **Questions, Discussion and Answers**

- (i) **Members referred to the BAME business event and pointed out one of the consistent points raised at the event was for BAME specific business workshops to the BME communities. Members pointed out the importance of having BMAE networks to help these businesses to thrive within the sectors. Members enquired how is this would be achieved?**
- (ii) **In discussions Members commented that there are a number of business events, policies and programmes being run. However the points made at the events expressed a view that the events currently being run are tailored to specific types of businesses or for business owners that might have pre-existing relationships or would benefit from them. Members made the following enquires:**
- a) **How are the events being measured for success?**
  - b) **What is the baseline for success?**
  - c) **What action is the council taking to get these opportunities out to small businesses who might not have access to the opportunities to network?**

The Head of Economic Regeneration advised in relation BAME specific network and business events they are doing an audit of what the offer is, what is available and what other agencies provide. For example Capital Enterprise have a programme called 'one tech' this is aimed at helping people from ethnic minority backgrounds are better represented in the tech sector and covering diversity broadly including gender identity and disability. The Council has promoted this through the business networks. The audit will help the council to identify the offers available and the gaps.

- (iii) **In relation to diversity Members pointed out one of the areas that tends to be missed is class. From the event Members identified there were a number of people with ideas but they did not know where to go to get support or how to access support to develop their ideas. Members highlighted when thinking about diversity it was important to think beyond the visual and consider the class element as well. Members queried if the council's visions included helping young people in Hackney to think they could be entrepreneurs and create their own businesses.**

In response to Members questions above the Head of Economic Regeneration advised they have submitted a bid to set up a creative enterprise in Hackney Wick. Part of that bid is to improve diversity in the creative sector in Hackney Wick.

In terms of the metrics for measuring events. They have some basic metrics but this is an area for improvement. The team monitors the attendees at



events and reviews the numbers visiting the website. The team will be taking these statistics and analysing them to move up to the next level of analysis.

In relation to procurement opportunities there is more they can do in making the opportunities more accessible because procurement can be quite difficult to understand. They are hoping to make it more accessible and simplify it through the new web platform being designed.

- (iv) Members were pleased to hear about the audit but raised concern about the response on page 4 quoting “Matters raised by the group around accessing business opportunities with Hackney Council are of a similar nature to those that are received from the general business population so are not specific to BAME businesses”. Members commented the issue might not be BAME specific but there are issues about communication. Although Members were pleased about the audit they were not convinced the council understood they may need to change the nature and their methods of communication. Members pointed out they were concerned about this in relation to the points raised about gentrification.**
- (v) In the discussions Members pointed out the exclusion expressed by these business owners was not just about business rates and rents but about networking, knowledge and how the system works. Highlighting there are a number of people running existing businesses on small margins who have lived in the borough a long time. Now they see other businesses coming in that have knowledge about how to access the support and services available and the existing businesses are feeling marginalised. It is important for the council to be more proactive to ensure the networks are open and available and it gets the economic and social inclusion right.**
- (vi) Members were pleased attendance at the business forums was being monitored but suggested they use this data to establish a BAME business panel to get more evidence and insight into the support needs of these businesses and an understanding of how to develop communications with BAME businesses.**
- (vii) Members suggested the council tries to gather feedback from business owners who do not attend the business forums. This would help the council to see if their communication methods were penetrating the business community and if business owners were hearing about the services on offer. Members were of the view there was a good offer of support available but were not convinced the offer and support was accessibility and the language being used to communicate the offer was right.**
- (viii) Members asked if the council has a bias in terms of the type of affordable workspace offered e.g. desk space or workshop space. Member advised officers a number of businesses at the event talked about needing storage. Members enquired if this type of space is something the council would offer?**
- (ix) Members made reference to Market Services and enquired if the economic regeneration team worked with market services to help traders**

**get work space if required? Members also enquired how they were encouraging markets to be more successful.**

- (x) Members enquired who was on the workspace providers list.**
- (xi) Members referred to sustainable procurement and local community wealth building for sustainable procurement. Member enquired if this was the council's thinking and if they had identified any anchor institutions?**

In response to the question above the Head of Economic Regeneration provided the following responses:

For communication the council recognises they do not have the answers and that they need to make sure their communication methods are correct. This will involve going back to BAME businesses to find out what is missing.

In relation to the workspaces the council is creating. For council sites they have more flexibility and can create a variety. The council is aware of the need for workshop space as well as office / retail space. But if the development is a private site they cannot dictate to developers the type of workspace needed. However they can work with them through the planning process to influence provision. The Ridley Road Market shopping village was cited as an example of where council officers worked with the developers to influence the retail unit provision. The work space was originally going to be one big retail unit. But through the work of the regeneration and planning team it is now going to sub divided allowing smaller retailers to return instead of one big retailer.

In relation to the economic regeneration team working with market services, yes they do. They talk to market traders to find out what the type of workspace they need or want.

There are approximately 10 workspace providers on the approved provider list. A link to the list is in the report on page 4. Approved providers are selected based on a criteria such as affordability of the space and the support to local businesses to ensure they give back to existing businesses and the community.

In terms of business support the council does offer business support but not a full package of services. If the council does not provide the service they will sign post to another provider in the borough.

The Cabinet Member for Planning, Business and Investment cited the council's partnership work with Hackney Corporate Development for social enterprise day as an example their communication work and best use of resources. The event was held for existing and new businesses. In attendance was a very diverse group and that was down to the strength of HCD's network and outreach. The council is identifying organisations to work in collaboration with when communicating to a diverse audience.

In relation to Market Services they have worked with JP Morgan to deliver market trader workshop sessions. These workshops were full to capacity and the council is thinking of holding development workshops. These types of partner relationships are becoming increasingly important.

The council is currently working with businesses to define business support. Therefore when a business asks for support they can identify the service / partners agency to meet their needs.

In response to workspace the new Local Plan protects office space in the south of the borough and protects workshop space in the north of the borough (for the creative industry). These protections were set up in response to the economic dynamics in those parts of the borough. It was pointed out Hackney operated an event for the creative arts industry. This identified a lack of diversity for this industry but this is a London wide and national issue. It is anticipated the creative enterprise zone will deliver a range of spaces.

The Director of Strategy, Policy and Economic Development explained anecdotal shows that main stream communication for BAME groups may not be the best methods to communicate with these groups. He cited as an example the Council's recent recruitment work to find a young black graduate for the Young Black Men's programme. He explained the post was ring fenced to a young black male graduate and they used different communications channels - The Voice, WhatsApp - that young black men use to advertise this post. They had 30 outstanding applicants from within Hackney for this post.

In contrast the national graduate programme is a great programme but not diverse. In the national programme these applicants are not coming through. Therefore it is up to institutions like the council to think about communication in different ways to groups that are put off by the barriers that institutions create.

In relation to wealth building the council is using its procurement strategy to create local links to local businesses.

**(xii) Member enquired if there was an under claim for the business rate relief available?**

The Cabinet Member for Planning, Business and Investment advised in Hackney there are just under 10,000 businesses eligible for some form of rate relief. With approximately 6,000 entitled to additional subsidy. This is in addition to the transitional subsidy – this relief is on a sliding scale - available to.

In addition there are restrictions to the rate relief for pubs/ public house businesses. For example a business with a bar and restaurant would not be eligible for business rate relief or a business owner with a portfolio of pubs would not be eligible for the business rate relief, however, an independent pub owner would be entitled to £1000 a year but would need to make an application. In Hackney there are approximately 370 independent pub owners who should be receiving the business rate relief. The challenge is getting this message out to all of them. The Council has approached CAMRA (campaign for real ale) to promote this message to pub owners. The council is trying to get this message out to all eligible businesses and encouraging them to take up this offer. If the council does not allocate all the money it goes back to the Treasury.

**Members suggested the regeneration team works with local ward councillors who could use this to build business networks in their local ward.**

## **9 Skills, Economy and Growth Scrutiny Commission 2018/19 Work Programme**

- 9.1 The Chair commenced the discussion by advising the draft terms of reference was circulated to Members on email for discussion about the scope, evidence session and key stakeholders for the review. There are 2 evidence sessions scheduled on 12<sup>th</sup> February and 13<sup>th</sup> March 2019.
- 9.2 The February meeting will be with academics and think tanks to hear about the work and theories related to inclusive growth. Members advised they were keen to investigate barriers to inclusive growth during the review.
- 9.3 The March meeting will be a public conference and a round table discussion with businesses, unions, senior council officers and other relevant stakeholders to try and find solutions to some of the barriers that we have identified through the café events. In the afternoon hosting a Brexit panel to discuss with businesses the impact on the local economy. The Chair expressed concern about this second session given the current uncertainty with the Government and Brexit. The Chair suggested alternatively they could have a panel on inclusive growth. Members suggested keeping the afternoon session broad and focused on the future economy looking at inclusive and sustainable growth.
- 9.4 During Feb - March 2019 the Commission will be hosting two democracy café style consultation events with residents in Hoxton/Shoreditch and Hackney Wick to gain a better understanding of what inclusive growth means from a residents perspective.
- 9.5 Members agreed to review the March session this early in the New Year.

## **10 Any Other Business**

- 10.1 None.

**Duration of the meeting: 7.00 - 9.40 pm**

**Cllr Guy Nicholson**  
**Cabinet Member for Planning, Business & Investment**

Mayor and Cabinet Office  
London Borough of Hackney  
Hackney Town Hall  
Mare Street  
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27 February 2019

Cllr. Mete Coban  
Chair, SEG Scrutiny Commission  
Hackney Town Hall  
Mare Street  
London  
E8 1EA

Dear Mete,

Hope you are well, you were good enough to invite me to attend the 10th December session of the Skills, Economy and Growth Scrutiny Commission during which I took away an action to report back on the number and type of designated 'town centres' identified across the Borough. I hope the following provides some clarification and context for the Commission.

Hackney's Town Centres make up a network of different sized centres, creating a hierarchy. The Town Centre hierarchy is actually defined by and set out in the London Plan though local centres are identified and set out through local analysis and demand.

For Hackney the hierarchy is as follows. There are two major centres – Dalston and Hackney Central; three district centres – Stoke Newington, Stamford Hill and Finsbury Park; and 16 Local Centres - Broadway Market, Chatsworth Road, Dunsmore Road, Green Lanes, Hackney Downs, Hoxton Street, Kingsland Waste, Lauriston Road, Lower Clapton Road, Manor House, Oldhill Street, Stoke Newington Church Street, Stoke Newington Road, Upper Clapton Road, Well Street and Wick Road.

The two major centres are the focus for larger scale new retail and leisure development, with smaller scale development being focused in the three district centres. The sixteen local centres provide retailing and community services to meet the day to day needs of the community.

### **Recent changes to the Town Centre Hierarchy**

The hierarchy described above shows the recent changes that have been made to the Hackney's town centre hierarchy. These changes were informed by the Hackney Town Centre and Retail Study (2017) and survey work undertaken by Experian, both of which were

prepared as part of the evidence base for Hackney's new Local Plan 2033 (LP33).

The work identified that Hackney Central should be upgraded from a district to a major centre based on the fact that the centre attracts visitors from a wide catchment area; it performs a strong role as a shopping destination with a number of large anchor stores including Primark, Marks and Spencer, TK Maxx and Tesco. It provides significant cultural and leisure facilities such as the Hackney Empire, the Picturehouse cinema, the Central Library and Hackney Museum. It plays an important civic function being home to Hackney Town Hall and the primary Council offices and provides a significant quantity of employment space for smaller businesses as the Tech City employment cluster in Shoreditch has expanded northwards.

Stamford Hill has been upgraded from a local to a district centre based on its substantial quantum of retail, leisure and service floorspace, its high turnover spent on comparison goods in the area, and its function as an international destination for the Charedi Jewish Community.

Changes to district and major centres must also be reflected in the London Plan. The Council put forward a case for the changes in response to the then draft London Plan which was published for consultation in December 2017. Both of the changes were accepted by the GLA and incorporated into the latest version of the London Plan which is currently at Examination in Public with the Planning Inspectorate.

Four of the sixteen local centres listed - Green Lanes, Oldhill Street, Dunsmure Road and Hackney Downs, are new designations that were also made in LP33. These have been identified by local communities and the Council's own evidence base work.

The policy approach to retail set out in LP33 varies between town centres. Within Dalston major town centre, the Kingsland Shopping Centre is designated as a Primary Shopping Area where the Council seeks to maintain 85% of units in A1 use. Dalston and Hackney Central both have primary shopping frontages designated along the key shopping streets where the Council seeks to maintain 60% of all units in retail use, making these areas the focus for shopping activity in Hackney. The remainder of Dalston and Hackney Central town centres are designated as Secondary Shopping Areas where a diverse range of retail, commercial, leisure and cultural facilities are supported in the LP33.

Within the district centres, there are no designated primary frontages but the proportion of shops across the town centre as a whole should be maintained at 55%. Within the local shopping centres retail uses should constitute 50% of all units within each centre.

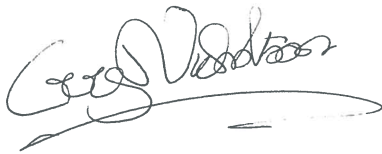
Finally, the Council also recognises that individual shops and parades outside of designated town and local centres play an important role in providing access to day-to-day necessities and these shops are also safeguarded within LP33 for retail purposes.

In each of the town centres the loss of shops to other uses is resisted if it would result in the proportion of shops falling below the relevant threshold or it would result in a group of adjacent

units within a parade being in non-retail uses. In addition any change of use away from retail in the centres must maintain an active frontage and ensure that the change does not impact on the vitality and viability of the town centre or parade.

I do hope that the above information helps answer the question asked, but if you do require more detail please do not hesitate to contact Yvette Ralston, Planning Policy Officer, via email: [yvette.ralston@hackney.gov.uk](mailto:yvette.ralston@hackney.gov.uk) or on 0208 356 1208.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Guy Nicholson", with a long horizontal flourish extending to the right.

**Councillor Guy Nicholson**  
Cabinet Member for Planning, Business and Investment

Cc: Ian Rae, Head of Planning  
Tracey Anderson, Head of Scrutiny and Ward Forums  
Yvette Ralston, Planning Policy Officer







<p><b>Skills Economy and Growth Scrutiny Commission</b></p> <p>17<sup>th</sup> April 2019</p> <p><b>The Future World of Work and Skills in Hackney Executive Response</b></p>	<p>Item No</p> <p><b>5</b></p>
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## Outline

The Skills, Economy and Growth Scrutiny Commission (formally known as the Working in Hackney Scrutiny Commission) commenced a review to look at the changing labour market and skills system for the future world of work and skills in the next 5-10 years. Having learned about the current context in relation to employment and skills the changing skills system and how it all impacts on London's economy. The Commission examined the impact that macro level changes would have locally to identify the policies and practices that will help us overcome the challenges here.

Attempting to look five years ahead we explored the changes in demand in the labour market which could come about from Brexit, climate change or our ageing population.

This review highlighted the employment trends that were amplified in Hackney and focused on:

- Growing inequality/polarisation/ in-work poverty and underemployment
- Self-employment
- Land and property values
- The impact of Brexit
- Opportunities for employers to contribute
- Opportunities to lead in a revolution of skills.

The recommendations covered: the development of a work experience programme for older job seekers; rebranding of work experience; Signposting information about being self-employed, with the dual purpose of building up local knowledge about self-employment in the borough.

The Commission asked for the new employment support service aimed at the under-employed to demonstrate how they would reach this cohort to offer support and training so they can move into better paid employment. The Commission asked the Council to include a 'social value menu' for businesses taking advantage of low rental values in the borough and that a mechanism is put in place to follow up and ensure that commitments made are adhered to. The Commission called on the Council to actively demonstrate that inclusion

of jobs and employment is in the specification for regeneration and new housing developments. The Commission recommended the Council takes an active role in lobbying for the Skills system to develop an employability framework and to encourage employers to provide in work/career transition to help workers identify future skills.

In relation to building relationships with local businesses, The Commission recommended there was a specific offer to social enterprises that covers supporting and facilitating their business support needs. The Commission asked the Council to look at measureable outcomes that chart the journey of a resident through Adult Learning, 'Hackney Works' programme and the Council's own apprenticeships programme. Asked the Council to ensure it also develops apprenticeships at a higher level (e.g. levels 3 and 4).

The executive response to the recommendations from the review are on pages 31-46.

### **Action**

The Commission is asked to consider the response.

**Cabinet Response to the Working in Hackney Scrutiny Commission Review into the Future of World of Work and Skills in Hackney**

**CABINET MEETING DATE**

**26 November 2018**

**CLASSIFICATION**

**Open**

**WARD(S) AFFECTED**

**All Wards**

**CABINET MEMBERS**

**Cllr Guy Nicholson  
Cabinet member for Planning, Business & Investment**

**Cllr Carole Williams  
Cabinet member for Employment, Skills and Human Resources**

**KEY DECISION**

**No**

**GROUP DIRECTOR**

**Tim Shields  
Chief Executive**

## 1. Cabinet member introduction

- 1.1 This report details the Cabinet response to the report of the Working in Hackney Scrutiny Commission and sets out how the Council intends to carry out the work required in response to the recommendations.
- 1.2 The Cabinet shares with the Working in Hackney Scrutiny Commission a recognition of the changing face of employment, and ensuring that the residents of Hackney have the skills needed for the future jobs market is a key priority for the Council. The devolution of skills funding in London represents a particular opportunity for the Council to review how we support people into work in line with the recommendations of the Commission.
- 1.3 We welcome the findings of the Working in Hackney Scrutiny Commission and would like to thank the Chair, councillors, officers, residents, employers and other stakeholders for their hard work in producing the final report.

## 2. Recommendation

- 2.1. The Cabinet is asked to approve the content of this response.

### Executive Response to the Scrutiny Recommendations

<p><b>Recommendation One</b></p> <p>a) The Commission recommends the Council explores the development of a work experience programme aimed at older job seekers. We recommend it provides work experience that enables workers to explore jobs opportunities and benchmark their skills to identify future training needs.</p> <p>b) To promote this new type of work experience programme we recommend the Council undertakes a rebranding exercise to promote work experience for this cohort.</p>	<p><i>Lead Officer: Andrew Munk, Head of Employment and Skills.</i></p> <p>Our current work experience offer centres on our Hackney 100 programme, which, during 2017/18, has offered paid work experience placements for 16-19 year olds, with the objective of giving young people insight into different jobs and sectors. In 2019, we will be broadening this offer to 16-24 year olds, and exploring the option of a pilot work experience scheme for older job seekers. This could include training provision provided via the council's adult learning offer. We are also increasingly working with partners like the London Legacy Development Corporation (LLDC), and WeWork, to develop new work experience schemes, and support Hackney residents to prepare for and access existing programmes managed by partners.</p> <p>We have also recently expanded our apprenticeship offer to older applicants, removing any age restriction for applicants. This has seen an increase in residents over 25 gaining apprenticeships with the council, with this group now making up 23% of all council apprentices. Our apprentices range in age from 16-51. We are also working with <i>Timewise</i> to pilot a part-time apprenticeship scheme which will focus on residents with Special Educational Needs and Disabilities, as well as older residents with childcare</p>
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**Recommendation Two**

The Commission recommends the Council lobbies for the Skills system to encourage employers to take the need for digital training for employees seriously. We ask the Council to use its influence to encourage local employers to provide digital training beyond basic IT to enable employees to be adept and transition in the workplace as their job or industries evolve.

*Lead Officers: Andrew Munk, Head of Employment and Skills. Rob Miller, Director of ICT.*

The Council is committed to establishing a STEM (Science, Technology, Engineering, Maths) board for the borough, with representation from a range of stakeholders including from the business community and education providers. The Board will be tasked with overseeing work in the borough which supports residents to access and progress in careers in STEM sectors. A key role of the board will be to focus on ensuring employees in Hackney based businesses have the digital skills required by rapidly evolving STEM based industries, as well equipping residents to explore self employment within the sector.

Alongside the STEM board, the Council led Hackney Apprenticeship Network will bring together a range of businesses in the borough, with a strong focus on the tech/digital sector, to encourage the establishment of high quality apprenticeships in the borough. In-line with the national Apprenticeship Levy, apprenticeships include accredited qualifications for employees looking to progress in their careers. Through leading and administering the Apprenticeship Network, the Council will be able to influence employers to upskill employees with the digital skills required in a fast changing labour market.

The Council is working to set an example for other employers in the borough, helping to lead the way by investing in the development of digital skills across its workforce. This includes:

- Creating 21 digital apprenticeships within the Council's in-house ICT service.
- Developing a network with other digital employers in the borough to encourage them to create further digital apprenticeship opportunities (this includes working in partnership with SMEs and large employers such as Amazon).
- Supporting the wider workforce in

	<p>developing their skills in use of digital technology, data and service design methods.</p> <ul style="list-style-type: none"> <li>• Exploring ways that the Apprenticeship Levy can be used to invest in digital skills, as part of the Council's wider work on investment in workforce skills.</li> </ul>
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<p><b>Recommendation Three</b></p> <p>We recommend the Council adds information on its business engagement tools the 'Landing Pad and Launch Pad' for the self-employed, providing information about being self-employed or sign posting to that information. We would like to see the provision include information about pensions, saving, tax returns, legal advice etc.</p>	<p><i>Lead Officer: Paul Horobin, Head of Corporate Programmes.</i></p> <p>The development work on the Council's business engagement tools is very conscious of the characteristics of the local business community, including the high proportion of "self-employed". The content will be both geared to their broader needs as "businesses", making sure that it is both relevant and accessible. The practical issues of being "self-employed" will be addressed through direct guidance or signposting to relevant information, e.g. HMRC guidance (<a href="https://www.gov.uk/topic/business-tax/self-employed">https://www.gov.uk/topic/business-tax/self-employed</a>), which is regularly updated and of a high standard. The issues being faced by this group, nationally and locally, will also be considered and guidance and signposting included, e.g. low participation in training and skills development.</p>
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<p><b>Recommendation Four</b></p> <p>We recommend the Council explores the possibility of Hackney being a location for a self-employed union to provide collective support and purchasing power to support this growing cohort of workers.</p>	<p><i>Lead Officer: Stephen Haynes, Director of SPED.</i></p> <p>Relevant Directors to lead officer group exploring possibility of Hackney being a location for self-employed union. Officer group will evaluate potential positive impact of a union on Hackney's independent and self employed workers, as well as potential options for developing the presence of a union for the self-employed in Hackney.</p>
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<p><b>Recommendation Five</b></p> <p>The Council to explain how they will target the under employed to provide them with in-work support and outline the support and training that will be available to enable them to transition into more secure and quality employment.</p>	<p><i>Lead officer: Andrew Munk, Head of Employment &amp; Skills.</i></p> <p>Hackney Works has established a working group to look at how we can engage and support low income/under employed residents better. Initially the group is recommending that commencing in November, each <i>Hackney Works</i> hub pilots late night opening (5pm - 8pm) once a month</p>
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	<p>to increase engagement with this client group. Out of hours provision will then be further developed based on learning from this pilot.</p> <p>In addition to offering employability support for this client group, <i>Hackney Works</i> will commission training or work with Hackney Learning Trust and other training providers to run suitable vocational skills and functional skills training which will take place out of office hours based on the needs of the client group. Staff will also have access to information from NARIC (National Recognition Information Centre), to support those with overseas qualifications, in order to understand how international qualifications &amp; skills compare to UK qualifications in order to determine what their next steps will be and what support can be offered.</p> <p><i>Hackney Works</i> is committed to increasing the number of higher paid vacancies available to clients through our service and are recommending that BOCs (better-off in work calculations) are offered to ensure that clients will be better off in higher paid positions. A discretionary fund is in the process of being established within <i>Hackney Works</i>, which will enable advisors to make applications for funding to support clients to address individual barriers to work - funding through this will also be available to this client group where appropriate.</p>
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<p><b>Recommendation Six</b></p> <p>If the provision for cheaper rents is introduced we recommend the Council prioritises and protects industrial space in the Local Plan alongside units for community, retail and workspace. The Commission recommends the Council explores the possibility of inclusion in its planning policy the use of Section 106 agreements to create more workspaces with capped rent to keep employer diversity in the borough. rt of workers.</p>	<p><i>Lead officers: Suzanne Johnson Head of Economic Regeneration Ian Rae, Head of Planning</i></p> <p>The emerging Local Plan (LP33) sets out proposals for the protection of these types of uses. Section 106 agreements are also used where required to secure affordable workspace. Where relevant the implementation of this will be secured and measured via the Approved Workspace Providers List managed by the Economic Regeneration Team.</p>
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The emerging Local Plan (LP33) recognises that there has been a gradual decline in industrial floorspace within Hackney over the years as market forces have resulted in the replacement of industrial floorspace with higher value office floorspace in new developments. This reduced supply of industrial land has led to increasing rents and increasing pressure on Hackney's industrial land. In response to this and the findings of the Hackney Employment Land Study which stresses the need to ensure the retention of an adequate stock of industrial capacity to support a diverse, adaptable and more sustainable economy, the emerging LP33 policy approach seeks to retain vital industrial land and floorspace within Hackney by differentiating between Priority Office Areas (POAs) and Priority Industrial Areas (PIAs). In PIAs, any new development must either maintain or re-provide the same quantum or intensify existing industrial uses (B1c, B2, B8). The PIA approach would also support mixed use development schemes including, for example, community and residential uses where appropriate. Separate LP33 policies also protect retail and community uses within the borough.

It is recognised within LP33 that there is need for the provision of affordable and low cost floorspace within the Borough to support the needs of start-ups, SMEs and cultural and creative enterprises such as artists' studios and designer-maker spaces, as well as charities and social enterprises. The new LP33 policy on Affordable Workspace and Low Cost Employment Floorspace requires new major employers and mixed use developments in the borough's designated employment areas, Central Activities Zone (CAZ) and town centres to provide affordable or low cost workspace, equating to a minimum of 10% of the new employment floorspace.

The policy requires, firstly, that the maximum economically feasible amount of low-cost employment floorspace is re-provided in perpetuity, at equivalent rents and service charges, suitable for the existing or equivalent uses. Low cost employment floorspace is described as floorspace which may be secondary or tertiary in nature, of a lower quality or specification, with cheaper



	<p>rents or leases. This low cost floorspace should be provided within an equivalent employment use in perpetuity. Existing occupants should be re-housed within the development where possible.</p> <p>Secondly, if the low cost employment floorspace equates to less than 10% of gross new employment floorspace or there is no low cost workspace to be re-provided as part of a major development scheme, new affordable workspace should be provided. In the Shoreditch POA at least 10% of the new employment floorspace should be affordable at no more than 40% of the locality's market rent in perpetuity. In remaining POAs, CAZ and town centres at least 10% of the new employment floorspace should be affordable at no more than 60% of the locality's market rent in perpetuity. Affordable workspace is described as new-build employment floorspace, providing affordable space for small businesses, predominantly within the Office use, to occupy, often operated and managed by a workspace provider. This space should be secured through legal agreement with a Council registered workspace provider and should be provided on-site. The Approved Workspace Providers List is managed by the Economic Regeneration Team.</p>
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<p><b>Recommendation Seven</b></p> <p>a) The Commission wants to be assured there are mechanisms in place to check that the social value commitments by local businesses are followed up by the Council to ensure implementation.</p> <p>b) The Commission recommends the Council explores the ability to introduce a social value criteria for new affordable workspace developments. We would like to see it include implementation of the London living wage for staff contracts, employ an apprentice and employment of local residents through the Hackney Works programme.</p>	<p><i>a) Lead officer: Andrew Munk, Head of Employment &amp; Skills</i></p> <p>Employment and Skills team works together closely with local businesses to secure opportunities for Hackney residents and to ensure positive social value outcomes are secured for the borough. Under section 106 obligations, we negotiate with businesses to ensure we secure the maximum benefit for our residents. This includes securing local labour opportunities, which comprise of apprenticeships, work experience and part time/full time work opportunities. We actively encourage businesses to hire local labour and pay London Living Wage.</p> <p>We work with businesses to develop bespoke Employment and Skills Plans (ESPs) which outline a business's</p>
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	<p>commitment to supporting the successful delivery of positive social and community outcomes in relation to employment and training local residents. Businesses are asked to submit a labour hire histogram so we have an idea of upcoming opportunities in the borough. The Employment and Skills team works with the businesses to review job opportunities to assess if the borough has the required skill set and talent required for the opportunities generated by economic activity in Hackney, and where necessary provide training to ensure Hackney residents are best placed to secure employment.</p> <p>Each quarter businesses are required to submit their local labour returns and quarterly reports to provide evidence and a narrative of how they are working towards achieving their social value obligations that were set out in the Employment and Skills plans. The Employment and Skills team tracks and monitors these plans through a combination of account, database and relationship management processes, including trackers, dashboards and quarterly monitoring meeting.</p> <p>Our team meets with businesses regularly each quarter to ensure that they are meeting their obligations, in addition to providing them with the support offered by our services to secure opportunities for Hackney residents. We work closely with our Planning colleagues to ensure that businesses understand what their obligations are and how they can achieve them. Our approach to monitoring social value obligations ensures that businesses and residents alike are given the opportunity to prosper within Hackney.</p> <p><i>b) Lead officer: Suzanne Johnson, Head of Economic Regeneration:</i></p> <p>The Approved Workspace Providers list which is managed by the Economic Regeneration Team provides a recommended list of operators providing affordable workspace in the borough. The businesses on the list are required to demonstrate they offer additional social value benefits to the borough and its residents and businesses. These social value outputs are monitored by the Economic Regeneration team. In addition, the Economic Regeneration team aim to monitor social</p>
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	<p>value commitments relating to regeneration sites and projects which they are involved in delivering, such as the Hackney Wick Good Growth Fund project working with local operators to provide new affordable workspace and community space and programmes at the Old Baths and the Trowbridge Centre.</p>
<p><b>Recommendation Eight</b></p> <p>The Commission recommends for all new regeneration and housing developments this includes in the specification a systematic commitment to the creation of jobs and employment on the sites, for example by allocating a section of the build to commercial use with a mix of retail, industrial, community and commercial workspace units.</p>	<p><i>Lead officers: Karen Barke, Head of Estate Regeneration. Suzanne Johnson, Head of Economic Regeneration</i></p> <p>The Council's three housing programmes (Woodberry Down Programme, Estate Regeneration Programme and Housing Supply Programme) all include proposals to deliver community, retail, commercial and workspace uses. The appropriate mix and quantum of uses is considered on a site by site basis.</p> <p>The Economic Regeneration team will ensure that where appropriate and in accordance with the local planning framework, all development and regeneration opportunities provide and maximise opportunities for jobs and employment via the provision of commercial space.</p>
<p><b>Recommendation Nine</b></p> <p>a) The Commission recommends communications by Hackney Council continues to encourage EU citizens to remain and sign posts to relevant information about their rights.</p> <p>b) The Commission recommends the Council's Landing Pad and Launch Pad gives advice on how to adapt and where to go for business support as the impact of Brexit on businesses unfolds with decisions and policy development.</p>	<p><i>a) Lead officer: Sonia Khan, Head of Policy and Partnerships</i></p> <p>The Council has already begun a campaign programme to encourage EU citizens to remain and is committed to continuing to provide this positive messaging through the manifesto. However alongside this positive communication campaign, we also agree that we need to highlight the key risks to EU citizens if they do not apply to the settled status scheme, especially more vulnerable groups. A communication campaign is planned, alongside tailored advice. Hackney is reviewing advice needs and launching a new grants framework and meeting this new need is factored into the framework.</p> <p><i>b) Lead officer: Paul Horobin, Head of Corporate Programmes</i></p> <p>The information, advice and guidance provided through the Council's business engagement tools will reflect key issues facing local businesses, including Brexit and its implications, as these become known.</p>

<p><b>Recommendation Ten</b></p> <p>The Commission recommends the Council lobbies Central London Forward and the Government to encourage employers to view Brexit as an opportunity to re-examine how to improve skills in the capital and provide support to do more to nurture UK talent.</p>	<p><i>Lead officer: Andrew Munk, Head of Employment &amp; Skills</i></p> <p>A key area of focus for Central London Forward (CLF) is shaping and influencing the direction of travel for the newly devolved Skills system. From September 2019, the GLA will have responsibility for the devolved Adult Education Budget. The Skills for Londoners Board - which CLF is part of - plays a key role providing advice and oversight to the GLA around implementation of their ambitious Skills for Londoner strategy.</p> <p>As an active member at both a political and senior officer level, Hackney is working closely with CLF to seek to ensure the newly devolved skills system not only focuses on delivering a range of employment related outcomes; but also sees potential skills shortages across a range of sectors following Brexit as an opportunity for local residents. This includes ensuring training providers focus on delivering provision and qualifications which meet the needs of employers across key sectors such as health &amp; social care; hospitality; construction - who are all projecting labour and skills shortages post-Brexit.</p>
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<p><b>Recommendation Eleven</b></p> <p>The Commission recommends the Council's relationship-building work includes supporting and facilitating the business support needs of social enterprises e.g. helping social enterprise businesses to access collaborative working opportunities where possible.</p>	<p><i>Lead officers: Sonia Khan, Head of Policy &amp; Partnerships. Suzanne Johnson, Head of Economic Regeneration</i></p> <p>Hackney is developing a new Voluntary Sector Strategy which will go to Cabinet in February 2019. This re-sets our strategic relationship with the sector, and includes working with social enterprises. The strategy will explore how support services for the Voluntary and Community Sector can benefit social enterprises and the Council is working with Hackney Cooperative Development (HCD) to develop their quality mark to enable Social Enterprises to potentially access Hackney's grant funding for those organisations that are meeting community need.</p> <p>Through the business engagement and communications programme and the Council's commitment to being a Social Enterprise Borough, the Council will focus on</p>
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	<p>meeting the needs of social enterprises and encourage social enterprises to develop, grow and thrive. A Social Enterprise Partnership has been developed in collaboration with HCD Social Enterprises in the borough and the joint Social Enterprise Partnership Manifesto will be formally launched in November 2018 setting out further details on specific actions and outputs to be delivered.</p>
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<p><b>Recommendation Twelve</b></p> <p>a) The Commission wishes to receive a report on how the Council can provide support to SMEs in the borough to set up apprenticeship placements and an outline of the Council's understanding of apprenticeship support needs for local businesses.</p> <p>b) We recommend the Council explores the development of higher level apprenticeships (level 3 and 4) for all ages and encourages the development of apprenticeships for more experienced workers looking to transition or embark on a career change.</p>	<p><i>Lead officer: Andrew Munk, Head of Employment &amp; Skills</i></p> <p>a) The Council will continue supporting SMEs in the borough via a number of means including the set up and implementation of our apprenticeship network which will include:</p> <ol style="list-style-type: none"> <li>1. Engaging with smaller, non-Levy paying employers who can receive financial support from the Government to create apprenticeships and help them understand apprenticeship funding and the new apprenticeship standards.</li> <li>2. Seeking to transfer 10% of our Levy funds to smaller employers which will help them to offer more apprenticeships to residents.</li> <li>3. Sending a clear signal of the Council's expectations of what constitutes good quality apprenticeships in terms of employment, pay and training conditions helping SMEs deliver quality apprenticeships.</li> <li>4. Acknowledging and celebrating examples of good quality apprenticeship delivery within SMEs.</li> <li>5. Providing a link to the Council's wider strategic ambitions for business engagement and partnership work supporting the local economy.</li> </ol> <p>SME support needs generally centre around support in relation to pay, training costs, support around the creation of new apprenticeships, and accessing training providers. Many SMEs also have support needs around managing an apprentice once in place, and how to best recruit apprentices.</p> <p>Many SMEs are unsure of what to pay an</p>
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	<p>apprentice. We recommend that employers pay apprentices the London Living Wage of £10.55 an hour. We understand the challenges this may pose for some SMEs and for those unable to match the London Living Wage we recommend paying apprentices at least £7.50 an hour. (The national minimum wage for apprenticeships is £3.70 an hour).</p> <p>We also advise on use of an apprenticeship training provider that has at least an OFSTED grade 2 rating and have a current SLA in place with us, as well as ensuring sufficient pastoral support and mentoring is in place.</p> <p>SMEs are often unsure of how to recruit an apprentice. We have a commitment to recruit Hackney residents and, to this end, utilise the Council's support services, namely Hackney Works and Supported Employment who can help with the recruitment and retention of candidates from within the borough (including those with a disability or Health condition). We are also able to offer support around writing of Job descriptions.</p> <p>b) The Council's apprenticeship programme currently offers apprenticeships at a range of levels. Of our 107 apprentices, 14% are studying at Level 2, 61% at Level 3, 19% at Level 4, and 6% at Level 7.</p> <p>Our apprentices range in age from 16-51, and 23% of our apprentices are over the age of 25. There is currently no upper age limit to apply for our apprenticeships. We have launched an 'adult improver' scheme in trades (plumbing, carpentry etc) for residents over the age of 25 Working with schools in the borough, we have recently taken on our first cohort of Teaching degree-level apprentices (Level 6).</p> <p>Going forward, we will continue to seek to offer higher-level apprenticeships, taking advantage of new degree apprenticeships available in areas including Finance, Social Care, and Teaching.</p> <p>We are also working with Timewise to pilot a part-time apprenticeship scheme which will focus on residents with Special Educational Needs and Disabilities, as well as older residents with childcare responsibilities.</p>
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<p><b>Recommendation Thirteen</b></p> <p>We recommend the Council applies the principles it used to champion the implementation of the London Living Wage locally to encourage quality jobs and upskilling by employers for their workforce.</p>	<p><i>Lead officer: Andrew Munk, Head of Employment &amp; Skills</i></p> <p>The Employment and Skills team offers a comprehensive menu of opportunities which proactively supports businesses to grow and prosper within Hackney, whilst also securing opportunities for the borough's diverse talent pool, with a focus on those facing barriers to the labour market.</p> <p>The menu of opportunities has an emphasis on securing well paid, high skilled and meaningful employment opportunities for local residents which supports long term sustained employment for residents. Working closely with business we support them to secure apprentices, create work placements and hire local out of work residents. In addition to this, through assessing a businesses' needs we effectively work together with them to develop a wider menu of opportunities specific to their business needs which creates a clear pathway to residents towards quality employment and training.</p> <p>Through our work with businesses in the borough we actively advocate and encourage that they pay Hackney residents the London Living Wage. As a borough we lead by example and pay the LLW to all our apprentices. We work with businesses to provide guidance and information on the specific benefits to their business of paying residents London Living Wage. Employment and Skills menu of opportunities identifies key areas where businesses can utilise our services to give opportunities to Hackney residents.</p>
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<p><b>Recommendation Fourteen</b></p> <p>The Commission recommends the Council's procurement process in relation to employment and skills openly supports and encourages small and medium sized businesses to bid for local government contract work in Hackney.</p>	<p><i>Lead officer: Rotimi Ajilore, Head of Procurement</i></p> <p>The revised Sustainable Procurement Strategy (SPS) which is planned to be adopted by Cabinet in October 2018 include an action for Hackney Procurement Service to work with Economic Development Team, to run workshops for the supplier community (particularly SMEs) and ensure their understanding of Hackney's SPS commitments. This forum will also be used to used to provide support for SMEs on how they can access the Council's contracting</p>
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	<p>opportunities</p> <p>We also have a commitment within the SPS that we will consider the size of contract and assess if it can be split into smaller lots to make it more accessible to Small and Medium sized Enterprises and local businesses</p> <p>We are also introducing an electronic tendering system which will make it much easier for SMEs to trade with the Council.</p>
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<p><b>Recommendation Fifteen</b></p> <p>The Commission recommends the Council looks at developing measurable outcomes for the journey of residents going through adult learning, Hackney Works programme and the Council's apprenticeship scheme and reports back on the measurements put in place.</p>	<p><i>Lead officers: Andrew Lee, Assistant Director, Education Services</i>  <i>Andrew Munk, Head of Employment &amp; Skills</i>  <i>Nene Mburu, Head of Adult Learning Services</i></p> <p>A Skills Devolution Working Group has been established involving senior officers from HLT's Adult Learning Service and Employment &amp; Skills.</p> <p>A key focus of this group is to respond to the new outcomes focused approach to Adult Learning which the GLA as commissioner will introduce following the devolution of AEB funding in academic year 19/20.</p> <p>Alongside this external driver, a key internal driver for this new focus is to align the Council's Adult Learning provision with the Council's overarching strategic approach to inclusive economic growth. This includes better integration between the Adult Learning service and the Employment &amp; Skills service.</p> <p>As part of this integration work, a new corporate dashboard will be introduced which tracks a range of Adult Learning outcomes as a part of a suite of wider employment &amp; skills outcomes, including for example the outcomes achieved by the Hackney Works service and the corporate Apprenticeship programme. A key focus will be on progression across the various different areas of service provision and outcomes.</p> <p>The Adult Learning outcomes measures will build on the existing methods of measuring a learner's journey and outcomes.</p> <p>Specifically:</p> <p>a) Non-accredited courses – through the Ofsted approved and tested</p>
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	<p>RARPA process (Recognising and Recording Progress and Achievement). Tracking of progress includes curriculum focused acquisition of knowledge and also holistic skills such as the skills learners need and develop to prepare them for employment and/or improve their personal lives e.g. supporting their children, confidence building etc.</p> <p>b) Accredited courses – learners achieve formal qualifications (from Entry 1 to Level 2 and GCSE) from a recognised awarding body e.g. Edexcel, City &amp; Guilds etc. Learner progression (laterally, upwards, downwards) is tracked across curriculum areas.</p>
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<p><b>Recommendation Sixteen</b></p> <p>a) The Commission would like the Council to explore the possibility of better aligning the adult community learning provision to its employment support service to provide a seamless service covering learning, training and employment support.</p> <p>b) The Commission suggests the Council's employment and skills service adopts an employability skills framework that supports people in and out of work to prepare and develop transferable skills for future job roles.</p>	<p><i>Andrew Lee, Assistant Director of Education Services</i>  <i>Andrew Munk, Head of Employment &amp; Skills</i>  <i>Nene Mburu, Head of Adult Learning Services</i></p> <p>Key areas of focus for the Skills Devolution Working Group over the coming year include:</p> <p>1) Developing, consulting and publishing an Adult Skills Strategy for Hackney. A key function for the Strategy will be to guide and influence Adult Learning provision commissioned by the Council.</p> <p>The Strategy will describe the skills and labour market context for Adult Learning provision; and the risks and opportunities this presents to residents and communities.</p> <p>At the heart of the Strategy will be a set of principles which underpin the Council's approach to Adult Learning, including a strong focus on supporting residents in and out of work to prepare and develop skills for future jobs roles.</p> <p>2) A detailed set of proposals and options for the proposed restructuring and integration of the existing Adult Learning Service (ALS) and the Employment &amp; Skills team. The key objective of this integration will be to provide a joined up service for residents, with a focus on the most disadvantaged, covering</p>
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	<p>learning, training and employment support</p> <p>In advance of the start of Adult Learning provision for 18/19, several joint initiatives across Adult Learning and Employment &amp; Skills have already been put in place to improve levels of integrated working between the teams.</p> <p>These include:</p> <ul style="list-style-type: none"><li>• Employment advisers engaging with learners in ALS classes as appropriate to provide bespoke employment advice and guidance.</li><li>• The Employment and Skills team to share with ALS progression of learners into employment.</li></ul> <p>Key areas for joint working over the coming months have also been identified include:</p> <ul style="list-style-type: none"><li>• ALS to train Employment &amp; Skills advisors how to use NARIC (tool for translating overseas qualifications into a British equivalent). The tool will help recent migrants acquire appropriate advice on employment and training commensurate with their ambition, prior education and achievement.</li></ul>
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**REPORT OF THE WORKING IN HACKNEY SCRUTINY COMMISSION****The Future of the World of Work and Skills in Hackney**

Working in Hackney Scrutiny Commission –  
September 2018  
Cabinet – November 2018

Classification

**Public**

Enclosures

**Appendices 1 - 4**

## 1. FOREWORD

There is much discussion about the changing face of employment and how the world of work, and therefore skills needed for jobs, is changing at a faster pace than we have ever known. This is not solely due to automation, technology and artificial intelligence. There are also demographic changes, the global picture of climate change and globalisation, and the rise of the gig economy, self-employment and portfolio careers. In London, housing and land values are distorting the economy and there is a hollowing out of mid-level jobs, leaving behind high-skilled and low-skilled jobs and therefore greater inequalities. Productivity is not growing as it should be compared to other European economies which affects wage growth, and Brexit is predicted to impact London significantly.

The education and skills system, long recognised not to be meeting the requirements of employers and the economy, has a momentous task ahead – to prepare young people and to upskill adult workers of all ages for a new world of work. Fortunately, this urgency is being met in London with a devolution of skills which can hopefully allow it to re-invent how it supports people into work and through increasing inevitable transitions in their careers. This scenario is echoed across other trends; opportunities and challenges exist in equal measure which require the council and other actors to work hard to ensure that these opportunities are open to all.

As the Commission assessed this landscape, we decided to structure our enquiry and our report around six key characteristics or trends that are amplified in Hackney. These are:

- Growing inequality
- The rise in self-employment
- The impact of high land and property values
- The predicted impact of Brexit
- Opportunities for employers to contribute
- Opportunities to lead in a revolution of skills

This allowed us to make recommendations in areas where the council must be proactive given the nature of Hackney.

I would like to convey heartfelt thanks to the residents, businesses, workspaces, think tanks, council officers and Councillors who grappled with the challenging issues and themes in this report. We know that we do not collectively have all of the answers yet, but by working together we can support the council to best anticipate the changes. This will enable it to position itself to be able to best support residents to respond to these dynamic and increasing changes in the world of work and skills. I commend this report to the council.

A handwritten signature in black ink, appearing to read 'AJR', written over a horizontal line.

**Cllr Anna-Joy Rickard**

Chair- Working in Hackney Scrutiny Commission

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## 1. INTRODUCTION

- 1.1 The world of work is changing in response to a number of factors such as: technology advancement, an ageing population, automation and artificial intelligence, globalisation, climate change, urbanisation and increasing inequality.
- 1.2 The UK labour market is changing and employers are reporting rising skills shortage vacancies in London and skills gaps in their workforce<sup>1</sup>. The job growth in central London represents 2/3<sup>rd</sup>s of London's job growth and 1/5 of the jobs growth in the UK. Central London Forward's economic assessment reported that businesses that rely on skilled labour (tech companies, R&D functions etc.) are agnostic to where their operations are based.<sup>2</sup> This could have a huge impact on local economies. This behaviour is very different to the way business behaved two decades ago, where previously skilled individuals were expected to move to where companies were based. But now in the global fight for a limited pool of skilled talent businesses are thinking differently.
- 1.3 Over the last decade Hackney has experienced improved public services, better transport links and a much improved quality of life. With population growth by a third and a larger proportion of affluent, higher skilled residents moving into the borough, Hackney has experienced rapid economic growth and a change that has also led to it becoming an attractive location for businesses.
- 1.4 Changes in the workplace and to the nature of work will mean people will change employers, jobs, employment status and professions numerous times and at faster paces than ever before. While some have the tools and mindset to embrace this flexibly, not all are equipped with the skills, competences and support system to be able to respond to these changes. The Working in Hackney Scrutiny Commission conducted this review to explore the implication of the changing world of work and skills to Hackney.

### **World of Work**

- 1.5 The UK economy is heavily service based both in output and employment. Over the last decades there has been a shift in the economy from manufacturing to services particularly towards professional, real estate, scientific and technical services. It was reported in 2014 this accounted for a 1/3<sup>rd</sup> of output and 1/4 of total employment.<sup>3</sup> Economic success has been increasingly driven by London's connected and global economy specialising in financial, professional and technical services. This created a strong demand for highly skilled, highly productive labour and is expected to continue to rise at a fast rate.

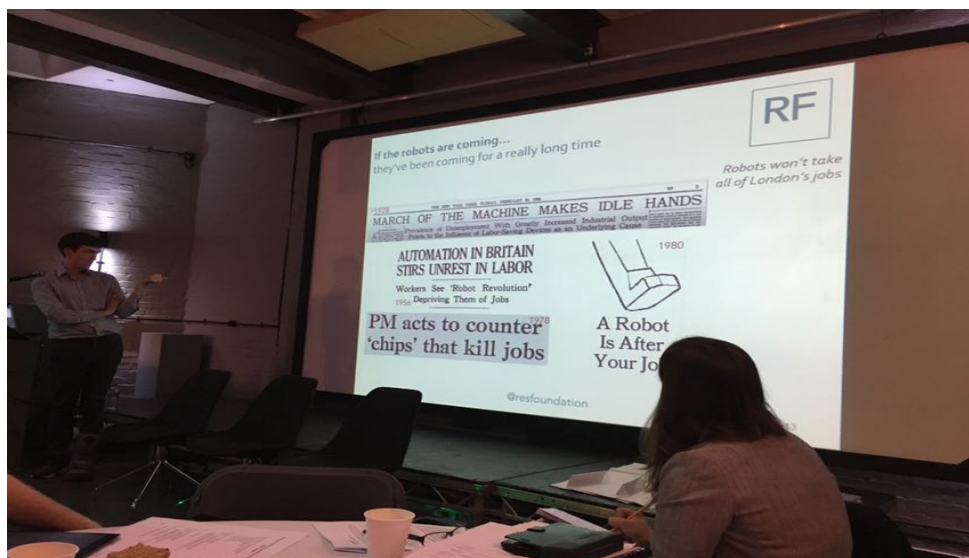
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<sup>1</sup> Bridging the Gap report page 11 - UKCES (2015) 'Employer Skills Survey 2015'

<sup>2</sup> Central London Forward: Final Analytical Report, Central London Forward, May 2017

<sup>3</sup> [https://www.keepeek.com/Digital-Asset-Management/oced/employment/employment-and-skills-strategies-in-england-united-kingdom\\_9789264228078-en#page22](https://www.keepeek.com/Digital-Asset-Management/oced/employment/employment-and-skills-strategies-in-england-united-kingdom_9789264228078-en#page22)

- 1.6 At just over 65 million<sup>4</sup> the UK population is at its largest level and the UK employment levels are at their highest rate with unemployment is at its lowest level. Between 2006 and 2016 the British employment rate increased from 72.6% to 74% and London's employment rate increased from 68.1% to 73.8%. Over the past ten years the UK's unemployment dropped to 4.6% and London's to 5.5%. In the same period Hackney's employment rate has increased from 58.3% to 69% and Hackney's unemployment rate is 5.6%.<sup>5</sup>
- 1.7 To date a strong proportion of London's labour demand has been filled by migrant labour and an increasing trend for London's economy is the hollowing out and departure of the middle skilled. Many middle skilled jobs are reducing as we see an increase in jobs that are either high skilled or low skilled. This is coupled with people aged 30-45 years leaving London in large numbers, resulting in a new decrease and loss of middle skilled workers.
- 1.8 Employment is changing as organisations adopt a different business model in this open competitive market. Since the financial crisis in 2008 there has been a rise in different forms of precarious work but to date full time employment is still the most common form of employment. A significant change has been the increase in part time work from 16.8% in 2006 to 27.9% in 2016<sup>6</sup>. In addition to this Hackney has been experiencing fluctuating self-employment rates with a low of 10.8% in 2007 to a high of 18.9% in 2015.<sup>7</sup>
- 1.9 At our opening event on 29<sup>th</sup> November 2017 we heard for decades it has been widely anticipated that automation and robots (artificial intelligence) will take a significant number of jobs but in this review we found although there has been an increase in technology. Productivity in the UK had not vastly improved like it has with previous advancements in technology in the labour market. This is in spite of an increase in skills and better qualification levels for the population.



<sup>4</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/articles/overviewoftheukpopulation/july2017#the-uk-population-is-at-its-largest-ever>

<sup>5</sup> [www.hackney.gov.uk/statistics-evidence-plans-and-strategies](http://www.hackney.gov.uk/statistics-evidence-plans-and-strategies)

<sup>6</sup> Employment, economic activity and self-employment LBH Policy Paper

<sup>7</sup> Employment, economic activity and self-employment LBH Policy Paper

- 1.10 Previous industrial revolutions have shown that where some jobs are lost usually others are created. Many of the jobs, such as health and social care which are in demand now did not exist a decade ago. In addition to these changes, there are trends such as the gig economy and the increase in precarious work. While there is no legal definition, the term precarious is used to refer to a type of work which is poorly paid, unprotected, and insecure. This is believed to have contributed to the changes in the nature of how people work. In the future it is predicted that these significant changes to the way people are employed and the types of contracts they are employed on is likely to continue.
- 1.11 Hackney is the 11th most deprived area in the country but over the last decade it has experienced improved public services, better transport links and a much improved quality of life. With population growth by a third and a larger proportion of affluent, higher skilled residents moving into the borough, Hackney has experienced rapid economic growth and a change that has also led to it becoming an attractive location for businesses.
- 1.12 The number of workless households in Hackney has almost halved since 2005 down by 42%, nevertheless for the first time in this country there are more people in poverty living in households where someone is in work rather than out of work. A key challenge for workers (particularly those with low or no qualifications) currently is stagnating wages and adverse work conditions. The proportion of Hackney employees earning below the London Living Wage has increased and this suggests a growing need for in-work support to help people progress out of poverty particularly for part time workers.
- 1.13 The nature of work and how it is performed has changed many times over the course of the decade. However, the pace of change and advancement of technologies has raised concern about the rise of contingent work – self-employment, zero hours contracts and the shared and gig economy. In addition there are population changes affecting the nature of work such as an aging population and people choosing to work past retirement age – whether through choice or need.

### **World of Skills**

- 1.14 The UK has the most centralised employment and skills systems in the developed world – with central government and its agencies directly responsible for employment and skills policy, design, funding and oversight.
- 1.15 Until recently there was greater emphasis on central government control of local government with an overwhelming fiscal reliance on central government. Successive government strategies have moved towards a more flexible, locally determined and needs-led approach in both the skills system and the employment service. The Department for Work and Pensions (DWP) training providers and the National Careers Service are expected to work more collaboratively to meet local skills and employment needs, building on previous initiatives to create a more integrated employment and skills system.<sup>8</sup> Yet the responsibilities of employment and skills for adults remain with various

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<sup>8</sup> J Oakley, B Foley and J Hillage, Department of Works and Pension Research Report No 830, Employment, Partnership and Skills



central government departments. Overall the employment and skills landscape is characterised by complexity and reform. This fragmentation is exacerbated by services often having different objectives, priorities, eligibility criteria, accountabilities and ways of working – with limited scope to align these with local priorities or to join services up locally. Although local authorities have no formal role in the provision of employment and skills, It is good practice to work in partnership with statutory providers and all key local stakeholders for employment and skills.

- 1.16 Despite the high levels of employment, employers are complaining of a shortage of skilled labour. This is reflected in a mismatch of skills provision with too many Londoners acquiring skills that are not in demand locally. This is further compounded by having an employment and skills system not designed to address the skills shortages and challenges.
- 1.17 The employment and skills challenges are expected to be further complicated by Britain's exit from the European Union in relation to the loss of access to workers, loss of passporting rights and VISA policy changes. This anxiety is affecting businesses' behaviour. At the same time the current structures for skills development and employment support are inept at meeting the needs of local economies or the needs of employers. A skilled workforce is vital if London's economy is to continue to grow.
- 1.18 At least £1.6 billion of public investment went into skills development in London in 2015/16<sup>9</sup>. However, London is not getting a return on its investment due to a series of system failures. There are a number of information failures in the system, for example insufficiently granular Labour Market Intelligence. In addition to the patchy careers information, advice and guidance hampers the ability to assess need and help learners identify suitable opportunities. However, the Government is bringing in employer-led training in the hope that it will develop a skills system that meets employer's needs.

### **Purpose**

- 1.19 In spite of positive improvements to the local economy and the higher level of qualification of local residents, the borough has experienced a decline in lower skilled occupations and Hackney's local economic assessment data suggests there is a significant proportion of residents in low skilled and low paid work. This puts them in a situation with limited access to career transition support or upskilling opportunities.
- 1.20 The Working in Hackney Scrutiny Commission decided to conduct this review to explore the trends of the changing labour market, changing skills system and its impact on London's economy; to consider what the council could do to prepare and support residents.
- 1.21 The purpose of the review was to consider how residents might be supported to help prepare for the future economy both in London and locally. The review aims to identify the policies and practices that could help to overcome the challenges ahead in addition to looking at what skills support would be needed

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<sup>9</sup> Bridging the Skills Gap – How Skills devolution can secure London's future prosperity, Report by APPG for London July 2017

to enable local residents to prepare, progress and/or change careers if required for the future world of work and skills.

- 1.22 While we recognise certain groups experience even more disadvantage and barriers in the world of work and skills, we did not explore in detail the barriers faced by equality groups. The Commission acknowledges the barriers faced and will explore the barriers faced in more detail in its work looking at inequalities at work.

### **What we looked at**

- 1.23 The Commission explored the predications on the changing world of work and skills and the impact of these changes over the next 5-10 years to London and the local economy.

- 1.24 The headlines we heard were:

- The changes are not all about automation and technology. The work environment, types of employment contracts and patterns of work are all changing from the atypical norm.
- There is a hollowing out of London's economy and a rise in inequalities as the jobs being created are highly skilled and low skilled.
- Brexit will have a key impact on London and Hackney
- Self-employment has been increasing
- Earnings will rise over the next few years but it is anticipated that earnings will rise slower than previously because the UK's productivity and growth have been downgraded. London's productivity levels have not increased in line with the level of growth among the population in skills qualifications.
- Housing and land values are distorting London's economy and impacting on its demography.
- The education and skills system is not fit for purpose.

- 1.25 To build on the information obtained from the academics and think tanks, the Commission visited work space premises to look at new types of working environment businesses are choosing to use, and they spoke to local businesses about operating in the current business climate and future trends.

- 1.26 The Commission also spoke directly to local workers to get their views on the changing world of work and skills.

### **Methodology**

- 1.27 The core questions the review set out to answer were:

- Is the Council knowledgeable and prepared for the future world of work and skills?
- Can the Council help prepare residents for the future world of work?
- Does the adult skills system support residents to develop their skills and retrain to change their career?
- Is there more the Council can do to leverage resources and planning powers e.g. through regeneration programmes and use of land values through economic development.

- Is there more the Council can do to encourage local employer involvement in the upskilling and training of the workforce?
- 1.28 Within this overarching aim a number of component objectives were explored.
- 1) What will be the key impacts in the future world of work on Hackney's economy?
  - 2) Does the hollowing out of London's workforce affect Hackney's economy and residents and are there quality jobs as a result of the economic growth in Hackney's economy?
  - 3) Can the Council help or support the vulnerable workers at the low end of the labour market or business market?
  - 4) Can local people be upskilled for future jobs and do they have the skills required for future jobs?
  - 5) What does an effective adult's skills system look like and does the adult community learning provision enable workers at risk to develop their skills for the future labour market?
  - 6) What is the Council's vision for economic development?
- 1.29 A range of data gathering methods were used by the Commission. These included:
- Public and stakeholder information event
  - Evidence sessions in commission meetings
  - Site visits and focus groups
  - Desk top research.
- 1.30 Ultimately, through its investigation, the Commission's review aims to feed into the development of Hackney's new Economic and Community Development Strategy.
- 1.31 The Commission will produce recommendations aimed at supporting the Council's preparations and planning for Brexit and employment and skills support services locally. The Commission wanted to highlight the key questions the Council should be asking itself and the key areas where joint working could maximise results for local residents e.g. housing regeneration programme.
- 1.32 Desk based research was undertaken to help the Commission understand the statutory role and responsibilities of councils in relation to employment and skills service provision and the work to date the council has been doing to prepare.
- 1.33 A public evidence session was held with local residents, stakeholders, national think tanks and academics in November 2017 to commence the review and define the focus of the review. The site visits, focus group sessions and a scrutiny commission meeting were held from February through to March 2018. At these sessions, the Commission discussed a range of issues pertaining to the changing world of work and skills and the impact of the changes over the next 5-10 years to London and the local economy.
- 1.34 External stakeholders who contributed to this review included:
- **Resolution Foundation**
  - **Fabian Society**

- **Institute for Public Policy Research (IPPR)**
- **Central London Forward.**

### **Focus Groups with Local Residents**

- 1.35 The Commission spoke to 21 residents from a range of professions (*please see appendices for full details*) and held 2 focus groups in the following work categories:
- Part time employment and zero hours / casual / temporary employment
  - Self-employed and Full-time.
- 1.36 The discussion covered people's choice of employment and why, the concerns they may have about employment, the changing work environment and their views on the future of work and skills in the next 5-10 years.

### **Site Visit to Work Spaces in Hackney**

- 1.37 The Commission wanted to engage with local businesses to hear their views on the changing world of work and skills. The Commission chose to visit shared workspaces to understand why businesses were choosing this type of business environment. The Commission visited Bootstrap in Dalston and The Brew in Shoreditch.
- 1.38 The Commission spoke to 5 business owners from a range of sectors: retail, media, IT/science, IT and construction industry. The businesses that engaged were:
- **Sliverfish Films** (Media Industry)
  - **Supawell** - online company selling sustainable products (Retail industry)
  - **Senaphore** – software solutions for science sector (IT/Science Industry)
  - **Angel** – creative digital services agency (IT Industry)
  - **Graphic Structures** - structural engineering and building design (Construction Industry).
- 1.39 The discussion covered the business model's they operate, changes to the work sector, future of their work sector and the employment types for businesses in this work space. There was also a dialogue about the opportunities and challenges for their business now and in the future.
- 1.40 This report details the main findings of the Commission. The detailed information of the evidence at meetings and site visits will not be repeated and can be found as an appendices and at the following meetings (Feb 2018 and November 2017).
- 1.41 The Commission would like to thank all our key witnesses, residents and business owners for giving evidence and participating in this review.

## 2. SUMMARY, RECOMMENDATIONS AND OUTCOMES

### Summary

#### 2.1 Chapter 1 Inequalities / in work poverty and under employment

- 2.1.1 As jobs become more specialised and the nature of work changes the workers we spoke to expressed concern about the growth of zero hours contracts, part time and freelance (self-employed) work, and that this could mean less job security. Workers wanted to see the Council lead by example and develop a work experience programme for older job seekers. We heard how some workers did volunteering to work in the areas they desired. The view is having a work experience programme that older workers could access would enable those job seekers to try out jobs and benchmark their skills to identify future training needs. They also wanted an opportunity to 'prove themselves' and demonstrate their transferrable skills. However we recognise introducing a programme that focusses on older workers, would require a change in local employers' views about work experience and there would also need to be a rebranding exercise to promote this.
- 2.1.2 Central London Forward's report on the economy highlighted that some local residents have missed out on the opportunities created and a significant core have not participated in the growth experienced. It is therefore a priority to reconnect economic growth to some of the residents who have missed out in the last decade to address the issue of low wage growth and the polarising labour market.

#### *Recommendation 1*

- a) *The Commission recommends the Council explores the development of a work experience programme aimed at older job seekers. We recommend it provides work experience that enables workers to explore jobs opportunities and benchmark their skills to identify future training needs.*
- b) *To promote this new type of work experience programme we recommend the Council undertakes a rebranding exercise to promote work experience for this cohort.*

- 2.1.3 The key negative impact of automation is where people are not prepared and ready to transition. Even with automation, the demand for work and workers is likely to increase as other sectors experience growth. The pace of change due to automation and AI was the main concern expressed by workers in our focus group discussions when we talked about automation. Therefore consideration needs to be given to how the Skills system and employers can support career change for those individuals impacted by automation and Artificial Intelligence in the future.

*Recommendation 2*

*The Commission recommends the Council lobbies for the Skills system to encourage employers to take the need for digital training for employees seriously. We ask the Council to use its influence to encourage local employers to provide digital training beyond basic IT to enable employees to be adept and transition in the work place as their job or industries evolve.*

## **2.2 Chapter 2 – Self employment**

- 2.2.1 Self-employment in its best form provides flexibility and earnings to the desire of the individual. However there are emerging business models being operated by businesses which blur the lines between worker and the self-employed. We found there was a gap in knowledge locally about self-employment. The Commission is of the view the Council should explore ways of sign posting self-employed individuals to information about being self-employed, the implications of self-employment and what to do about pensions, saving, tax returns, legal advice etc. The Commission thinks this will fulfil a dual purpose of building up local knowledge about self-employment and help workers to understand the implications of self-employment.

*Recommendation 3*

*We recommend the Council adds information on its business engagement tools the ‘Landing Pad and Launch Pad’ for the self-employed, providing information about being self-employed or sign posting to that information. We would like to see the provision include information about pensions, saving, tax returns, legal advice etc.*

- 2.2.2 The noticeable rise in self-employment is a key area of change in the world of work. At our future world of work and skills event experts advised there was a role for councils to think about an initiative to help facilitate a vehicle for the self-employed. This type of vehicle would provide assistance when they were out of work and help to protect their rights.
- 2.2.3 We noted a new project being launched in Walthamstow by the Community Trade Union and IndyCube setting up a union as a means of supporting freelancer workers, to help resolve issues like late payment of invoices (uncertainty of income) and then expand to other areas of need if successful.
- 2.2.4 The voice of the workers and their rights in the work place are rapidly changing and historically trade unions were the main mechanism for driving worker/employer engagement. As businesses are found to be using the networks of self-employed workers more we would encourage the Council to explore this union scheme and consider if Hackney could be a future location for a collective union like this to support the increasing number of workers becoming self-employed.

*Recommendation 4*

*We recommend the Council explores the possibility of Hackney being a location for a self-employed union to provide collective support and purchasing power to support this growing cohort of workers.*

- 2.2.5 The Commission explored if there was something the council, its partners and local employers could do to support residents in precarious work - so that the flexibility and choice of employment is not just beneficial to employers but workers too.
- 2.2.6 As pointed out in the Taylor review, employment law needs to catch up with the changing world of work. Until primary legislation is changed we would encourage the council to explore ways of opening up access to skills development for the self-employed and vulnerable workers who may be under employed at the low end of the labour market. We noted the Council is expanding its employment service to include support to workers in under employment.

*Recommendation 5*

*The Council to explain how they will target the under employed to provide them with in-work support and outline the support and training that will be available to enable them to transition into more secure and quality employment.*

### **2.3 Chapter 3 – housing and land values**

- 2.3.1 Currently the Council has the ability to offer affordable housing and commercial rental space at 80% of the current market rental value. In Hackney for most families and businesses this is still unaffordable. It is important for the Council to consider how they can make current workspaces more affordable to businesses in the borough to help existing employers remain in the borough.
- 2.3.2 To maintain Hackney's diversity in employment, from the rising property prices driven by a strong housing market, we suggest the Council considers taking a stronger lead and uses their planning and land purchasing powers more proactively and strategically to preserve land for industry and workspace activities. We heard how the Council was considering offering a further reduced affordable rental value rate for commercial space to help combat rising rental values in London, particularly inner London.
- 2.3.3 The Section 106 agreement with a cap on commercial rent charges is a good example of the Council's use of planning powers, and the Commission is of the view more work like this will need to be supported by the right planning policies.
- 2.3.4 The Commission supports the development of a proposal to offer new development workspaces (retail, office and industrial) at 40% of the current market value to help combat rising land values. Hackney has a long history of being a location for manufacturing and continues to see businesses producing products in Hackney and doing prototype development before mass build. We

therefore urge the Council to prioritise and protect industrial space in the Local Plan alongside units for community, retail and workspace.

*Recommendation 6*

If the provision for cheaper rents is introduced we recommend the Council prioritises and protects industrial space in the Local Plan alongside units for community, retail and workspace. The Commission recommends the Council explores the possibility of inclusion in its planning policy the use of Section 106 agreements to create more workspaces with capped rent to keep employer diversity in the borough.

- 2.3.5 While the affordable workspace proposal is welcomed the Commission did express concern about large organisations taking advantage of the lower rental values. In turn the Council should require all businesses to provide some social return to the local community. Our dialogue with businesses earlier in the year revealed the council had no formal mechanism in place to follow up on the social value commitments made by businesses as part of their rental agreement. We suggest the Council develops a social value criteria, including the implementation of the London living wage in staff contracts, employing an apprentice and employment of local residents through the Hackney Works programme, as a means of local businesses supporting their local community. There should then be a mechanism in place to monitor the progress of the commitment by the business.

*Recommendation 7*

- a) The Commission wants to be assured there are mechanisms in place to check that the social value commitments by local businesses are followed up by the Council to ensure implementation.
- b) The Commission recommends the Council explores the ability to introduce a social value criteria for new affordable workspace developments. We would like to see it include implementation of the London living wage for staff contracts, employ an apprentice and employment of local residents through the Hackney Works programme.

- 2.3.6 In the last 10 years, the average house price in Hackney have increased by 111% compared to an 80% increase in house prices in the last 10 years across London. The average earnings for London have not increased substantially since 2005 compared to house prices and rental values.
- 2.3.7 Hackney is one of the top 10 most expensive London boroughs to rent in. The Commission would like the excellent work being done on housing regeneration extend to include a systematic commitment to the creation of jobs and employment in the specification. An example of this is the proposed Marion



Court development. This development has allocated the entire ground floor space of the site to commercial use with a mix of retail, community and commercial workspace units. Regeneration schemes could also be more ambitious in the number and type of apprenticeships that are required of developers.

*Recommendation 8*

*The Commission recommends for all new regeneration and housing developments this includes in the specification a systematic commitment to the creation of jobs and employment on the sites, for example by allocating a section of the build to commercial use with a mix of retail, industrial, community and commercial workspace units.*

## 2.4 Chapter 4 – Brexit

- 2.4.1 Construction and Hospitality are the two areas where Hackney and London are exposed from a reduction in EU workers. Both of these sectors provide significant employment in Hackney.
- 2.4.2 Hackney's economy and population has been fuelled by international migration. Hackney has many highly skilled EU residents (who work outside the Borough) and local businesses dependent on low skilled EU staff (who live outside the Borough). As the government develops its plans for Brexit we would encourage the Council to facilitate / sign post EU citizens to relevant information about their rights to remain.
- 2.4.3 In relation to the loss of passporting rights the Commission learnt that businesses were nervous about the loss of access to workers and potential VISA policy changes. This anxiety is affecting businesses' behaviour. The view is that any changes to the VISA policy will have a dramatic effect especially on replacement labour. Changes to the VISA policy will impact a large number of sectors. Research and dialogue with local employers has highlighted VISA policy changes as a concern.

*Recommendation 9*

- a) *The Commission recommends communications by Hackney Council continues to encourage EU citizens to remain and sign posts to relevant information about their rights.*
- b) *The Commission recommends the Council's Landing Pad and Launch Pad gives advice on how to adapt and where to go for business support as the impact of Brexit on businesses unfolds with decisions and policy development.*

- 2.4.4 Restrictions on future migration from the EU potentially poses the greatest threat to Hackney businesses and public services. However the Commission is of the view this threat could provide the incentive employers need to invest

in local people to fill the skills gap and engagement with the skills system to make it more responsive to employer needs.

*Recommendation 10*

*The Commission recommends the Council lobbies Central London Forward and the Government to encourage employers to view Brexit as an opportunity to re-examine how to improve skills in the capital and provide support to do more to nurture UK talent.*

## **2.5 Chapter 5 – Contribution by local businesses to the local economy and the skills system**

- 2.5.1 As support needs for local businesses develops we wanted to highlight that social enterprises have business support needs too and are often contributing significant social value to our borough. The businesses we spoke to talked about the benefits and potential from having access to collaborative working with other businesses. We would like to see the Council's relationship building work include supporting and facilitating the business support needs for social enterprises e.g. access to the latest computers and software for those that teach girls coding.

*Recommendation 11*

*The Commission recommends the Council's relationship-building work includes supporting and facilitating the business support needs of social enterprises e.g. helping social enterprise businesses to access collaborative working opportunities where possible.*

- 2.5.2 The Government introduced the apprenticeship levy to boost employer investment in apprenticeships. The apprenticeship levy was introduced a year ago to encourage employer engagement and help create three million apprentices by 2020. Under the new apprenticeship system employers are responsible for designing the content of apprenticeship standards.
- 2.5.3 The large volume of micro businesses in Hackney means for local businesses developing apprenticeships would be more of a business choice rather than being affordable through the apprenticeship levy. In these instances the Council's lever of influence would be to have a role in sign posting and/or supporting businesses to set up apprenticeships.
- 2.5.4 The Commission was informed the Council's corporate apprenticeship programme was now established with a target delivery of 100 apprenticeships across the Council. However, we learned there are a large number of low

level apprenticeships that do not necessarily lead to higher level jobs or a career path.

- 2.5.5 The Commission hopes the Council is working with the apprenticeship training providers locally to ensure employers are designing apprenticeships for all levels especially for higher level employment. It is important local businesses are supported to design apprenticeships at higher levels to create quality jobs. The Commission sees this as a means to creating a stepping stone towards better paying roles for workers in lower skilled jobs.

*Recommendation 12*

- a) *The Commission wishes to receive a report on how the Council can provide support to SMEs in the borough to set up apprenticeship placements and an outline of the Council's understanding of apprenticeship support needs for local businesses.*
- b) *We recommend the Council explores the development of higher level apprenticeships (level 3 and 4) for all ages and encourages the development of apprenticeships for more experienced workers looking to transition or embark on a career change.*

- 2.5.6 The Council has taken a lead role in championing the implementation of the London Living Wage across the Borough and leading by example by becoming an accredited London Living Wage employer. In a similar way, we would like to see the Council take the LLW work and principle and apply it to the championing of quality jobs in the borough.

*Recommendation 13*

*We recommend the Council applies the principles it used to champion the implementation of the London Living Wage locally to encourage quality jobs and upskilling by employers for their workforce.*

## **2.6 Chapter 6 – Hackney leading a revolutionary redesign of the skills system**

- 2.6.1 Local authorities are now seen as an anchor institution and major employer in local economies and expected to play a role in shaping demand through local procurement policies. Our WiH event revealed how a local provider felt government contracts were out of small providers reach and designed for large organisations to acquire regardless of their knowledge and expertise. If this is the case the Commission views this as an ineffective use of resources and that procurement contracts need to be more accessible to local SMEs.

*Recommendation 14*

*The Commission recommends the Council's procurement process in relation to employment and skills openly supports and encourages small and medium*

*sized businesses to bid for local government contract work in Hackney.*

- 2.6.2 Lifelong learning needs to be inspiring to encourage people to aspire to achieve and progress. There have been comments about the difficulty measuring success particularly for adult community learning (for the hard to reach groups accessing adult education). It is often hard to produce tangible results. It is recognised the journey for those furthest from the job market is not linear therefore can be hard to measure. However experts have pointed out that it is important for there to be measureable outcomes so people can determine the benefits of the initiatives and work to local people. The progress of the journey needs to be measureable.

*Recommendation 15*

*The Commission recommends the Council looks at developing measureable outcomes for the journey of residents going through adult learning, Hackney Works programme and the Council's apprenticeship scheme and reports back on the measurements put in place.*

- 2.6.3 The most important insurance for the world of work ahead is having skills. Lifelong learning needs to be supported by career information and clear progression pathways to further learning, employment and self-employment, as well as progression within the world of work. Education, training and the opportunity for retraining throughout one's life need to be the starting point. An employability framework could capture transferable skills needed for job transitions and ensure skills development was meeting these needs.
- 2.6.4 Adult community learning would be better placed if it was a provision of learning, training and employment support. In its current form the Adult Community Learning service is not best placed to support people to retrain or develop their skills to help them become more flexible in the work place or resilient in times of change. The Commission believes there needs to be a policy outlining the Council's role for adult learning through to in-work support.

*Recommendation 16*

- a) *The Commission would like the Council to explore the possibility of better aligning the adult community learning provision to its employment support service to provide a seamless service covering learning, training and employment support.*
- b) *The Commission suggests the Council's employment and skills service adopts an employability skills framework that supports people in and out of work to prepare and develop transferable skills for future job roles.*

### **3. FINANCIAL COMMENTS**

- 3.1. This report outlines 16 recommendations to improve the future of work and skills in Hackney. The recommendations potentially have financial implications for the Council across various service areas, and these will need to be developed and considered, before the recommendations are progressed further.

### **4. LEGAL COMMENTS**

- 4.1. This report provides a number of recommendations from the Working in Hackney Scrutiny Commission with regards to the local economy and the provision of skills and employment development and opportunities.
- 4.2. Part 2, Section 21 of the Local Government Act 2000 stipulates that Executive Arrangements by a Local Authority must include provision for the appointment by the authority of one or more committees of the authority, referred to as Overview and Scrutiny Committees.
- 4.3. Overview and Scrutiny committees established by Local Authorities are the process in which the Executive is held to account, ensuring transparency in decision making and the development of policy making.
- 4.4. The scope of the Working in Hackney Commission, is highlighted in Part 2, Article 7 of the Council's Constitution. This stipulates that the Commission has oversight of economic development and employment within the borough.
- 4.5. This report outlines that Local Authorities have no formal powers in respect of the provision of employment and skills, although it highlights that the Council should work collaboratively with other organisations in respect of this. In this regard, this report seeks to achieve this aim by providing recommendations to implement positive change in the provision and development of skills and work experience programmes, together with supporting the local economy. There are no other matters that require legal comment at this stage.

## 5. FINDINGS

- 5.1 The future world of work and skills is a broad topic that encompasses many different areas. In order to make sense of it from a Hackney perspective, we held a stakeholder engagement event on 29<sup>th</sup> November 2017.



This highlighted the key themes for Hackney. We have ordered our findings into 5 chapters based on the characteristics or trends that are amplified in Hackney. These are:

- Growing inequality/polarisation
- The rise in self-employment
- Land and property values
- The impact of Brexit
- Opportunities for employers to contribute
- Opportunities to lead in a revolution of skills

- 5.2 The Commission commenced this review to consider how the council was preparing for the future labour market and how or if they could prepare residents for the changes to the labour market particularly those at the front end of change.

### 5.3 Context to Review

#### London's Economy

- 5.3.1 London is a major global city with total economic output in 2014 of approximately £364 billion. Accounting for 22.5% of the UK's total Gross Value Added (GVA), up from 18.9% in 1997.<sup>10</sup> The structure of London's economy has changed over the last 40 years with a significant increase in jobs in the service sector activities and a fall in manufacturing sector jobs since 1971.
- 5.3.2 As markets have opened and trade expanded, the size of the market that businesses can sell into has made it more economically viable to specialise in services that London can do best – the services sector. Economic success of

<sup>10</sup> <https://www.london.gov.uk/sites/default/files/chapter1-economic-evidence-base-2016.pdf>

the capital has been driven by a growth of specialisation (in terms of jobs) in the Information and Communications sector and the Financial and Insurance sectors.

- 5.3.3 Employment in London's top economic sectors is concentrated in inner London. Whereas employment in the outer London boroughs tends to concentrate in sectors that serve the local population. The Financial and Insurance sector accounts for 66.6% of the total output in the City of London.<sup>11</sup>

#### Local Economy and Businesses

- 5.3.4 There is a strong presence of the services sector in London's economy with the Finance and Professional services as the major provider of high value and high productivity jobs in London. £26.1 billion annually of financial services are exported to the EU.<sup>12</sup>
- 5.3.5 The City of London is known as London's finance centre. Hackney's economy has a close relationship with the City of London. The City Fringe area around Shoreditch and Old Street is the biggest sub-economy in Hackney and is home to 43% of employment in the borough. Employment in this area is concentrated in the professional, scientific & technical, information & communication and business administration & support services sectors.
- 5.3.6 Hackney's economy has changed over the last 5 years but the top 3 employment sectors in the borough have not changed since 2010, however the number of businesses in those sectors has increased sharply:
1. Professional, scientific & technical sector (3,700 / 25%)
  2. Information & Communication (2505 / 17%)
  3. Arts, entertainment, recreation & other services (1350 / 9%).
- 5.3.7 The number of annual business births in Hackney has significantly increased since the financial crisis in 2008/9. The number of businesses in the Information & communication sector in the borough have almost doubled since 2010 (up 97%) and the Professional, scientific & technical sector has seen an increase of 1,550 businesses (72%). In 2015, the 4,105 business births in the borough was over 160% higher than the 1,570 of 2010. In 2017, LBH hosted 18,070 businesses, a 68% increase from 2004. This growth is 23% higher than London as a whole<sup>13</sup>.
- 5.3.8 In relation to the income generation by businesses in Hackney (annual turnover) 30.5% of businesses are generating between £100k and £249k per annum. Over a quarter (26.7%) of Hackney's businesses are generating £59-99k turnover.<sup>14</sup> Therefore a large proportion of businesses in Hackney have a turnover less than £2m per annum.

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<sup>11</sup> <https://www.london.gov.uk/sites/default/files/chapter1-economic-evidence-base-2016.pdf>

<sup>12</sup> Hackney Council Policy Paper – preparing for Brexit

<sup>13</sup> From Hackney's Local Economic Assessment: [www.hackney.gov.uk/Local-Economic-Assessment](http://www.hackney.gov.uk/Local-Economic-Assessment)

<sup>14</sup> From Hackney's Local Economic Assessment: [www.hackney.gov.uk/Local-Economic-Assessment](http://www.hackney.gov.uk/Local-Economic-Assessment)

**A breakdown of Hackney's enterprise by sector – ONS Enterprise / local units by industry, 2015 (excl. agriculture, forestry & fishing and Public administration & defence)**

Sector	Hackney	London
Professional, scientific & technical	25.1%	23.9%
Information & communication	17.0%	13.2%
Arts, entertainment, rec & other services	9.2%	7.4%
Retail	7.7%	7.2%
Business admin & support services	7.7%	9.7%
Property	6.6%	4.8%
Accommodation & food services	5.7%	4.8%
Construction	5.3%	9.0%
Production	3.8%	3.2%
Health	3.8%	4.5%
Wholesale	3.4%	4.3%
Education	1.5%	1.6%
Finance & insurance	1.3%	2.9%
Transport & storage (inc. postal)	1.1%	2.1%
Motor trades	0.6%	1.4%

5.3.9 There has also been significant growth in some sectors which were originally smaller in size, notably accommodation & food services (up 41%) and business administration and support services (up 51%). The changes in Hackney's economy has resulted in an increasingly important tech sector in the borough, as well as an increase in the number of hospitality venues.

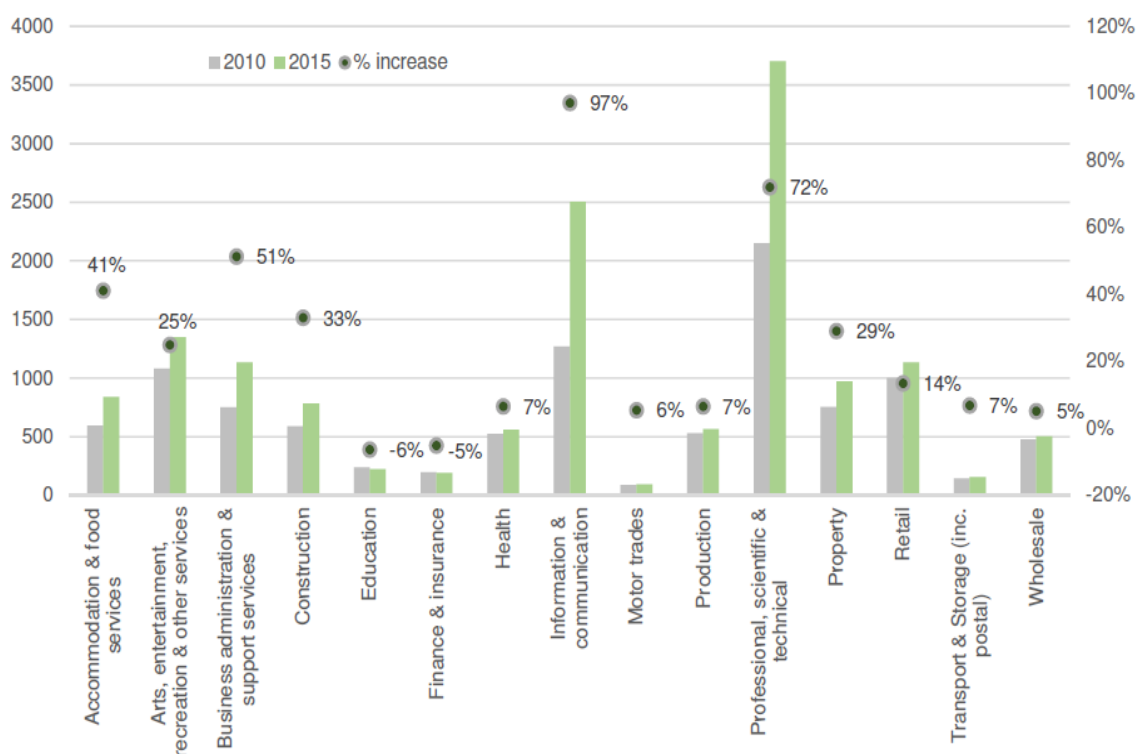
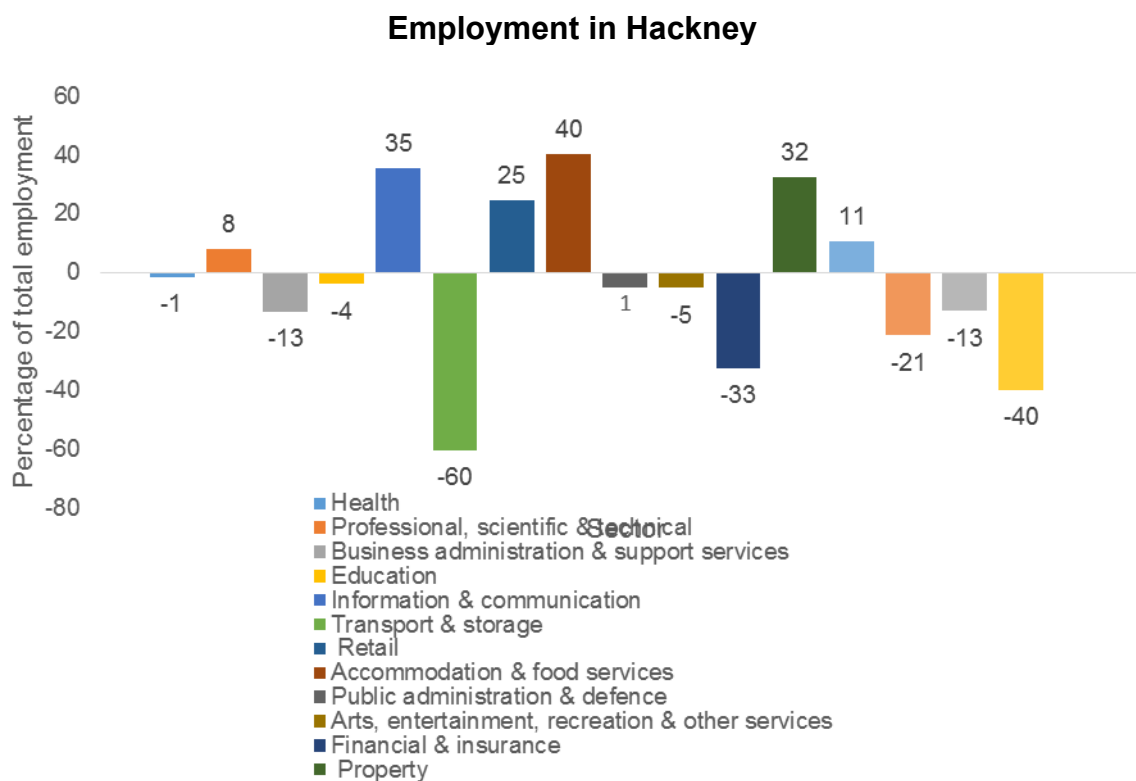


Figure 2 - ONS Enterprise/local units by Industry, 2010-2015



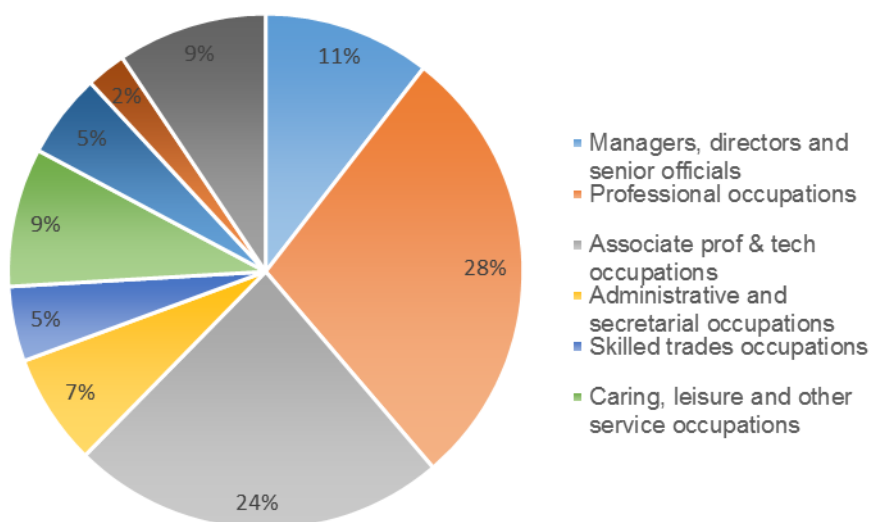
5.3.10 Central London is seen as a core aspect of future employment and tax receipts for London. The main employers in Central London are large corporations. However, in contrast for Hackney there has been a growth of SMEs and a loss of large employers. In 2005 1.2% of all businesses employed more than 100 people, in 2015 this had fallen to 0.7%. This is a similar trend to London and across the UK.<sup>15</sup>



5.3.11 The sectoral profile (below) of Hackney matches that of London exactly. The occupations of Hackney residents are dominated by three sectors: Professional occupations (28%), Associate and technical professions (24%) and Management, directors and senior officials (11%). In total these three sectors make up just under two-thirds (63%) of all employment in the borough.

<sup>15</sup> Hackney's business and enterprise LBH policy paper LEA -

### Resident Occupations by sector



5.3.12 Between 2010 and 2015 there was an increase of 24,000 jobs (27%) in Hackney.<sup>16</sup> The jobs in Hackney have a similar profile to the occupation profile of residents. The trend is moving in the direction of higher skilled roles that require high levels of qualification to access. This reflects the changes in the population profile of the borough in the last decade.

5.3.13 Hackney has a young working age population and in recent years the employment rate has increased from 58.3% to 69% from 2006-2016. However in this same period full time employment has fallen. Since 2006 full time employment in Hackney has dropped from 83% to 71.8% in 2016. Over the same period and since the recession part time employment has increased from 16.8% to 27.9%.

5.3.14 Despite record levels of employment the perceived security of job tenure is in decline, particularly for the lower skills occupations.

<sup>16</sup> Occupations and employment LBH Policy Paper

## Chapter One – Growing Inequality / in work poverty and underemployment

### A widening gap between high and low paid jobs for Hackney workers

#### 5.4 Nature of work

- 5.4.1 Despite record levels of employment, the perceived security of job tenure is in decline, particularly for the lower skilled occupations. Full time employment still remains the most common employment status. Before the 2008/9 recession statistics showed that 65% were full time jobs (employees) and this is currently 63%<sup>17</sup> - nevertheless there are changes.
- 5.4.2 For many, work and social safety nets, of all sorts, are interdependent. Yet, as work has become less predictable the safety net has weakened. Part-time work, low hourly pay, temporary or precarious employment, are simply not enough to provide financial stability and independence for an individual or a family. The changes are being felt more by people at the forefront of changing industries like retail and steel.
- 5.4.3 In relation to the nature of work the stakeholders we engaged with told us:
- Zero hours contracts have risen quite significantly. The number of people on these contracts was 900,000 / 3%.
  - A rise in different forms of precarious work and the amount of time people are spending as agency workers is increasing - agency workers are becoming permanent agency workers.
  - London's jobs are becoming high skilled and low skilled and there is a hollowing out of mid skilled jobs
  - Self-employment is another area of notable rise. This is estimated to be 19% in London slightly higher than the rest of the country. Hackney has 1 in 5 self-employed.
  - There has been a growth in employment of organised labour and self-employment and smaller work places.
  - London's increasing land and house values are impacting on employment and the economy.
  - The skills and education systems in its current form is not equipped to respond to the changing world of work and skills.
- 5.4.4 Anxiety about the nature of work led to the commissioning of the [Taylor review](#).<sup>18</sup> Concerns were raised about the formal rights and responsibilities of employers and workers not keeping pace with the growth and impact of the new or modern business models. The review considered how employment practices needed to change in order to keep pace with modern business models. The review covered:
- Security, pay and rights

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<sup>17</sup> WiH Event 29 November 2017

<sup>18</sup>[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/627671/good-work-taylor-review-modern-working-practices-rg.pdf)

- Progression and training
- The balance of rights and responsibilities
- Representation
- Opportunities for under-represented groups
- New business models.

5.4.5 The recommendations from the review focused on 3 areas of challenge:

- Tackling exploitation and the potential for exploitation at work
- Increasing clarity in the law and helping people know and exercise their rights
- Over the longer term, aligning the incentives driving the nature of the labour market with our [modern industrial strategy](#) and broader national objectives.

5.4.6 The Taylor review found that the fundamental core of the UK labour economy should be protected (flexibility) but that employment legislation required updating to keep pace with the changing nature of work. This point was also echoed by residents in our focus group discussion.

## 5.5 Polarisation

5.5.1 The economy is seeing a growth in high-income cognitive jobs and low-income manual occupations. In addition to technology changing the way people work, London's economy is hollowing out and the polarisation of jobs is expected to get wider between high and low skilled particularly for London.

5.5.2 London's inequality is higher than the inequality for the whole of the UK. This has been the trend since 1996.<sup>19</sup> The hollowing out of London's economy is creating an hour glass workforce; a workforce and economy that has high end services supported by low end services.

5.5.3 The Taylor review found some suggestion that a polarised labour market is developing particularly where a decrease in middle-income roles has occurred. It was reported by Central London Forward (CLF) that middle workers were moving out of London due to fewer mid skilled jobs in London. CLF reported higher employment rates for residents with no or low level qualifications compared to those with level 2/3. This has led to a competitive labour market for those with mid – low skills as they compete with higher level and low level. This suggests that adults in London with low – mid level skills face greater labour market disadvantage.

5.5.4 We were told London has experienced a 17 year pay freeze and this is a deeper pay freeze than other cities in the UK, although the predication is that earnings will rise over the next few years. Pay is not expected to return to its peak levels until the mid-2020s, so in the short-term pay will still be an issue. It is anticipated that earnings will rise slower than previously because the UK's productivity and growth was downgraded.

5.5.5 Hackney is characterised like much of Inner London by high levels of inequality. In Hackney there are Wards that are rank amongst the 10% most deprived nationally next to areas that are ranked in the 10% least deprived.

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<sup>19</sup> WiH Hackney event 29<sup>th</sup> November 2017

Despite more affluent residents moving into the borough the average income remains relatively low (the fourth lowest in London) and the proportion of households living in social housing remains high at 44%. Hackney also has a higher rate of people employed in caring, leisure and other service occupations and elementary occupations. It has been reported that this demonstrates that significant sections of the population are in low skilled and low paid employment, a profile which reflects that of London dominated by high end services supported by low end services.

- 5.5.6 We noted that the proportion of people earning below the London living wage has risen sharply and this trend it is not expected to reverse any time soon. In Hackney the proportion of Hackney employees earning below the London Living Wage increased from 18% to 31%. In 2016 8.2% of residents in Hackney had no qualifications compared to 6.6% in London and 8% in Great Britain. It has been reported that this suggests a growing need for in-work support to help workers progress out of low paid employment and poverty. This is particularly acute for part-time workers.
- 5.5.7 The demand for high level skills in Hackney seems to be more polarised and for the period of 2006-2016 the borough experienced a decline in lower skilled occupations such as skilled trade occupations, process, plant and machine operatives. For London, in particular, people have not been making those successive steps in their career because of the polarised labour market. It has been difficult for people in low skilled jobs to progress into high skilled roles.
- 5.5.8 It is not just traditional industries like Steel experiencing change, there are other industries like Retail and Banking going through changes too. According to the British Retail Consortium, 25% of retail jobs could be at risk in the next 3-4 years from a mixture of automation of tasks, growth of online sales and changing customer demands. The changes being experienced in retail are not just on shop floors but in the supply chain and logistics behind those retailers too.
- 5.5.9 In Hackney it was reported that 22% of its jobs and 1 in 10 businesses are in retail.<sup>20</sup> Joseph Rowntree Foundation research shows that four out of five workers on low pay are likely still to be in low paid employment after 10 years.<sup>21</sup> Reporting that many people go into retail or low skilled employment when they are young thinking it is for a limited period but get trapped in these roles for some time. This was echoed by residents in our focus group discussions where they explained employment support approaches were focusing people into jobs that were not suitable or utilising their skills – leading to frustration, poor morale and low productivity.
- 5.5.10 Hackney's Local Economic Assessment data suggests a number of residents are in low skilled and low paid work with limited access to transition in their career or to upskill. In the resident focus group of self-employed and fulltime workers, those in employment felt they had access to training and could transition to a higher position if they desired. Whereas the employees who worked part time or in contract work expressed the opposite. With the majority

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<sup>20</sup> WiH Hackney event 29<sup>th</sup> November 2017

<sup>21</sup> <https://www.jrf.org.uk/life-low-income-uk-today>

of businesses in the borough being micro businesses access to traditional employers with the means of supporting employment skills development is limited and we were informed the current education and skills system is not capable of supporting workers through changes like this in the world of work.

- 5.5.11 The self-employed workers we spoke to pointed out there was no training support for them and if they wanted training they needed to provide this themselves and any equipment needed to do the job.
- 5.5.12 Workers also pointed out there was no support to help people who were in under employed who wanted to progress into better paying roles. There are many low paid sectors that do not have clear progression routes such as cleaning, carer and catering. From the focus group discussion the Commission found there was little knowledge about the employment support agencies in the borough or how they could access support. If local employment support services are to help people progress from under employment and from low skilled roles the adult skills and FE training provision needs to provide workers with the skills that meet employer needs. The Commission is of the view that more needs to be done to create opportunities for the self-employed, older and vulnerable workers and those that are furthest away from training opportunities.
- 5.5.13 The changes to the retail sector is a good example of the changes to the world of work. For jobs changing in this ways consideration needs to be given to how to help people in these jobs and those who work in at-risk occupations transition into new lines of work. Currently the labour market does not service aspirations to move out of low skilled / low paid work. The barriers were perceived to be the employment and skills system providing no access to support, and employers having a narrow focus when looking at an applicant's skills and experience.
- 5.5.14 Midcareer retraining will become even more important as the skills mix needed for a successful career change. The provision of job retraining and enabling individuals to learn marketable new skills throughout their lifetime will be a critical. The Commission is of the view businesses can take a lead in some areas including with on-the-job training and providing opportunities to workers to upgrade their skills.
- 5.5.15 The Taylor review pointed out the challenge lies in how to adapt to these changes in the labour market. The shift toward variation in working patterns is likely to continue. The agility of the labour market poses the question about whether vulnerable workers or those with limited choice are adequately protected in different forms of work. The challenge put to government by the Taylor review is to balance access to flexibility with suitable protection for those that may be more vulnerable.
- 5.5.16 Central London Forward also identified low levels of employment for people with no qualifications and low levels of employment for adults with mid skill qualifications too. Similarly Hackney has experienced a decline in lower skilled occupations and is experiencing an increase in high skills and low skilled jobs with very little mid skilled jobs. Based on projections it is anticipated the polarisation will continue and this presents a huge problem for

people entering the labour market with mid-level (with A Levels or AS Levels) or without the skills they need.

- 5.5.17 It is worth considering where good quality flexible jobs in local areas will come from in the future. Retail jobs were highlighted as a good creator of flexibility for people so they can manage other responsibilities like childcare or caring responsibilities by working part time. The health and social care sector and gig economy are areas of growth that are expected to provide this type of employment flexibility. But for the healthcare sector, the quality of employment is being eroded as funding drives providers to be price competitive. Earnings are further depressed when Carers are only paid for contact hours. However we also noted an additional issue and challenge to the provision of quality jobs is the tenure of employment too.
- 5.5.18 Central London Forward's report on the economy highlighted that some local residents have missed out on the opportunities created and a significant core has not participated in the growth this region has experienced. It is therefore a priority to reconnect economic growth to some of the residents who have missed out in the last decade to address the issue of low wage growth and the polarising labour market.
- 5.6 In work poverty
- 5.6.1 A further feature of London's labour market is the number of people who are in-work and in poverty. There has been an increase in the number of low-paid jobs in the capital, with one in five are now paid below the London Living Wage, affecting 700,000 Londoners. In addition, just over one in five working families in London are in poverty.<sup>22</sup> The Local Government Association (LGA) and Learning & Work Institute (L&WI) research pointed out, for the first time since comparable records began, that rising costs of living and cuts in financial support for low income working households, had manifested itself as a significant growth in working poverty. Now more than half of all non-pensioners that are poor living in working households.
- 5.6.2 Linked to in work poverty is the cost of housing. The large proportion of rent to earnings is causing the shift in demography in Hackney; presenting the challenge that just getting a job is not a solution and may not provide enough income to live in the borough. Pay in Hackney is slightly lower than in London, both for residents and those travelling to and working full time in the borough<sup>23</sup>. The problem of in work poverty is growing, so there needs to be support for people in low / minimum wage jobs.
- 5.6.3 For many people in low-paid work, the changes to the social security system have impacted on their income more than changes to wages. At the same time as work tenure is changing rapidly, so is work-life balance preferences. Improving the experience of work for people requires tackling a number of issues that make work difficult to find or keep. Access to re-skilling opportunities that have currency on the job-market, and to adequate welfare protection, are the most fundamental challenges that workers and job seekers are confronted with in the changing world of work.

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<sup>22</sup> NPI and Trust for London (2015), 'London Poverty Profile'

<sup>23</sup> [www.hackney.gov.uk/statistics-evidence-plans-and-strategies](http://www.hackney.gov.uk/statistics-evidence-plans-and-strategies)

- 5.6.4 Our discussion with residents in the focus group and with local employers revealed that the job support market is complex and although there was some good training and support services for job seekers (the council's employment and skills support service), these were not widely known. Residents were not knowledgeable about which agencies they should apply to for help. The consensus was there should be more training and development support for those people that are 'under employed' and want to retrain or seek better working opportunities and for older workers to transition to new work sectors. At the moment, job support is focused on the unemployed.
- 5.6.5 It will be even more important for the council to ensure residents are getting into quality jobs and that, where possible, local businesses are supported to design apprenticeships at higher levels and not just level 2 or 3. It would be prudent for Hackney to think about whether local people have the skills needed and to be concerned about the quality of the jobs. Similar to the council's work championing the implementation of the London Living Wage locally. We urge the Council to explore the development of apprenticeships at higher levels (level 3 and 4) and for all ages.
- 5.7 Hollowing out
- 5.7.1 An increasing trend for London's economy is the hollowing out and departure of the middle skilled. There are proportionally fewer mid skilled job opportunities in London than in the UK and fewer mid skilled workers too. For the first time in over 20 years, in 2015 more young people (aged 25-35) left London than moved into London. This is remarkable as there has been a long trend of graduates moving to London as a rite of passage.<sup>24</sup>
- 5.7.2 The other area of challenge is progression in the labour market. The CLF economic assessment revealed that the CLF economy (Hackney is part of this region) is more polarised than London and the UK. One of the challenges going forward in relation to the hollowing out and middle management jobs reducing is progression, especially in sectors like retail where there is quite flat job structures. Flatter job structures appear to be an increasing trend across the labour market.
- 5.7.3 In the last 30 years London has become increasingly connected to the global economy, with high levels of specialisation in high value business services. Metro Dynamics noted a geographical concentration of jobs growth and that growth was primarily identified to be around the high value industries and low level industries that support them. The higher end is concentrated on specialised professional services e.g. financial sector.
- 5.7.4 The sectors that Hackney residents work in matches that of London dominated by professional occupations, associate professionals and technical occupations and managers, directors and senior officials. In total these sectors make up just under two-thirds (63%) of occupations in Hackney.
- 5.7.5 The resident workers we spoke to picked up that jobs were becoming more specialised and expressed the view that this would result in less job security and a growth in zero hours contracts, part time and freelance (self-employed) working. They wanted to see the Council lead by example and develop a work

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<sup>24</sup> Central London Forward Financial Analysis report by Metro Dynamics)



experience programme for older job seekers. This would enable workers older job seekers to try out jobs and benchmark their skills to identify future training needs.

## 5.8 Automation and Artificial Intelligence



- 5.8.1 Automation is by no means a synonym for work extinction. It has been predicted for some time -decades- that robots will 'take all the work'. But we found that it is was the pace of automation in relation to jobs that was the key issue for workers. The extent to which technologies will displace workers will depend on the pace of their development and adoption, economic growth, and growth in demand for work.
- 5.8.2 The workers we spoke to expressed anxiety about technology advancement and viewed this as a big change to the world of work. Workers viewed digital technologies and robotics as having a substantial impact on lower grade jobs and observed the changes in technology as exacerbating the segregation of workers. Although workers perceived technological advancement with scepticism, the local employers we spoke to highlighted how they used the advancement in technology to their business advantage. One of them had shifted the focus of their business towards building a brand that provided their clients with a unique customer experience - the premium human touch service. In some instances they also operate like a start-up - continuously reinventing themselves. Operating this type of customer service offered a service their clients could not easily replicate in house.
- 5.8.3 Automation in its true form brings increased productivity but the UK economy has not seen significant increases in productivity levels to suggest automation is taking over jobs. This is an indication that businesses are not taking advantage of technological advancement as anticipated or this could be down to investment costs. Where there has been advancement in Artificial Intelligence (AI), it has automated work that relies heavily on routine tasks such as low skilled manufacturing jobs and some clerical occupations.

Experts told us history that shows as some jobs decline others are created to take their place. An example of this is the growth of the health and social care sector – which has been as a result of an aging population.

- 5.8.4 Research by McKinsey<sup>25</sup> on automation and jobs found that very few occupations - less than 5 percent - consist of activities that can be fully automated and in about 60 percent of occupations, at least one-third of the activities could be automated, implying substantial workplace transformations and changes for all workers.
- 5.8.5 Future Advocacy, an independent consultancy organisation, is leading on a project looking at artificial intelligence and work. Their aim is advocate for the development of policy in relation to AI to minimise the impact and risks of AI. They have reported the following for Hackney's 2 constituencies:

**Constituency:** Hackney South and Shoreditch (*Ranked 530th out of 632 British parliamentary constituencies*)

- Percentage of jobs at high risk of automation (by early 2030s): 28.2%
- Number of jobs at high risk of automation: 22,815

**Constituency:** Hackney North and Stoke Newington (*Ranked 609th out of 632 British parliamentary constituencies*)

- Percentage of jobs at high risk of automation (by early 2030s): 26.1%
- Number of jobs at high risk of automation: 7,584.

- 5.8.6 Future Advocacy presented their data by parliamentary consistency. Their work has highlighted that jobs are changing and the key skills for jobs are changing too. Like the research by McKinsey they estimate 1/3<sup>rd</sup> of tasks in 2/3<sup>rds</sup> of jobs are automatable. There is increasing demand for skills like creativity, interpersonal skills and an increase in requirement for skills in the AI sector alongside the need to be more flexible in the work place. However they pointed out, there will be some jobs at the front end of a sector that will be less automatable for example in the hospitality sector a waiter, hairdresser or cleaner. For sectors like hospitability automation is likely to occur in the back office. In their research they found there is no guarantee the new jobs will be created in the areas that need new jobs and that the security of having a job for life is in decline.
- 5.8.7 While technical feasibility of automation is important, it is not the only factor that will influence the pace and extent of automation adoption. The other factors include the cost of developing and deploying automation solutions for specific uses in the workplace, the labour-market dynamics (including quality and quantity of labour and associated wages), the benefits of automation beyond labour substitution, and regulatory and social acceptance.

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<sup>25</sup> <https://www.mckinsey.com/global-themes/future-of-organizations-and-work/what-the-future-of-work-will-mean-for-jobs-skills-and-wages#part 4>

## 5.9 Adapting to automation and Artificial Intelligence

- 5.9.1 The changes in the world of work are not all about automation and technology. The key thing for businesses in the changing world of work is to give their clients a unique customer experience (human touch) and a service that sets them apart from their client's in-house staff and other organisations in the industry. We heard how one organisation used technology advancement to their advantage and created a reputation as being up to speed with technological advancement. This was at the heart of their offer to clients so their clients came to them to find out what was new in the market.
- 5.9.2 As some jobs decline there will be other growth sectors such as healthcare. The changes to the world of work by automation will mean that all workers will need to adapt, as their occupations disappear or evolve alongside increasingly capable machines. Some of that adaptation will require higher educational attainment, or spending more time on activities that require social and emotional skills, creativity, high-level cognitive capabilities and other skills relatively hard to automate. Likewise it is anticipated that trends like online retail will double in 10 years as accessibility to technology in the workplace increases, and there is more use of social media for work.
- 5.9.3 In terms of the future, resident workers in Hackney hoped and anticipated that human contact would not be completely replaced by technology and that people would still need a place to interact. This correlates with the work by Manchester City Council to increase the footfall to their shopping centre. They witnessed fewer people going into shopping centres and interacting with people in shopping centres.
- 5.9.4 Manchester's development of their shopping area redesigned their Christmas market space to create a place for people to interact. This created local jobs and reinvented the space. They started seeing a decline in footfall to venues and this impacted on the viability of retail businesses and units in Manchester. Manchester's response to this problem was to work with employers to revamp retail places and investment in the infrastructure to the space. The space was transformed into a place where people wanted to go – they created a social space. It created growth, opportunities and saved retail businesses that may not have survived.
- 5.9.5 Therefore we found that automisation is more likely to mean robots will become colleagues and change the nature of jobs. Even with automation, the demand for work and workers could increase as other sectors experience growth. The key impact of automation is where people are not prepared and ready to transition. Therefore consideration needs to be given to how the skills system and employer set up can support career change.

**Recommendation 1**

- a) *The Commission recommends the Council explores the development of a work experience programme aimed at older job seekers. We recommend it provides work experience that enables workers to explore jobs opportunities and benchmark their skills to identify future training needs.*
- b) *To promote this new type of work experience programme we recommend the Council undertakes a rebranding exercise to promote work experience for this cohort.*

**Recommendation 2**

*The Commission recommends the Council lobbies for the Skills system to encourage employers to take the need for digital training for employees seriously. We ask the Council to use its influence to encourage local employers to provide digital training beyond basic IT to enable employees to be adept and transition in the work place as their job or industries evolve.*

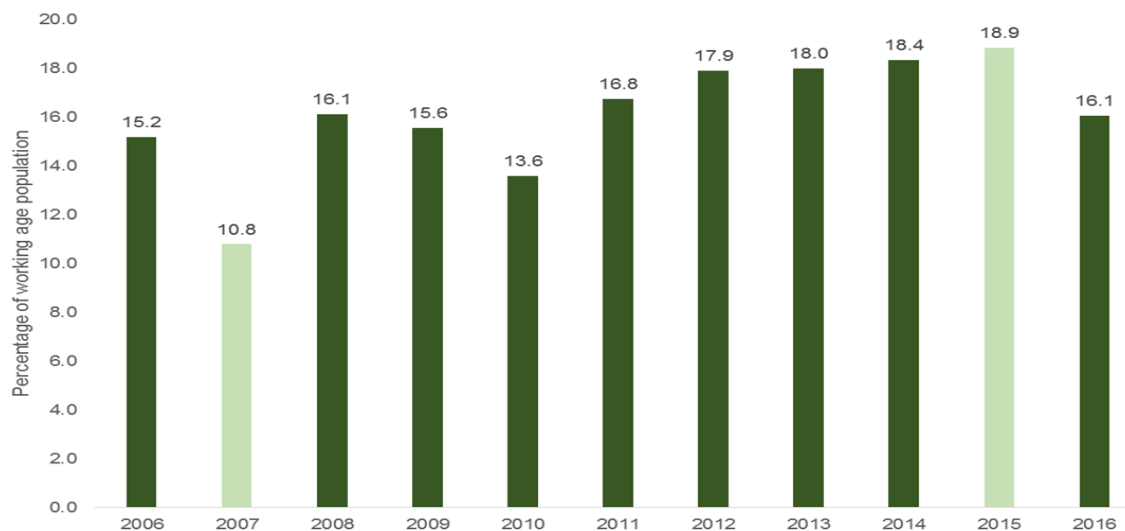
## Chapter Two – Self-employment

### How the council can better support the self-employed and vulnerable workers in Hackney

#### 5.10 Employment type

- 5.10.1 The UK labour market is characterized by flexibility. There are 3 forms of employment status in the current framework: employee, worker and self-employed.
- 5.10.2 In London's economy there has been a notable rise in part time work and self-employment. Self-employment is estimated to be 19% in London, this is slightly higher than the rest of the country. A review of skills by IPPR for the CLF region highlighted high levels of self-employment particularly in Hackney, where 1 in 5 workers in Hackney are self-employed. This is higher than the UK and London average. After speaking to residents and local business owners, the reasons for entering into self-employment varied from the industry norm to limited career opportunities.
- 5.10.3 The Commission heard from local workers a number of reasons as to why people chose their employment type. Apart from the income other considerations that impacted on their choice of employment was holiday entitlement and flexibility, there was also emphasis on work life balance and the ability to choose the work you do and your work location. These were also some of the reasons why workers choose self-employment or working part time.

- 5.10.4 Between 2006 and 2016 Hackney experienced a highly fluctuating self-employment rate with a low of 10.8% (11,800) in 2007 and a high of 18.9% (27,100) in 2015. In 2016 the self-employment rate was 16.1% - only slightly higher than the rate of 15.2% recorded in 2006.<sup>26</sup>



- 5.10.5 Self-employment in its purest form provides flexibility and earnings to the desire of the individual. However we have noted that the emerging business models being operated were found to be blurring the lines between worker and self-employed. The business models being adopted by organisations more recently are driving down costs to the organisation but are also producing a lower standard of living for individuals. The complexity of the system and blurring of employment status in the current labour market has left those on the margins of worker / self-employed vulnerable and open to exploitation. The workers we spoke to picked up on diminishing resources to do the job and suggested workers' rights in the UK needed to be strengthened to avoid exploitation of workers. They highlighted a growing trend of people being asked to do more and getting paid less.
- 5.10.6 The growth of part time is expected to continue and it was reported that data shows a more evenly balanced gender mix of people doing part time work - it's not predominately women like it used to be. 1 in 5 men are in part time work but would like to work full time, this would suggest there is some capacity in the labour market.
- 5.10.7 Self-employment is expected to continue to rise as the tenure of employment evolves and the world of work changes. The reported growth of the gig economy and self-employment led to questions about how to protect this group; for example their access to employment rights (like permanent employees) and access to an insurance mechanisms to help cover low periods of work.

<sup>26</sup> Employment, economic activity and self-employment LBH Policy Paper

- 5.10.8 In this review the Commission decided to explore how the council could build up the picture of self-employment and understand the growth of self-employment within the borough. We also wanted to find out if there was something the council, its partners and local employers could do to support residents in precarious work - so that the flexibility and choice of employment is not just beneficial to employers but workers too.
- 5.10.9 There was a gap in knowledge locally about the picture of self-employment and the reasons why Hackney was a big attraction for start-up businesses. The Commission conducted site visits to speak with local business owners and held a focus group including self-employed workers. The business owners we spoke to were not Hackney residents and had chosen to set up in Hackney either for staff reasons, commuting, convenience (central location for meeting clients) or as their industry dictates.
- 5.10.10 From our review we found that people going into self-employment through choice did so to have more control over their work, flexibility of hours and how they do their work. Another trigger was frustrations with their career development. The IPPR skills report for CLF identified significant diversity within the self-employed population. Notwithstanding this their research also identified that the self-employed tend to have lower levels of qualifications than employees<sup>27</sup>. The self-employed workers we spoke to pointed out there was no training support for them and if they wanted training they needed to provide it themselves and any equipment they needed to do the job.
- 5.10.11 In terms of businesses relocating or choosing Hackney as the location to start up their business, contributing factors were the location of the borough and that it was an easy location to commute to. Another key factor was their industry dictating (tech and media) the location because either it was the place to be or where staff wanted to work or lived. As the cost of commercial space increases rapidly in inner London affordable workspace becomes a big attraction too and provides the opportunity to collaborate with other businesses.
- 5.10.12 The Taylor review found evidence of persistent under employment despite the UK economy experiencing its highest levels of employment. The challenge for the labour market was outlined to be continuing poor real wage growth, poor productivity performance, new business models, skills mismatch and increasing automation going forward.
- 5.10.13 The Taylor review has asked the government to replace the minimalistic approach to legislation with a clearer outline of the test for employment status, setting out key principles in primary legislation and using secondary legislation and guidance to provide more detail and introduce a new name to refer to people who are eligible for “worker” rights but who are not employees. They recommend that this should be “dependent contractors”.
- 5.10.14 Until primary legislation is changed we would encourage the council to explore ways of opening up access to skills development for the self-employed and vulnerable workers at the low end of the labour market, this

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<sup>27</sup> CLF Skills report by IPPR 2017

might help the council to understand the picture of self-employment among its residents.

## 5.11 Nature of Work

- 5.11.1 The growth of organised labour / digital platform labour has seen a huge fall in union membership particularly for private sector employees. People have become more disparate and there are fewer opportunities for people to come together and apply upwards pressure on wages, conditions of employment etc.
- 5.11.2 The voice of the worker and their rights in the work place are rapidly changing as employers adopt different business models of on demand employment. Historically, trade unions have been the main mechanism driving worker/employer engagement, and there are, of course, examples of where this still happens effectively. However, membership of unions is disproportionately among public sector, older, and middle to high earners. Employers defend on-demand working models as providing flexibility. However, the imbalance in the share of (financial) risk means this claim is often a cover for insecurity. This also exacerbates the disadvantage that women continue to experience at all levels of employment and the changing nature of work is eroding the quality of employment. Some unions are working to grow their membership among vulnerable workers but there is a clear need for different approaches to frontline worker support and shared spaces.
- 5.11.3 The Fabian Society highlighted their work (report [Future Unions](#)) looking at the future of the private sector and trade unions and their report has made some recommendations on what local government and businesses can do to support workers.
- 5.11.4 Since commencing this review a new project by the Community Trade Union and IndyCube – borne out of the growth of freelancers, plunging union membership and concern that worker exploitation is creeping back as self-employment – will set up a scheme to support freelancer workers to resolve issues like late payment (uncertainty of income). To support freelance workers to tackle late payments the union membership will include a factoring service (normally only available to large corporation) for a small fee. This will mean freelancers are guaranteed invoices will be paid on time. It is estimated that this issue alone leaves freelancers and small business £26 billion out of pocket in the UK.<sup>28</sup> The modus operandi behind this project is to create a community so that workers in this area do not feel isolated or alone. The creation of the new system is seen as vital preparation for a radical new future of employment, with the rise of automation and flexible working. The first London location is opening in Walthamstow. The long term aim of this collective union is to eventually cover issues like holiday pay, sick pay and mortgage guarantees.
- 5.11.5 Businesses are found to be using the networks of self-employed workers more, we would encourage the Council to look at this scheme and consider if

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<sup>28</sup> <https://www.theguardian.com/politics/2017/aug/05/union-self-employed-workers-rights-freelancers>



Hackney could be a future location for a union collective like this to support the growing volume of self-employed workers.

- 5.11.6 In an ideal world self-employment allows a person to choose when they work, when they get paid and how much they get paid. If this is genuine it provides workers with flexible working to suit their needs and to earn their desired income. What became clearer in this review was that businesses were expanding the use of self-employment contracts in their business models, and this choice and type of business model was driven by cost margins and maintaining their market share. But this operating model is being seen more as a business decision to keep cost margins low as markets become more open and competitive.
- 5.11.7 In this changing world of work and skills, experts advised there was a role for councils to think about setting up initiatives to help facilitate a vehicle for the self-employed (like insurance) for when they are out of work and to cover other factors too.



- 5.11.8 They cited a Belgium model as an example. This is an insurance mechanism that provides services called smart products. This is a mechanism for self-employed people to pay into in when their income is high and the smart products support them with services when their income is low. Communities and trade unions are looking at this approach. A reports by the Royal Society for the encouragement of Arts, Manufactures and Commerce (RSA) called [Boosting the standard of living for the self-employed](#) made recommendations about this model. It was highlighted that Belgium have a support model which recognises people working in the gig economy are self-employed and have high and low income. They have created a space to invest in co-operatives for support and services. It was recommended that councils should review this model.



## 5.12 Skills

- 5.12.1 The self-employed highlighted not only did they need good skills to develop their product or service but they also needed to acquire additional skills to run, promote and manage the business. The self-employed pointed out they had no support to acquire new skills or the place to obtain knowledge about what they should consider or think about in relation to becoming self-employed or running a business.
- 5.12.2 The restrictions to entitlement for public funding and limited access to Adult Education Budget means that self-employed workers are not currently well served by the Skills system. The direction of travel for the system is to be an employer led skills system but a focus on apprenticeships will offer little to no support to the self-employed or provide them with the opportunities to up-skill for the self-employed.
- 5.12.3 Our previous discussion in July 2017 with local business owners about support to local businesses highlighted their transition from being an employee to a business owner could have been smoother if they had access to business advice or was sign posted to business advice and support services that helped with setting up a business and becoming self-employed. The Commission is of the view new business owners could be better supported if they acquired information about the facts of becoming self-employed - pensions, what to do when earnings are low, savings, tax returns, legal advice etc. The Commission acknowledges the council is doing work to provide a better provision of support to local businesses in the form of their Landing Pad and Launch Pad. However, we ask the Council to ensure it includes information about the areas we noted above or sign posts self-employed workers to where they can obtain relevant information. The Commission is of the view facilitating this will provide a dual purpose of building up local knowledge about self-employed workers in the borough.

### *Recommendation 3*

*We recommend the Council adds information on its business engagement tools the 'Landing Pad and Launch Pad' for the self-employed, providing information about being self-employed or sign posting to that information. We would like to see the provision include information about pensions, saving, tax returns, legal advice etc.*

### *Recommendation 4*

*We recommend the Council explores the possibility of Hackney being a location for a self-employed union to provide collective support and purchasing power to support this growing cohort of workers.*

#### *Recommendation 5*

*The Council to explain how they will target the under employed to provide them with in-work support and outline the support and training that will be available to enable them to transition into more secure and quality employment.*

## **Chapter Three - Housing and land values**

### **The impact of land and property values on work and workspaces in Hackney**

#### 5.13 Land and property values in Hackney

5.13.1 Rising land values are warping job opportunities, the shape of the labour market and how it behaves, and presenting challenges to employers. As a result the way businesses are operating is affecting London's demography. More and more the businesses staying in London need to be high level and high performing to pay for the cost of being in London.

5.13.2 Housing has become central to London's politics due to its impact on employment. This is one of the key factors contributing to the hollowing out of London's economy / workforce. The average earnings for London have not increased substantially since 2005 compared to house prices and rental values. If house prices were to fall there would still be a big gap between earnings and affordability, therefore housing is expected to remain a significant issue for some time.

5.13.3 In addition the gap between the average earnings and house prices/rental values in the housing market is and will remain a key challenge too. Hackney is not immune to this change and challenge. Hackney is one of the top 10 most expensive London boroughs to rent in. In the last 10 years, the average house price in Hackney has increased by 111% compared to 80% increase in house prices in the last 10 years across London.<sup>29</sup>

5.13.4 The graph below shows the weekly rental prices to earnings ratio for Hackney. This is currently  $\frac{3}{4}$  of the average person's earning. It also demonstrates that the places that had high house prices and rental value in 2011 are still the locations with the higher values and these areas have seen the biggest increases.

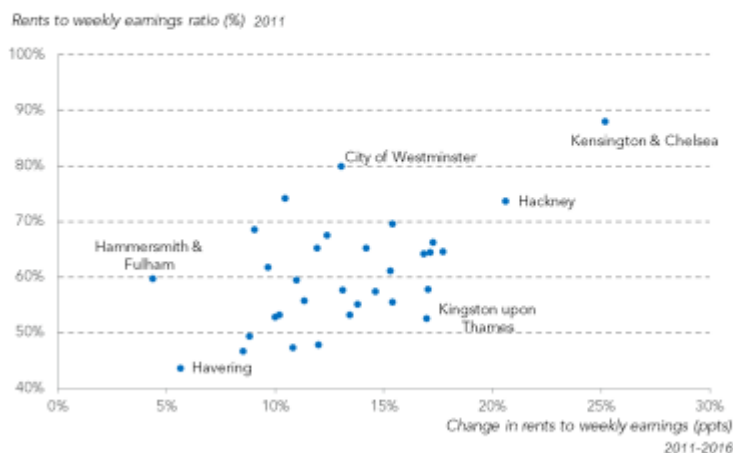
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<sup>29</sup> Hackney a Place for Everyone Hackney Council's Corporate Plan to 2018

## Hackney has one of London's most acute housing cost challenges



*Housing will become even more central to London's politics*



@resfoundation

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- 5.13.5 The affordability of properties and rental values in London has impacted on the demographic of the population. Central London Forward (CLF) reported following an assessment of the CLF economy, they found a net migration and exit for London; this revealed a sharp net increase in the number of people aged 30-45 years leaving London. The reasons for this is primarily believed to be the housing market as a result of the cost of properties and types of properties required not being available. The properties needed are affordable 2/3/4 beds for a growing family. These properties do not exist because London is not building the volume of properties needed for this population growth.
- 5.13.6 Increasing land values in London make the need for affordable work space more important. With Hackney borough seeing a decline in large employers from 1.2% to 0.7% of all businesses, this indicates that the protection of local commercial space will be key to maintaining the current diversity in local employment.
- 5.13.7 Hackney Council has recognised the challenge land values and house prices has placed on employment and its local population. Before the decline in manufacturing Hackney had a history of being a location for creative businesses and developing products. The Council is looking at what it can do to protect industrial space in the borough (particularly in the north) through the Local Plan. It is important for the Council to protect industrial space so that businesses can still produce prototypes before mass production.
- 5.13.8 Rising rents in London was a reoccurring theme from employers and this was a contributing factor in the draw towards operating out of co-working business spaces. Business owners pointed out the shared workspace also provided opportunities for collaboration with other companies and flexibility in relation to upscaling and downsizing. The businesses were also looking for premises

that did not tie them into a long lease contract – providing flexible and shorter contract termination notice periods. Business were of the view the demand for this type of business space would continue due to rising rental costs in London. All the businesses we spoke to chose to operate out of a shared work space because of its affordability and central location.

- 5.13.9 During this review the Commission found that in some instances the industry dictated the need to be located in Hackney – this was the case for the media and IT companies. One IT company highlighted each time he moved premises he relocated to the area he could attract the right staff. The business owner talked about needing to relocate to an area classified as ‘fun’. Over the years the location of his business had centred around where he could attract the right staff or where they were working. This echoed the research by Metro Dynamics for Central London Forward which identified that businesses were locating to the areas where the staff with the required skill sets wanted to work or lived.
- 5.13.10 One company (Media) viewed the future of work for their industry as short term. The result of this was it become harder to make long term plans for the business. The business owner pointed out the industry was producing more content for the internet and less documentaries. This change resulted in the need for flexibility in relation to their lease contract for their premises. This also impacted on their ability to offer permanent employment contracts. Instead the business mainly employed freelance workers to keep their operational costs low. Currently they needed approximately 40 projects per annum to remain operational each year. The workers we spoke too also thought that the affordability of business space would be one of the impacts on the world of work in the next 5 years.
- 5.13.11 One of the shared work spaces we visited - The Brew - explained they were able to provide affordable work spaces because of their capped rent with the landlord. This was created through a Section 106 agreement between the Council and the developer. In contrast the Bootstrap who occupies premises owned by a private landlord and the Council are trying to combat rising rental costs for their local businesses by creating a fund aimed at supporting local businesses in their shared work space. However this fund does not have the ability to support all the businesses in need.
- 5.13.12 The large number of SMEs classified as micro businesses makes it even more important for the Council to consider ways they can support local business to remain in the borough. Currently the Council has the provision to offer properties at 80% of the current market rental value but in Hackney this is still unaffordable for many businesses. We heard that one option being considered is to provide work space at 40% of the current market rental value for new property developments. The Commission would support this proposal and see it as a way of protecting commercial workspace in the borough and a means of keeping diverse employment. But we would urge the council to develop a social value criteria to ensure this is not taken advantage of by companies that can afford the market rent but rather it benefits the businesses it is aimed at e.g. social enterprise or small employers. We suggest the Council’s social value criteria includes provisions such as paying staff the London living wage, apprenticeships and

employment of local residents through the Hackney Works programme as a means of local businesses supporting the local community.

- 5.13.13 There is a demand for flexible work space and the Council should consider developing policies to combat rising rental costs. We suggest the Council considers taking a stronger lead and uses its planning and land purchasing powers more proactively and strategically to preserve land for industry and workspace activities. The section 106 agreement with a cap on commercial rent charges is a good example of the Council's use of planning powers. More work like this will need to be supported by the right planning policies. We recognise the need for economies of scale to apply such influence but would like to see a more inclusive regeneration developments with a systematic commitment across all regeneration and housing development sites to jobs and employment in the specification. An example of this is the proposed Marion Court development. This development has allocated the entire ground floor space of the site to commercial use with a mix of retail, community and commercial workspace units.
- 5.13.14 To maintain Hackney's diversity in employment from the tsunami of rising property prices driven by a strong housing market, it is important for the council to also consider how they can make current workspaces more affordable to businesses in the borough to help existing employers remain in the borough. In turn the council would require the new business to contribute socially. Our dialogue with businesses earlier in the year revealed the Council implemented social value vows on favourable rental agreements but there was no formal mechanism in place to follow up on the social value pledges by businesses as part of their rental agreement.

#### *Recommendation 6*

If the provision for cheaper rents is introduced we recommend the Council prioritises and protects industrial space in the Local Plan alongside units for community, retail and workspace. The Commission recommends the Council explores the possibility of inclusion in its planning policy the use of Section 106 agreements to create more workspaces with capped rent to keep employer diversity in the borough.

#### *Recommendation 7*

- a) The Commission wants to be assured there are mechanisms in place to check that the social value commitments by local businesses are followed up by the Council to ensure implementation.
- b) The Commission recommends the Council explores the ability to introduce a social value criteria for new affordable workspace developments. We would like to see it include implementation of the London living wage for staff contracts, employ an apprentice and employment of local residents through the Hackney Works programme.

### *Recommendation 8*

*The Commission recommends for all new regeneration and housing developments this includes in the specification a systematic commitment to the creation of jobs and employment on the sites, for example by allocating a section of the build to commercial use with a mix of retail, industrial, community and commercial workspace units.*

## **Chapter Four – Brexit**

### **The predicted impact of Brexit on the Hackney economy**

#### 5.14 Brexit and Hackney's economy

- 5.14.1 London faces significant skills challenges in the coming years, not least of which is the potential effects of the UK leaving the European Union. EU nationals play an important role in many of the capital's key sectors, including life sciences, construction, the National Health Service, hospitality, social care and financial services. Nearly one in three of London's workforce is non-UK born and 90% of London businesses recruit EU citizens (69% also recruit non-EU workers).<sup>30</sup> EU nationals make up 30% of the 300,000-strong workforce, while just half are UK citizens. Of the UK citizens that work in the capital, 38,500 (12%) are set to retire in the next 5-10 years.<sup>31</sup>
- 5.14.2 Inner London is expected to be more affected by Brexit than Outer London due to the presence of the top sectors driving London's economy. Many of the capital's key sectors, from construction and tech to hospitality and healthcare have a substantial volume of EU citizens in their workforces. Any drop in EU migration is likely to have a disproportionate effect in London.
- 5.14.3 Financial & Professional Services, Science and Technology, Creative and Construction, which make up a high proportion of economic activity in the UK, particularly in London, are among the sectors expected to be hardest hit by Brexit. Construction and Hospitality, which tend to require less skilled labour employs a larger proportion of EU nationals than other key sectors. These sectors are expecting to see the largest impacts on employment for their sector in London than in the UK.
- 5.14.4 Construction and Hospitality are the two areas where Hackney and London are exposed from a reduction in EU workers, increased costs and a more negative economic environment. Both of these sectors provide significant employment in Hackney. Brexit undoubtedly is expected to be negative for tech, creative and financial services industries but such industries are likely to be more resilient in dealing with change.
- 5.14.5 It is believed that London will not be as affected as the rest of the UK in terms of Brexit damage to productivity due to the presence of higher value sectors. It is anticipated it will be more affected by the introduction of migration controls affecting the ability to recruit staff from the EU.

<sup>30</sup> CBI (2016), 'London Business Survey 2016'

<sup>31</sup> Bridging the Gap report - Skills Match London: [http://skillsmatch.intelligentlondon.org.uk/skills\\_gaps](http://skillsmatch.intelligentlondon.org.uk/skills_gaps)

## 5.15 VISA Policy

- 5.15.1 The loss of passporting rights and barrier free access to the EU is a threat to London's position as the premier finance centre in Europe. The *GLA's Preparing for Brexit* report finds that the more severe the type of Brexit that is delivered the greater the negative impact will be for London and the UK. Brexit is expected to reduce the size of the UK economy and put it on a lower growth trajectory, lower employment numbers and greatly reduce the population growth compared to the current baseline. If there is a reduction in the population growth this will impact on current infrastructure planning for London and the local economies.
- 5.15.2 In relation to the loss of passporting rights, the Commission learnt that businesses were nervous about the loss of access to workers and potential VISA policy changes. This anxiety is affecting businesses' behaviour. The view is any changes to the VISA policy will have a dramatic effect, especially on replacement labour. Changes to the VISA policy will impact a number of sectors not just hospitality and construction. Research and dialogue with local employers has highlighted VISA policy changes as a concern.
- 5.15.3 The success of London's and Hackney's economies in recent years has been intrinsically linked to our membership of the European Union. If the City of London were to lose its position as European financial centre, this will have a detrimental impact for Hackney's economy and the local population.
- 5.15.4 The impact of Brexit for Hackney is negative overall. Estimates put the current EU population of Hackney (April 2017) at approximately 41,500 people (15% of the total population). However, Hackney's resident EU population are predominantly from 'old EU countries', are more highly skilled and tend to be younger than the UK citizens (population aged between 25-49). A 'Hard Brexit' has the potential to reduce the future population growth in Hackney which is currently forecast to grow to 346,098 by 2050. Current growth projections are based on trends of continued high EU migration to London. Any reduction to population growth could require a re-examination of future growth projections. Changes in future growth projections are important because it could affect Hackney Council's future plans around demand for additional housing and other infrastructure that caters to a growing population.
- 5.15.5 Hackney's economy and population has been fuelled by international migration. Hackney has many highly skilled EU residents (who work outside the Borough) and local businesses dependent on low skilled EU staff (who live outside the Borough). Restrictions on future migration from the EU potentially poses the greatest threat to Hackney businesses and public services. This threat could provide the incentive employers need to invest in local people to fill the skills gap and engagement with the skills system to make it more responsive to employer needs.
- 5.15.6 In terms of the risks of Brexit to the local economy, Hackney Council has summarised the following as concerns:
- 5.15.7 Finance and professional services – This sector is a major provider of high value and high productivity jobs in London and exports finance services to the EU. The loss of passporting rights and barrier free access to the EU is a

key concern and threat to London's position as the premier finance centre in Europe. Approx. 12% of workers in the industry are non-British EU citizens and any future requirements for visas/work permits would greatly impact on the ability to recruit in these sectors and have a wider knock-on effect for the economy.

- 5.15.8 Science and Tech – Loss in EU grants could be significant in the tech industry, as could the loss of EU collaboration, reduced trade and additional costs if border arrangements were to be introduced
- 5.15.9 Creative and Cultural – Arts, Fashion Design and other related industries are heavily reliant on a diverse workforce and tourism from the EU. The UK tech sector relies heavily on a foreign workforce. Sectors such as Artificial Intelligence (AI), data science and robotics, which the government has identified as potentially high-growth areas, already demand high level skills. The key question for Hackney is whether the UK will be able to continue to attract and retain a labour force with the relevant high calibre skills from the rest of the world, in order to maintain its reputation in these industries once the UK leaves the Single Market. Exports from the UK digital sector could also be adversely affected if new trade deals are not swiftly concluded (43% of these to the EU).
- 5.15.10 Food and Drink – This sector is highly exposed to the introduction of trade barriers - more than 60% of food and drink exports are to the EU. The sector also has a significant EU workforce which would be impacted by falls in net international migration. Investment is also likely to be affected if migration and trade controls are introduced. Hackney has experienced a significant growth in this sector in recent years and the Council is concerned about rises in costs and migration controls which could have a detrimental impact on this sector.
- 5.15.11 Construction – Recruitment of skilled construction workers and the current reliance on EU workers in particular creates a big challenge if migration controls are introduced. Around a quarter of construction workers in London and the South East are from the EU and another 25% from elsewhere abroad. Migration controls are likely to make it more costly and challenging to deliver new housing targets and other new infrastructure. Imported construction materials could also rise in cost if trade barriers are put in place. It was estimated that 60,000 more construction workers are needed in London and the South East in 2017 to keep up with demand.
- 5.15.12 Hospitality – Almost a third of hospitality jobs are filled by EU workers, with 75% of waiting staff being from the EU. Migration controls are likely to create staff shortages, rising costs and have implications for investment and growth. However the fall in sterling since the referendum has resulted in London becoming a more attractive tourist destination suggesting that for the time being the sector is resilient to the potential negative impact of Brexit.<sup>32</sup>

## 5.16 Brexit and skills

- 5.16.1 Employers are highlighting the skills gap in their workforce and lobbying government about their concerns in relation to Brexit. What employers have

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<sup>32</sup> LBH Policy paper Brexit



not been doing is stepping in to train local people to prevent the skills gap widening further after Brexit. At both the high and low skilled ends, if firms cannot recruit sufficient staff this will have an impact on the local economy. In at least the short to medium term the view is it is unlikely that such skills shortages can be met by UK citizens.

- 5.16.2 Employers are concerned about Brexit and lobbying Government but equally they are not putting into place plans to train people to fill the gap. Brexit could represent a significant opportunity to do things differently, re-examine how to improve skills in the capital and do more to nurture UK talent.
- 5.16.3 There are EU workers in both high and low skilled jobs across the London economy. The forthcoming exit from the European Union and limits on EU migration could exacerbate the skills challenges. It will be more important than ever to address these gaps by retraining and upskilling the current workforce.
- 5.16.4 If London fails to do more to grow its own talent, any fall in EU immigration following Brexit will hit the capital's businesses – with the effect likely to be more pronounced in key sectors such as hospitality, tech, finance and construction.
- 5.16.5 For the majority of businesses we spoke to, Brexit would have an impact especially on long term plans and their workforce. One business investment plans were put on hold as they were affiliated to an overseas company that had planned to make the UK their base but the company desires access to the EU. For the construction industry this means large scale build projects were being halted and for one local structural engineering company this impacted them because their work was generated from the start of the build process (design phase).
- 5.16.6 Brexit will impact both the low and high skilled sectors and for start-ups it is anticipated to be negative with a slowing of new business growth. But as noted above (in point 5.14.4) the tech sector is likely to be more resilient to change and when we spoke to one tech company they were not as concerned about Brexit and the potential limited access to EU workers unlike the other companies in the construction and media industry. We encourage Hackney Council to continue lobbying Government for the softest form of Brexit to protect jobs, growth and investment in the Borough.

*Recommendation 9*

- a) *The Commission recommends communications by Hackney Council continues to encourage EU citizens to remain and sign posts to relevant information about their rights.*
- b) *The Commission recommends the Council's Landing Pad and Launch Pad gives advice on how to adapt and where to go for business support as the impact of Brexit on businesses unfolds with decisions and policy development.*

*Recommendation 10*

*The Commission recommends the Council lobbies Central London Forward and the Government to encourage employers to view Brexit as an opportunity to re-examine how to improve skills in the capital and provide support to do more to nurture UK talent.*

## **Chapter Five – Hackney businesses contribution to local economy and skills**

### **The opportunities that could be harnessed for Hackney businesses to contribute to the local economy and skills-building of Hackney residents**

- 5.17 Employment is currently at its highest level, yet despite high employment levels there is still low productivity and high inactivity. However high employment disguises the concerns about the number of people on temporary contracts and under employment. For the first time there are more people living in poverty where someone is in work than out of work. It has presented the issue that work is no longer a sure exit out of poverty.
- 5.17.1 Employers are operating in global markets and are facing high levels of economic uncertainty. London needs a skills system that is dynamic, resilient, coherent and efficient. The Government is bringing in employer led training in a bid to develop a skills system that meets employer's needs.
- 5.18 Employment and skills locally
- 5.18.1 Currently employers have to engage with a plethora of organisations and services in order to get support to grow or to meet skills and employment needs. We note there have been various reforms and initiatives by governments to improve employment and skills:
- The **New Deal for Communities** in the late 1990s, which in many areas included neighbourhood-based job brokerage, 'one-stop shops' for careers advice and jobsearch, and access to local training;
  - **Action Teams for Jobs** with a strong focus on outreach, partnership working, colocation and cross-referrals
  - **Employment Zones** which were the first attempts to test outcome-based, contracted out and flexible employment support.
  - **Training and Enterprise Councils** from 1990 to 2001, where responsibility for training was held locally but in practice the key decisions were still made centrally.
  - From the mid-2000s, there was a far greater focus on trying to integrate and co-ordinate between the employment and skills systems – with **The Leitch Report** (2006) concluding that fragmentation of services was exacerbating poor outcomes both in the labour market and in productivity.
  - This led to a greater recognition of city regions and sub-regional partnerships as drivers of growth, and the development of new **Employment and Skills Boards** – with a loosely defined role to engage employers, assess labour market needs, review local provision

and make recommendations for how employment and skills could be aligned.<sup>33</sup>

- **2011 Local Enterprise partnerships (LEPs)** were established setting up a partnership between [local authorities](#) and businesses to help determine local economic priorities and lead economic growth and job creation within the local area. The LEP for London is called the Local Enterprise Panel.

Employers were to have a central role in working with colleges and universities to deliver internships, work experience, integrated workplace training and through Local Enterprise Partnerships (LEPs) defining the strategy for growth at a local level. LEPs were seen as crucial in involving local employers to identify labour market needs and in working with providers to give opportunities to both the employed and the unemployed to train and work.

- 5.18.2 Planned reforms to the skills system are aimed at making it employer-led to address the skills gap and provide qualifications that employers, want, need and value. Employment in CLF tends to be large employers but this is not the case for all the boroughs in the CLF region. Some, like Hackney, are characterised with much more employment in SMEs.
- 5.18.3 If an employee is at the high end of the labour market they are likely to get training but if they are at the low end they are not likely to get training. CLF reported employees in central London are more likely to receive work-related training while on the job, however access to this is polarised. The low-skilled and self-employed are furthest from training opportunities. As Hackney has a large number of SMEs as employers it would suggest that access to in work training for employees may be limited.
- 5.18.4 We noted access to in-work training remains highly dependent on the type of contract and employer and it is often the case that those who need lifelong training the most are those who have the least access to it. This is a key issue for Hackney because the data suggests Hackney residents lack the skills to access better paid jobs and this will be crucial if the council wants to see a reduction in the number of households in in-work poverty.
- 5.18.5 The data shows us that Hackney has a high number of people with high level and low level qualifications but with very little in between. The local analysis of data shows between 2006 and 2016 Hackney has experienced a considerable increase in the proportion of residents with higher qualifications and a decrease in the proportion of residents with no qualifications. We noted more residents in Hackney have acquired higher levels of qualifications. This is viewed to be associated with the population moving in and the success of local educational attainment over recent years. Local data also suggests there is still a proportion of Hackney residents in low-paid low-skilled jobs and these people would not be able to meet the skills gap if the impact of Brexit on migrant labour was to materialise. The question is, is there a possibility for people with high qualification and low skills to transition to higher skilled roles or to the roles with the skills gap? Our focus group with residents indicated

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<sup>33</sup> Work Local: Our vision for an integrated and devolved employment and skills service – Local Government Association and Learning and Work Institute

the job support market was complex and this would be a challenge to achieve in reality. In their view employers were reluctant to give older workers the opportunity to try jobs or view their skills as transferable to new positions.

- 5.18.6 The Commission decided to explore, with employers, the ability of workers to transition to better paying jobs and employer's views on skills and development.
- 5.19 Employer's views on training, skills and qualifications
- 5.19.1 The City Fringe area around Shoreditch and Old Street is the biggest sub-economy in Hackney and is home to 43% of employment in the borough. The employment in this area is concentrated in the professional, scientific & technical, information & communication and business administration & support services sectors.
- 5.19.2 Hackney's economy has a large volume of SMEs and has experienced a large growth of SMEs in the last decade. Almost all businesses in Hackney (99.8%) employ fewer than 250 staff and 9 out of 10 businesses in Hackney (90.3%) are defined as micro-businesses because they employ fewer than ten people. Since 2005 there has been a decrease in large employers (more than 100 employees) in Hackney falling from 1.2% to 0.7% in 2015. Therefore in Hackney approximately 91% of businesses are micro enterprises employing 0-9 people.
- 5.20 Training
- 5.20.1 From our discussion with workers the barrier to progression was perceived to be employers not being open to training applicants who do not present with the right skills immediately. The residents we spoke to expressed their aspirations were there but the system and employers forced them to lower their aspirations in terms of employment progression and development. Potential employers often viewed job applications too narrowly, not recognising skills and experience of older applicants which could transfer to suitable positions. For staff retention all businesses with employees expressed the difficulty in retaining staff, particularly those with the required qualifications, skills and experience for their sector.
- 5.20.2 The employers we spoke to largely employed graduates but pointed out they still needed to train them to acquire the work skills or experience needed to do the job. An article by the Telegraph reported an employer's survey<sup>34</sup> recorded comments from employers about graduates' lack of business etiquette and communication skills. We found a local employer in Hackney who echoed the same sentiments about the graduates he has employed. He pointed out it takes one year to get a graduate job-ready because they have to be taught basic communication skills - like how to write an email - and business professionalism.
- 5.20.3 We noted that digital literacy will be key to the future world of work and soon all workers will require a core knowledge in terms of digital literacy for all forms of employment. In relation to AI and automation, the key concern we picked up from workers was about the pace of the changes. Although resident workers considered the digital revolution would bring new

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<sup>34</sup> <https://www.telegraph.co.uk/education/2017/07/11/third-employers-unhappy-graduates-attitude-work/>

opportunities, the workers highlighted they would need to be given appropriate education and that access to training opportunities should be encouraged and supported at an early stage to make necessary adjustments. The Commission is of the view training of digital skills should be accompanied by an understanding and knowledge about why they are using digital devices for their work. The digital training needs to go beyond basic IT skills so that it enable employees to adapt and transition in the work place.

- 5.20.4 At the moment, job support is focused on the unemployed and age was perceived as a significant barrier to changing career paths or acquiring the training needed to transition - particularly if aged over 50. The Commission is aware there are some services offering good training and support for job seekers (the council's employment support service), but these are not widely known. The workers we spoke to were not knowledgeable about which agencies they could apply to for help.
- 5.20.5 The consensus was there are people with high level qualifications working in low paid jobs and employers are used to paying people with high qualifications a low wage. The opinion is that there is a danger that those in employment might get stuck in low quality jobs without the opportunities to gain new skills, to earn more money or progress in the labour market. There should be more training and development support for those people that are 'under employed' and older workers who want to retrain or seek better working opportunities. Training and development opportunities appear to be focused on younger people. Workers pointed out people aged 50+ may be required to work nearly 20 years more, but currently are unable to access training and support. A further challenge in relation to more training and development was for those in under employment or the self-employed.
- 5.20.6 One of the first steps in this area would be to get employers to view applicants differently and change their behaviour when it comes to employing people with lower skills for those roles that they currently have high skilled workers doing.

## 5.21 Development

- 5.21.1 For the media industry and construction engineer roles the applicants came through the academic route even though a vocational route existed. The media company we spoke was of the view that the prerequisite to be a graduate was deskilling the industry because the people entering the industry still needed to acquire experience. The industry norm was to build this up working for little or no money for a period of time. He found many graduates did not last long because graduates, coming out of university, have a debt to pay. This closed off the industry to anyone that was not a graduate from a well off family. For the media industry when you acquired the experience, skills and qualification, those workers were at a premium and often worked freelance. The local employer in the media industry hoped that being based in Hackney and working with the Bootstrap community programme they could expose the industry to more people from different backgrounds.
- 5.21.2 When we pressed employers about alternative routes to a career in their industry they explained these routes existed but they found that when

workers did not come from the academic route they were often at a disadvantage in their interview and presentation skills. In other instances being a graduate was a requirement to work in the industry. This meant quite often it was the graduate that was employed over the person who did not have the same level of qualification.

- 5.21.3 Employers were of the view workers did not hold long term career plans with any specific company - especially for the IT industry. Whereas workers interpreted this as less job security and the future of work including diminishing resources to do the job and people doing more work. So when staff acquired the right qualifications, skills and experience, the challenge for employers was retaining the talent. This often meant employers were offering more money or keeping the job interesting and not routine to hold on to employees. The competitive environment for employees with the right skills means employers were always looking for ways to attract staff from other companies.
- 5.21.4 The council is repositioning itself to cultivate new business relationships with local employers to support local businesses. The Council's work developing good business relationships is more challenging when working with small businesses whose capacity and potential to invest in staff development is more limited. Although this is an area of challenge the Commission acknowledges the aim of the council is to be in a position to challenge, influence and support local businesses to adopt the best business and work practices and encourage local employment. We recognise the difficulty lies in being able to convince small employers that investment in their workforce is beneficial for their business and should not be cut, especially in a time when other business priorities start to present themselves. We recommend the council's work in this area includes encouraging employers to produce quality jobs and supporting people into quality jobs. We recognise the council has limited powers in this sphere but they can seek to influence. We refer to the council's work on the London Living Wage and the implementation of this locally. We encourage the council to take the principles if applied in its work on LLW and apply it to the promotion of quality jobs to local employers. We urge the council to link this into their work of relationship building with local businesses.
- 5.21.5 Local authorities are good at outreach but their work needs to be supported by career information and clear progression pathways to further learning, employment, self-employment, as well as progression within the world of work.
- 5.22 Apprenticeships
- 5.22.1 Traditionally the take up of apprenticeships is lower in London than the rest of the UK and London has consistently generated fewer apprenticeship starts than the majority of other regions in England.
- 5.22.2 The changes to the skills system and devolution of the Adult Education Budget (AEB) provide the potential for employers to really engage with the skills of their workforce and should create the opportunities for people to work and train in the areas of skills needed in the economy. The hope is the current picture of oversupply - of learners studying for example electrical

installation in the construction and planning category, despite a significant undersupply in other areas of construction, such as bricklaying, carpentry and joinery, and plastering - will be eradicated.<sup>35</sup> However we note the Government has a 3 million apprenticeship target but this has not focused on what needs to be delivered for these qualification to meet employer's needs so that workers can progress.

- 5.22.3 We were pleased to note the Council's corporate apprenticeship programme is now established with a target delivery of 100 apprenticeships across the Council. The apprenticeship scheme currently employs 90 apprentices and the apprenticeships created are across a diverse range of Council service areas. All apprentices are aged 18+ and paid the London Living Wage. However the large proportion of micro businesses in the borough means developing apprenticeships outside of the council will be more of a business choice than being affordable or supported through the apprenticeship levy.
- 5.22.4 Residents were of the view apprenticeships were being branded as the way to get experience and skills but residents felt they excluded older workers. People aged 50+ may be required to work nearly 20 years more, but they are unable to access training and support. Residents wanted businesses to give older workers the opportunity to try out jobs so they can see how their skills match up. Residents were of the view the Council should lead by example to demonstrate to local employers the benefits of this option. More generally the workers were of the view there should be more training and development opportunities for older workers.
- 5.22.5 A recent report by the Independent stated that according to official figures, the number of people starting [apprenticeships](#) under the government's flagship scheme dropped by nearly a quarter. The levy was introduced a year ago to encourage employer engagement and help create three million apprentices by 2020. But figures are showing a 24 per cent drop in people starting in-work training in the first half of the academic year. The British Chambers of Commerce has stated employers have been left frustrated by the "restrictions and inflexibility" of the government's complex scheme since it was introduced in April 2017.<sup>36</sup>
- 5.22.6 Under the new apprenticeship system employers are responsible for designing the content of apprenticeship standards through trailblazers which are then approved by the Institute of Apprenticeships. The Government has introduced an apprenticeship levy to boost employer investment in apprenticeships. The apprenticeship levy is expected to raise proportionally more money in London than the rest of the UK because London has higher pay and a greater concentration of larger companies. Traditionally London has produced few apprenticeships than the rest of the country. Apprenticeships are predominately low level (level 2/3) currently degree level apprenticeships represent 0.03% of 1% of apprenticeships – the reality is there are not many degree level apprenticeships. There are too many low level apprenticeships that do not necessarily lead to higher level provision or earnings.

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<sup>35</sup> Bridging the Gap report - Skills Match London: [http://skillsmatch.intelligentlondon.org.uk/skills\\_gaps](http://skillsmatch.intelligentlondon.org.uk/skills_gaps)

<sup>36</sup> <https://www.independent.co.uk/news/education/education-news/apprenticeship-levy-uk-apprentices-british-chambers-commerce-department-education-a8312876.html>

- 5.22.7 The apprenticeship levy is expected to help manifest the apprenticeship vision. It was reported in the [Office for Budget Responsibility Economic and fiscal outlook report March 2018](#) that the apprenticeship levy will gross 10.7 billion in the first 4 years (by 2021)<sup>37</sup>. There is a fear that big employers might use the apprenticeships levy fund to finance the training they currently do instead of providing additional training as is the intention of the fund. The unique employer mix in Hackney means the apprenticeship levy is not straight forward. The number of apprenticeship starts recorded for Hackney are outlined in Table 1 below.
- 5.22.8 The Commission hopes the Council is working with the apprenticeship training providers locally to ensure employers are designing apprenticeships for all levels especially for higher level employment. The Commission sees this as a means to creating a stepping stone towards better paying roles for workers in lower skilled jobs.
- 5.22.9 We found even if the industry required graduates what the businesses wanted was a combination of both qualification with skills and experience. The most valuable employee was the person with the qualification and industry experience. The fluidity of work puts a premium on a person with initiative and professional resilience. For these reasons, training and reskilling will matter more throughout a person's working life. Education obtained before a person's professional career will have to be regularly 'topped-up'. Transitions will become more frequent and complex - particularly with regards to family and care responsibilities on the one hand, and employment and training on the other.
- 5.22.10 The council could have a role in sign posting and/or supporting businesses to set up apprenticeships. The Council may need to think innovatively about using its influence like in regeneration projects to maximise use of apprenticeships or the creation of apprenticeship[s] locally. The SMEs locally may need support in the form of facilitating a collective grouping to fund the establishment of apprenticeships for their industry. This is an area we think the Council would be well positioned to influence and facilitate.
- 5.22.11 The council should ensure it can practically demonstrate to employers the benefits of practicing good employment standards and investing in your staff. The Commission is of the view the council could lead by example by supporting local business to access funding or support to train staff which could convince local employers of the benefits to their business and give them access to a workforce with the right skills and qualifications. One area to start with is apprenticeships.
- 5.22.12 The risks of growing polarisation and displacement can be addressed by bolstering the resilience of workers through re-skilling and up-skilling opportunities throughout their life, especially at a time when their career transitions and because self or temporary employment are increasingly becoming the new norm. People at the front end of the change need to be supported to a) identify the displacement and b) transition to the growth sectors. These workers need supporting because it's likely that the sectors they are displaced from and their skills and experience will not be a straight

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<sup>37</sup> Office of Budget Responsibility Economic and fiscal outlook report March 2018



fit into the growth sectors. We need to make sure people at the sharp end of job changes (delivery drivers, retail workers, etc.) are able to transition into new jobs and the new growth areas. We believe employment support services should adopt an employability skills framework to help workers transition to new jobs in new sectors.

*Recommendation 11*

*The Commission recommends the Council's relationship-building work includes supporting and facilitating the business support needs of social enterprises e.g. helping social enterprise businesses to access collaborative working opportunities where possible.*

*Recommendation 12*

- a) *The Commission wishes to receive a report on how the Council can provide support to SMEs in the borough to set up apprenticeship placements and an outline of the Council's understanding of apprenticeship support needs for local businesses.*
- b) *We recommend the Council explores the development of higher level apprenticeships (level 3 and 4) for all ages and encourages the development of apprenticeships for more experienced workers looking to transition or embark on a career change.*

*Recommendation 13*

*We recommend the Council applies the principles it used to champion the implementation of the London Living Wage locally to encourage quality jobs and upskilling by employers for their workforce.*

**Table 1**

**Apprenticeship starts by age, 2013/14-2016/17**

	Under 19				19-24				25+				Total			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
Hackney	220	230	290	100	370	400	370	90	500	650	640	110	1,090	1,280	1,300	300
London	9,510	9,990	10,650	4,190	14,350	14,130	13,800	3,840	16,190	21,430	21,830	4,430	40,050	45,550	46,280	12,460
England	118,200	124,300	129,800	57,400	157,100	158,500	152,400	44,700	159,300	211,500	221,700	51,300	434,600	494,200	503,900	153,300

**Notes**

1. Data based on academic year (August to July)
2. 2016/17 data only covers the period August to October 2016

**Source:** Department for Education (<https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships>)

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Parliamentary Constituency data on Apprenticeship Starts									
Apprenticeship - Starts									
Level	Age	Geography	PCON/Region/England	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 Full Year (Provisional)
All	All	PCON	Hackney North and Stoke Newington	630	510	510	570	620	600
All	All	Region	London	47,230	45,070	40,050	45,550	46,280	44,220
All	All	National	England	515,000	504,200	434,600	494,200	503,900	485,500
All	All	<b>Total</b>	<b>Grand Total</b>	<b>520,600</b>	<b>510,200</b>	<b>440,400</b>	<b>499,900</b>	<b>509,400</b>	<b>491,300</b>
Intermediate	All	PCON	<b>Hackney North and Stoke Newington</b>	400	300	330	330	330	250
Intermediate	All	Region	London	30,120	26,310	26,080	26,660	24,750	20,790
Intermediate	All	National	England	325,500	289,300	282,900	295,000	288,200	256,200

Intermediate	All	<b>Total</b>	<b>Grand Total</b>	<b>329,000</b>	<b>292,800</b>	<b>286,500</b>	<b>298,300</b>	<b>291,300</b>	<b>259,400</b>
Advanced	All	PCON	Hackney North and Stoke Newington	230	210	170	200	250	270
Advanced	All	Region	London	16,900	18,150	13,080	17,050	18,730	19,010
Advanced	All	National	England	185,800	205,200	142,700	179,600	188,800	193,600
Advanced	All	<b>Total</b>	<b>Grand Total</b>	<b>187,900</b>	<b>207,700</b>	<b>144,700</b>	<b>181,800</b>	<b>190,900</b>	<b>195,800</b>
Higher	All	PCON	Hackney North and Stoke Newington	-	10	10	40	40	80
Higher	All	Region	London	210	600	890	1,840	2,810	4,430
Higher	All	National	England	3,700	9,700	9,000	19,500	26,900	35,700
Higher	All	<b>Total</b>	<b>Grand Total</b>	<b>3,700</b>	<b>9,800</b>	<b>9,200</b>	<b>19,800</b>	<b>27,200</b>	<b>36,100</b>

### Apprenticeship - Starts

Level	Age	Geography	PCON/Region/England	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17 Full Year (Provisional)
All	All	PCON	Hackney South and Shoreditch	690	670	580	710	680	710
All	All	Region	London	47,230	45,070	40,050	45,550	46,280	44,220
All	All	National	England	515,000	504,200	434,600	494,200	503,900	485,500
All	All	<b>Total</b>	<b>Grand Total</b>	<b>520,600</b>	<b>510,200</b>	<b>440,400</b>	<b>499,900</b>	<b>509,400</b>	<b>491,300</b>
Intermediate	All	PCON	<b>Hackney South and Shoreditch</b>	450	410	390	410	360	300
Intermediate	All	Region	London	30,120	26,310	26,080	26,660	24,750	20,790
Intermediate	All	National	England	325,500	289,300	282,900	295,000	288,200	256,200
Intermediate	All	<b>Total</b>	<b>Grand Total</b>	<b>329,000</b>	<b>292,800</b>	<b>286,500</b>	<b>298,300</b>	<b>291,300</b>	<b>259,400</b>
Advanced	All	PCON	Hackney South and Shoreditch	240	250	180	250	280	340
Advanced	All	Region	London	16,900	18,150	13,080	17,050	18,730	19,010
Advanced	All	National	England	185,800	205,200	142,700	179,600	188,800	193,600
Advanced	All	<b>Total</b>	<b>Grand Total</b>	<b>187,900</b>	<b>207,700</b>	<b>144,700</b>	<b>181,800</b>	<b>190,900</b>	<b>195,800</b>

Higher	All	PCON	Hackney South and Shoreditch	-	10	10	50	50	80
Higher	All	Region	London	210	600	890	1,840	2,810	4,430
Higher	All	National	England	3,700	9,700	9,000	19,500	26,900	35,700
Higher	All	<b>Total</b>	<b>Grand Total</b>	<b>3,700</b>	<b>9,800</b>	<b>9,200</b>	<b>19,800</b>	<b>27,200</b>	<b>36,100</b>

**Source:** Department for Education (<https://www.gov.uk/government/statistical-data-sets/fe-data-library-apprenticeships> - Apprenticeships geography data tool: starts 2011/12 – 2016/17 reported to date)

## Chapter Six – A revolutionary redesign of the skills system

### How Hackney could lead a revolutionary re-design of the skills service

#### Current system and challenges

Changes in the workplace and to the nature of work will mean people will change employers, jobs, employment status and professions numerous times and at a faster pace than ever before. Given that people are living longer they are likely to work longer, either out of choice or necessity. Increasingly people will have to learn new skills to remain employable throughout their working life. While some have the tools and mindset to embrace this flexibly, not all are equipped with the skills, competences and support system to be able to respond to these changes.

#### 5.23 Adult education

- 5.23.1 In comparison to the EU and other countries the UK has poor levels of participation in adult learning.
- 5.23.2 Since the introduction of advance learner loans for adults aged 19 and over, as opposed to grants, participation in adult learning has dropped by 58,000 since 2012/13. In 2016 the levels of participation for 25-64 year olds for lifelong learning fell from 20% to 14% since 2010.<sup>38</sup>
- 5.23.3 The UK has the most centralised employment and skills systems in the developed world – with central government and its agencies directly responsible for employment and skills policy, design, funding and oversight. Responsibility for labour market and welfare policy sits with the Department of Work and Pension (DWP). The public employment service and job centre plus are part of DWP combined with job brokering, referral to active labour market policy and the administration of the welfare system. The Department of Business, Innovation and Skills has responsibility for investment in adult skills at FE and higher education, to promote trade, boost innovation and foster entrepreneurship. Prior to the 1990s local government had control of colleges and polytechnics but now local authorities have no statutory role or provision of powers in relation to employment and skills.
- 5.23.4 The Localism Act 2011 introduced a range of provisions with the aim of empowering and strengthening the role of local government. The Coalition's Government's skills strategies 'skills for sustainable growth' and 'investing in skills for sustainable growth' signalled a significant change to the delivery of employment and skills, by promoting an expectation of shared responsibility and partnership working. Local authorities are now seen as an anchor institution and major employer in local economies and expected to play a role in shaping demand through local procurement policies. Our WiH event revealed how a local provider felt government contracts were out of small providers reach and designed for large organisations to acquire regardless of their knowledge and expertise. If this is the case the Commission views this

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<sup>38</sup> WiH Event 29<sup>th</sup> November 2017

as an ineffective use of resources and that procurement contracts needed to be more accessible to local SMEs.

- 5.23.5 Recent work for the LGA finds that across the wider economic development landscape there are at least 70 different funding streams, managed by 22 delivery agencies or government departments responsible for £23.5 billion in public spending. Looking at employment and skills specifically, the analysis finds 20 funding streams managed by eight departments or agencies and £10.7 billion of spending.
- 5.23.6 From 2011 there was a series of changes to the skills system giving colleges and training organisations more freedoms and flexibilities to deliver programmes that are appropriate for local need, including a new simplified funding system. Aligned to these changes was an expectation of greater local accountability and encouragement of partnership working with local partners including LEPs and DWP. The aim was to create a more effective local market in training and to encourage providers to be more accountable to local customers, including Jobcentres.
- 5.23.7 The Government carried out area based reviews of post 16 education and training across England (2015-2017) aimed at achieving “better responsiveness to local employer needs and economic priorities”, yet this review focused primarily on securing the financial stability of the Further Education (FE) sector. This process stimulated relationships between groups of local authorities, LEPs and colleges about what provision was needed when and where so colleges could better match to local skills demand.
- 5.23.8 There have been high levels of qualifications output but they have been deemed not relevant to employer needs. We were told this is reflected in a mismatch of skills provision, with too many Londoners acquiring skills that are not in demand by employers. The matching to skills demand is still to be reflected in the design of the adult skills system. To meet these challenges, London needs an efficient skills system that is responsive to business needs but also supports learner progression.
- 5.23.9 Changes to the nature of work are increasing the demand for dynamic and adaptive skills. [Nesta's report](#)<sup>39</sup> on skills and other reports highlight a growth in demand for interpersonal skills and system skills, and a decrease in demand for cognitive management skills like accounting and machinery operation.
- 5.23.10 The Commission explored skills development and local service provision and found that despite not having statutory powers or duties, the council set up its own employment support service to meet the needs of the local economy. The Council has also been reviewing careers advice and adult learning provision in preparation for the Adult Education Budget devolution.
- 5.23.11 The Commission asked the Council to provide information about its employment support service Hackney Works (formally known as Ways into Work). Through this the Commission learned that the service receives no statutory funding. To date the service has been funded by external grant

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<sup>39</sup> The future of Skills employment in 2030 by Nesta

funding (European funding). This funding had dictated the focus and outputs achieved to date.

5.23.12 The Council's Employment and Skills service historically focused on ways into work offering job brokerage getting people into a job and viewing work as the solution. However the rise of in work poverty (from increased cost of living in inner London), under employment and welfare reform has caused this to become a local Mayoral priority. The current Mayor of Hackney has placed greater emphasis on employment and skills, and created a Cabinet Member role specifically focused on employment and skills. The Mayor has also committed to developing the Council's employment support service to include reaching those furthest from the job market and those in under employment.

5.23.13 The new focus means there are plans to move towards more partnership working. The service provision will broaden to include young people, all levels of apprenticeships, work experience, in work support (under employment) and supporting local employment but will still retain some focus on job output (*full details about the service provision are in the minutes for WIH meeting in September 2017.*) There will also be a strong focus on building relationships with local employers to encourage the highest standards of employment practices (for example London Living Wage employers, diverse work forces, Healthy Workplaces). Hackney Works also plans to focus on employability training and in-work support because employers have commented on the importance of soft skills.

#### 5.24 Local adult skills and employment services

5.24.1 Lifelong learning needs to be inspiring to encourage people to aspire to achieve and progress. The Commission investigated if the adult community learning provision could be used to support workers -particularly middle skilled workers with diminishing job roles - in transition.

5.24.2 The Council's Adult Community Learning service is at the very start of the lifelong learning journey. The Adult Community Learning service very much focuses on below level 2, covering personal and community development, neighbourhood learning, family, English, Maths and language (ESOL) and wider family learning (often basic digital training). The Education and Skills Funding Agency allocates LBH around £2m to deliver adult and family learning in Hackney. This has a crude outcomes target of 5,000 enrolments. We noted some of the challenges they face in relation to funding post-Brexit, changes to the commissioning model and Ofsted's model not being really supportive of adult community learning. We welcomed that among their priorities is to launch one-stop- shop hubs, to better align the local offer to school improvement priorities and to strengthen collaboration with employers.

5.24.3 The most important capital for the world of work ahead is skills. Education, training and the opportunity for retraining throughout one's life need to be the starting point. In its current form the Adult Community Learning service is not best placed to support people to retrain or develop their skills to help them to be flexible in the work place or become resilient in times of change.

5.24.4 The Commission is of the view the adult community learning provision should be a service that provides learning, training and employment support. There needs to be a policy outlining the Council's role for this service provision and a link from adult learning through to in-work employment support services. To provide a seamless journey from one service to the other.

5.24.5 It is crucial for the employment and skills system to be underpinned by a good independent careers advice and guidance system. Careers information, advice and guidance (IAG) in London (like the rest of the UK) is patchy, inconsistent and limits the ability of learners to make informed choices. There is significant fragmentation in the system with multiple schemes operating rather than a single unified offer. Work by London's Local Enterprise Partnership (LEP), the GLA and London Councils identified more than 240 careers providers in London, demonstrating a congested and confusing market place. In any one area, schools, colleges, councils and national agencies like the National Careers Service, Careers and Enterprise Company, JCP and Education and Skills Funding Agency deliver initiatives for different age ranges and groups. There is both duplication and inefficient targeting in the system. We were told many of these problems could be solved through greater local control over the provision of careers IAG.

#### 5.25 Current Adult Skills System

5.25.1 The Government focused on raising qualification attainment as a main driver of achieving prosperity but this has not produced the economic productivity boost hoped. Productivity is the key determinant of prosperity however the UK's productivity has only increased by 1% whereas the percentage of people in the workforce with degree level qualifications has increased 11% and GCSE qualifications has increased by 10%. The trend across the country is a rise in the proportion of working age adults with higher level qualifications (level 4) and a fall in the proportion of adults with no qualifications - Hackney experienced the largest proportional fall over a 10 year period. This trend was mirrored across the Central London Forward (CLF) region and in Hackney. Central London Forward covers 12 inner London boroughs including Hackney. CLF commissioned research to review the economy and skills for their region.

5.25.2 In CLF FE provision is heavily weighted towards level 3 and below. 22% of FE provision is delivered at level 3 or above compared to 28% across the rest of the UK. CLF predominately provides courses that are below level 2 excluding Maths and English. Similarly for Hackney (in the table below) the provision for qualifications is predominately level 3 and below with only 2 providers in the borough providing level 4.

5.25.3 The UK employment rate is at a record high which demonstrates little slack in the labour market but despite high employment levels there is still low productivity and high inactivity. More broadly, there have been concerns raised about the skills system not being responsive enough to employer needs and future demand.

5.25.4 The current system is complex and fragmented and driven by qualifications with little link to employers and labour demands. The shortcomings with the system were described to be:



- 1 **Over centralisation** – The skills system is currently highly centralised with little opportunity for local authorities to adapt the system to meet the needs of local learners, employer and employees.
- 2 **Under funding** – Further Education (FE) has been hit hard by austerity. FE has received a 40% cut to the Adult Education Budget (AEB) and it is half the size it was in 2010 – held flat in cash terms. FE is starting to see the implications from the restrictions in funding and the impact on participation.
- 3 The Government introduced advance learner loans in 2012 which are similar to student loans for FE. Since learner loans were introduced, participation in FE fell by a 1/3. It is thought the advance learner loans have suppressed and limited participation.
- 4 **There has been too much focus on boosting supply and not enough on the demand for skills** – A literature review 11 years ago set ambitious targets for improvements in qualification. The Government has hit the targets for NVQ level 4 (just below degree level) and is not far off NVQ level 2 target (GCSE level) but wages have decreased.
- 5 The view is that there has been too much focus on improving the number of qualifications and not enough attention paid to what qualifications are needed in the labour market. The Government has a 3 million apprenticeship target but has not focused on what they need to deliver to meet employer's needs so that individuals can progress.
- 6 **Poor matching of supply and demand** – the skills system currently is not effective in meeting employer demand which is why we have this current perplexing problem of increasing qualifications and skills gaps for some work areas. This is relevant to the choices made at school and university but also to FEs as they are output funded rather than outcomes for the courses they provide. The current system does not cover the number of people they get into employment, the numbers that progress to FE study further or how their wages increase thereafter.
- 7 **Lack of high quality vocational provision** - For too long the incentives in the system encourage providers to provide high volume and low level provision. This provision does not lead to further study, does not meet the needs of employers nor does it allow people to progress. The vast majority of FE provision is delivered at low level 2.
- 8 **There is low level participation in lifelong learning and it is unequal** – The people who would most benefit from lifelong learning and should be participating in lifelong learning e.g. low level qualifications, those who left school early, low pay occupational groups and low social economic groups are the least likely to participate. Statistically it is the educational 'haves' who are participating in lifelong

learning, and not the educational ‘have nots’ as required. Employers are more likely to see a business case and a future investing in the skills of workers with higher education than their staff with lower qualifications (the skilled rather than the unskilled staff).

5.25.5 Central London Forward also reported the regional skills system has:

- A lack of outcome focus for adult education provision
- Inadequate advice and guidance on what provision would be useful for central London
- A lack of funding with diminishing access.

5.25.6 The system in its current form offers little encouragement to lifelong learning and the system is not being accessed by the people who need it the most.

### **Opportunities**

London’s skills system is facing significant challenges and opportunities in the future and London needs the ability to take a strategic, all-age, whole-systems approach. The aim for London’s skills system is for it to be supported and funded to be more closely aligned to employment to secure jobs in the London and in local economies, both now and in the future.

5.26 Adult Skills - London and Devolution of the Adult Education Budget

5.26.1 The Government announced their intention to devolve the Adult Education Budget (AEB) to the Mayor of London for 2018/19 subject to readiness. In spite of this devolution, the AEB is being viewed as an opportunity for central London boroughs, employer and providers to rebuild the skills system to address the failures, skills gap and the specific challenges facing London’s workforce and economy. However the devolution of the Adult Education Budget is an unfunded mandate to meet increasing need.

5.26.2 In London, there will be considerable pressure on the Adult Education Budget when it is devolved by government. London is facing increased demand for training driven by a rapidly growing population, significant skills gaps in key sectors (almost a quarter of all vacancies in London are due to a lack of applicants with the right skills for the job) the new digital skills’ entitlement. It is also coping with the high demand in the capital for ESOL and basic skills training, and one in five London families stuck in in-work poverty.

5.26.3 In addition to the points above, other challenges at different levels include large numbers of adults with poor basic skills and capabilities; shortages of higher-skilled technical and vocational workers; geographical differences contributing to lower growth; poor productivity and low pay in many areas. The assumption is that Brexit will result in less access to EU migration - affecting both the supply of workers and demand for skills. The extent to which automation and technology will change the world of work and the jobs that we do remains to be seen.

5.26.4 In reference to Brexit and the skills gap for areas like London there will be a big role for the GLA to work with employers to boost the training provision for key sectors. Therefore it will be important for employers and the local

authority to work together and for employers to have a dialogue with their employees about their job roles and automation. It will be critical for staff to be given the skills and / or opportunity to train for those roles.

- 5.26.5 In April 2017, the Mayor of London launched the ‘Skills for Londoners’ taskforce,<sup>40</sup> which has a twin focus of ensuring that London’s skills system meets the needs of London’s businesses while supporting all Londoners to access the skills they need to find and progress in learning and work.
- 5.26.6 London’s local governments, supported by the Mayor, committed to creating Sub-Regional Skills and Employment Boards (SEBs). These boards were set up to provide an informed direction to local skills providers on the demand for skills locally to develop and oversee a sub-regional Skills Strategy. SEBs will ensure that boroughs and employers in each sub-region are able to develop a much clearer mechanism for articulating local skills demands to providers and holding them to account. The SEBs will also be well placed to strongly engage with the GLA, the Skills for Londoners taskforce and emerging proposals for devolved funding in London. Hackney is part of the Central London Forward SEB region.
- 5.26.7 As part of the approach to simplification the Skills Funding Agency introduced a new single Adult Skills Budget (ASB) to enable colleges and training organisations to make choices about the provision they deliver that best meets the needs of their local communities.
- 5.26.8 The question is whether the single ASB and the proposed changes to the skills system go far enough to address the problems in the system, the impact of Brexit or London’s specific challenges? At the time of the WiH event in November the Mayor of London was scheduled to release for consultation the draft economic strategy. The Mayor of London’s aim is to develop a system that is responsive enough to employer needs and future demand.
- 5.26.9 In this review highlighted increasing concerns about the precariousness of employment, in-work poverty and how the Council can support local residents to feel like they are achieving economic success through work. This led the Commission to ask about the Councils economic strategy and vision.
- 5.26.10 The Council informed us that they had set up a new internal Board called the Economic and Community Development Board (ECDB). This Board has the role of developing the Council’s economic strategy and ensuring the council’s services and its approach to economic development is joined-up and focused on ensuring the benefits of economic growth reach all of Hackney’s communities.
- 5.26.11 The work of the ECDB covers 3 thematic areas:
- Theme 1 - Helping to create liveable, sustainable and economically resilient places where economic growth and change can benefit everyone. The aim of this work is to ensure that the economic development work is sensitive to ‘place’ in all aspects.

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<sup>40</sup> Mayor of London (2017): ‘*Mayor launches Skills for Londoners to boost training in the capital*’

- Theme 2 - Encouraging and support diverse businesses to thrive across a dynamic borough. This area of work is seeking to ensure that the council strengthens its relationships with local businesses and then helps those relationships provide real benefits for local residents.
- Theme 3 - Supporting people to live well and develop skills that are fit for the future, allowing them to connect with employment opportunities across London. The focus of this work is to help those furthest from the labour market to successfully gain employment and to help residents progress into rewarding work.

5.26.12 A key aim of the Board's work is to focus on reducing inequality across our communities and sharing the benefits of growth and development in our borough in an equitable way.

5.26.13 The Commission is pleased the Council has recognised the need for locally specific employment support and has started to pull this together under their economic strategy work. The Commission recommends the targets are measurable to inspire further work so that the initiatives that work can be promoted with confidence.

5.26.14 The Commission is aware this is an area the council has no statutory powers over nor the authority to shape local statutory services. There is a gap between the council's and the community's aspirations for the services to the powers available to local government and local partners when it comes to developing services. We urge the council to take a strong and active role in the shaping of the adult skills system through the regional body and to lobby Government for more powers to develop services that meet local need. The Commission would like to see more co-ordination of strategy and investment by all the statutory and voluntary sector agencies locally.

5.26.15 We acknowledge the limitations of the Council's work in this area without statutory powers. Adult community learning in its current form of provision does not provide the council with the ability to address in-work poverty to enable the council to better support or help vulnerable workers at the low end of the labour market. Engaging those people with low skills and experience to develop a career plan supported by lifelong learning is greatly needed.

5.26.16 Lifelong learning is to be encouraged but needs to be supported by career information and clear progression pathways to further learning, employment, self-employment, as well as progression within the world of work. Adult community learning would be better placed if it was a provision of learning, training and employment support.

## **Proposals for the skills system**

### **5.27 The system**

5.27.1 Skills continue to be the best guarantor of social mobility and opportunity. It has been pointed out that the current system is not set up for the changes in the world of work. The key aim for London skills system is for it to be supported and funded to be more closely aligned to employment and secure jobs in the local economy both now and in the future.

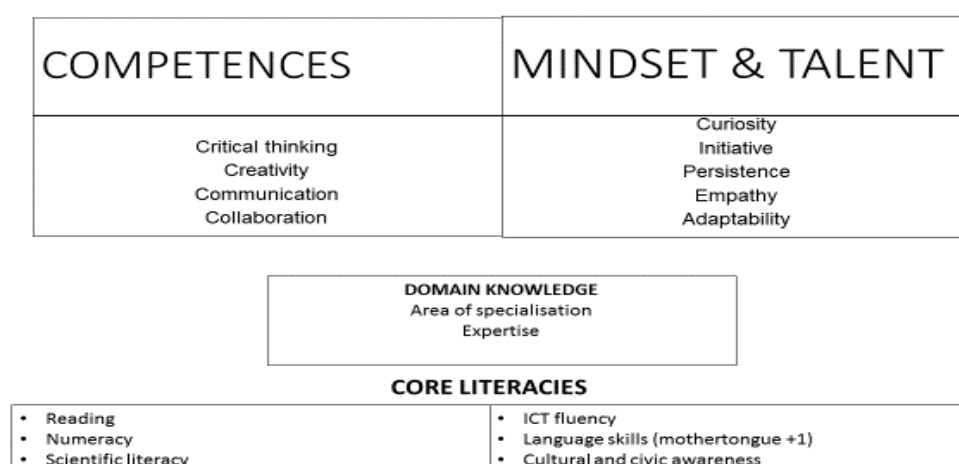
- 5.27.2 Today skills are not static and need to be updated and fine-tuned throughout working lives. Life-long learning will be critical to support the numerous transitions that are likely to become the norm in future employment.
- 5.27.3 With a third of all workers estimated to be over-50 by 2020, meeting the future needs of the economy means investing in the skills of those who are in work today – not just in the future skills of young people. Workers told us there was limited training and development opportunities particularly if aged over 50, and training and development opportunities appear to be focused on younger applicants. Age was perceived as a significant barrier to changing career paths and obtaining the training to enable a transition in careers. The skills system needs to take seriously the importance of providing digital training, beyond basic IT skills to enable employees to transition to new sectors in the economy.
- 5.27.4 Think tanks and academics told us meeting these challenges will require the employment and skills systems to be well co-ordinated, high performing, responsive to the needs of employers and local areas. It will also require being focused on growth and productivity with an ability to anticipate and respond to change quickly. Alongside this, the system needs to have incentives to keep employers engaged so that employers will still participate even when they have significant other budgetary demands.
- 5.27.5 The LGA reported the current employment and skills system is disjointed across employer engagement, business support, local growth, careers services, employment support, adult skills, apprenticeships support and employment programmes. They have recommended a new model called [Work Local](#)<sup>41</sup> to reduce costs, complexity and duplication; improve services; and respond to local need.
- 5.27.6 Work Local would be a locally integrated employment and skills system that will be effective in meeting the labour market and skills challenges of the future. At the heart of this reformed model would be a new, 'one stop' service bringing together information, advice and the delivery of employment, skills and wider support for individuals and for employers. This system would enable local design and delivery to reflect the needs of local residents – for example by changing rules that get in the way of reaching specific groups; or by creating incentives to support those most in need locally.
- 5.27.7 The report claims this model will better align funding to local priorities and services, and can be more responsive to local employment and skills needs. For residents the service would be more personalised and joined-up so they can be better targeted, more effective and less duplication.
- 5.27.8 For employers, better alignment should open up the potential for a skills system that responds better to demand and employer's needs. Improving the employment and skills outcomes also has wider benefits – in terms of residents' wellbeing, social cohesion, improved educational attainment, better housing, and reduced pressure on health services and so on.

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<sup>41</sup> Work Local: Our vision for an integrated and devolved employment and skills service – Local Government Association and Learning and Work Institute

- 5.27.9 This proposed system would allow a more localised approach that works at two levels – tackling pan-London issues and allowing more targeted activity at a sub-regional level to take into account the variations across the capital. It is thought that councils are better placed to take this convening and leading role due to their ability to do high quality outreach and their partnerships links locally. The Commission suggests that the Council explore the possibility of this model further and the government’s response.
- 5.27.10 The Learning and Work Institute also reviewed international employment and skills models and found in Michigan and the Netherlands the central focus to the system was the employer and labour market needs. They reported there is learning from these systems that can be applied to the adult skills system in London – like customised training programmes to meet industry-wide skills needs and the creation of career ladders to help workers progress. The Commission suggests the council considers the key elements of these programmes and if they can be incorporated locally.
- 5.28 Skills for the future
- 5.28.1 The skills system needs to provide people with a scaffolding structure (a framework around them) that enables them to move up, down, sideways and to progress in the work place.
- 5.28.2 The skills system should enable people to develop skills that help them to be flexible in the work place providing workers with the skills and ability to evolve, adapt to survive and be strong in the current climate and future world of work.
- 5.28.3 As the jobs of the future are not known, the system should be designed to help people become more resilient to the following: hired, fired, made redundant and retrained. Therefore the recommendation is that skills training in the adults skills system should not be job specific but transferable across sectors. An example of these skills are below.
- 5.28.4 The LGA’s report outlines the skills for the future world of work are:

### Skills and Resilience for a World of Change



- 5.28.5 The Commission suggests the Council’s employment and skills service adopts an employability skills framework to help people in and out of work

prepare and develop transferable skills, as outlined above, for the jobs of the future.

#### 5.29 Measuring outcomes

- 5.29.1 London needs the ability to take a strategic, all-age, whole-systems approach. There should be greater engagement with employers and better access to, and use of, data.
- 5.29.2 There have been comments about the difficulty measuring success particularly for the initial stage in community learning (for the hard to reach groups accessing adult education). It is often hard to produce tangible results. It is recognised the journey for those furthest from the job market is not linear so this can be hard to measure. However the progress of their journey needs to be measureable.
- 5.29.3 The authors of the All Parliamentary research for the Adult Education Inquiry pointed out that it is important that the impact of adult learning is measurable and that there is a national system for measuring development. The system may need to have higher expectations of the group at the low end of lifelong learning to make it measureable. Nationally there needs to be consideration given to how this can be measured.
- 5.29.4 The Commission believes the Council's employment and skills work and their economic strategy are working towards the right goals. At the time of this review the council was formulating their objectives, actions and targets in relation to the economic strategy. The Commission wants to be assured the objectives and target will be backed up by appropriate resources and actions. The Commission also wants to caution against the dangers of spreading resources thinly on to many initiatives. We would like to see the evaluation of the initiatives to date so the learning can be shared and the council gains an understanding of the tangible outcomes.
- 5.29.5 As the experts have pointed out it is important for there to be measureable outcomes so people can determine the benefits to local people. This we believe is important to maintain momentum, to inspire and inform further work in the area of employment and skills support.

#### *Recommendation 14*

*The Commission recommends the Council's procurement process in relation to employment and skills openly supports and encourages small and medium sized businesses to bid for local government contract work in Hackney.*

#### *Recommendation 15*

*The Commission recommends the Council looks at developing measureable outcomes for the journey of residents going through adult learning, Hackney Works programme and the Council's apprenticeship scheme and reports back on the measurements put in place.*

*Recommendation 16*

- a) *The Commission would like the Council to explore the possibility of better aligning the adult community learning provision to its employment support service to provide a seamless service covering learning, training and employment support.*
- b) *The Commission suggests the Council's employment and skills service adopts an employability skills framework that supports people in and out of work to prepare and develop transferable skills for future job roles.*



## 6. CONCLUSION

- 6.1 We concluded that the security of having a job for life is in decline and that workers will be having portfolio careers throughout their working life. What is needed is a skills system that will encourage people to develop a career plan with continuous development at the heart of the plan. This we believe will enable workers to keep their skills up to date and relevant to employer's needs.
- 6.2 A key challenge in this time is in-work poverty and the rise of under employment. We learned that people are feeling trapped with no ability to upskill. The Government's focus on apprenticeships and an employer led skills system will offer little to no support to the self-employed, under employed or provide opportunities up skill for older workers. The restrictions to entitlement for public funding and limited access to adult education means workers are not currently well served by the skills system.
- 6.3 The direction of travel for the skills system is for it to be an employer led system, but for Hackney's economy having a large volume of SMEs the capacity for employers to invest in their workforce may be limited and we are of the view a different approach encompassing influence and support will be needed for Hackney employers.
- 6.4 If the skills system was system looking at the future of work it would be more relevant to the world of work and workers. We conclude the only way to support workers would be to have a skills system that is under pinned by an employability framework, providing workers with the ability to develop transferable skills for the jobs of the future. We have recommended the Council's employment support service implements such a framework to enable residents to adopt the mindset of skills development throughout their career.
- 6.5 As pointed out in the Taylor review changes to employment law must catch up to the changes in the world of work. The Government needs to define a clearer outline of the test for employment status, setting out key principles in primary legislation and using secondary legislation and guidance to provide more detail. In the meantime we believe the Council should lobby the Government, CLF and the GLA for more locally controlled employment and skills support services to provide a system that meets the needs of the local economy. This review has shown us that addressing the skills system alone is not the single solution. Changes also need to focus on labour market policy and needs to be led by the Government.

## 7. CONTRIBUTORS, MEETINGS AND SITE VISITS

The review's dedicated webpage includes links to the terms of reference, findings, final report and Executive response (once agreed). This can be found at [Working in Hackney Scrutiny web page](#).

### Meetings of the Commission

The following people gave evidence at Commission meetings or attended to contribute to the discussion panels.

Date 29<sup>th</sup> November 2017<sup>42</sup>

#### Future World of Work and Skills Event

Daniel Tomlinson, Resolution Foundation

Cameron Tait, Fabian Society

Bill Davies, Central London Forward

Joe Dromey, Institute for Public Policy Research.

### Site Visits

The Commission made the following site visits for this review.

Date 19<sup>th</sup> February 2018<sup>43</sup>

#### The Bootstrap

- **Sliverfish Films**
- **Supawell** - online company selling sustainable products
- **Senaphore** – software solutions for science sector

#### The Brew

- **Angel** – creative digital services agency
- **Graphic Structures** - structural engineering and building design.

Date 19<sup>th</sup> February 2018

Resident Focus Group<sup>44</sup>

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<sup>42</sup> web address:

<http://mginternet.hackney.gov.uk/documents/g3971/Public%20reports%20pack%2005th-Feb-2018%2019.00%20Working%20in%20Hackney%20Scrutiny%20Commission.pdf?T=10>

<sup>43</sup> Appendix 1 and 2 of the report

<sup>44</sup> Appendix 3 and 4 of the report

## 8. MEMBERS OF THE SCRUTINY COMMISSION

Councillor Anna-Joy Rickard (Chair)

Councillor Mete Coban (Vice Chair)

Councillor Clare Potter

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Relevant Cabinet Member: Councillor Carole Williams

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## 10. GLOSSARY

Below is a list of abbreviations used within this report and their full title.

Abbreviation	Definition
CLF	Central London Forward
DWP	Department of Work and Pensions
EU	European Union
IPPR	Institute of Public Policy and Research
LLW	London Living Wage
SME	Small and Medium Enterprise
WiH	Working in Hackney
GVA	Gross Value Added
UK	United Kingdom
FE	Further Education
LGA	Local Government Association
L&WI	Learning and Work Institute
AI	Artificial Intelligence
RSA	Royal Society for the encouragement of Arts

GLA	Greater London Assembly
LEP	Local Enterprise Partnerships
AEB	Adult Education Budget
ESOL	English for Speakers of Other Languages
IAG	Information, Advice and Guidance
JCP	Job Centre Plus
NVQ	National Vocational Qualification
SEB	Skills and Employment Boards
ECDB	Economic and Community Development Board

**Appendix 1****Working in Hackney Scrutiny Commission  
Site Visit – Bootstrap  
Monday 19<sup>th</sup> February 2018**

**In attendance Councillors:** Cllr Anna-Joy Rickard and Cllr Clare Potter

**Officers:** Tracey Anderson, Corey Defoe, Bjorn Simpole, Ambrose Quashie

The Bootstrap was established in 1977 to support people to set-up their own businesses and improve employability skills. The charity's activities developed through working with unemployed residents on estates in Hackney, Lambeth and Camden.

Over time, the activities grew to include the provision of managed workspace at the Print House on Ashwin Street. The Bootstrap manages 60,000 sq ft of workspaces serving over 500 social and creative entrepreneurs with just over 150 tenant businesses across 3 buildings - the Print House, Fitzroy House and Colourworks, in addition to the Bootyard (a converted car park with shipping containers). In 2015/16 the Bootstrap had approximately 168 organisations and the breakdown was 53% of the tenants were creative organisations, 31% are social or community focused and 16% work in the service industries.

The Bootstrap offers a range of different spaces from desk spaces, to small and medium-sized studio spaces. Their objective is to provide support to tenants to be socially enterprising, grow into sustainable businesses and contribute to the wider community. They leverage their tenant community to run skills and training events for the local community to connect the Bootstrap tenants with the wider community and networks.

Hackney has become a more desirable place to live and work in the last few years. As a result the Bootstrap has experienced significant rent increases and has needed to charge their tenants market rent. This led the Bootstrap to establish a fund called the **Bootstrap Fund** to support its operation and the impact of the introduction of market rent rates to its tenant community. Bootstrap commit a percentage of the market rent charge to the Bootstrap Fund. This fund provides a subsidy to tenants paying market rent for their workspace. The fund is awarded to a proportion of tenants that demonstrate social and cultural impact in line with the charity's objectives which are: community and diversity; training, employment & education and the cultural economy. Bootstrap consider this model is expandable because they believe it provides the answer to the question being asked 'How can creative businesses, social enterprises and charities survive in London?'

The Working in Hackney Scrutiny Commission toured the buildings and spoke to a few tenants/businesses based in the premises. Below is a summary of the points made in these discussions: -

### **Mark Lucas – Silverfish Films**

Mark runs a film making company and has been based at Bootstrap for only 5 weeks. They make documentaries and online content predominately (but not exclusively) for the not for profit sector.

He explained the industry was experiencing falling budgets and squeezed profit margins. Highlighting it was a very competitive industry which lots of people want to work in but organisations, increasingly have less money to spend on promotion/advertising/marketing. They were previously based in Farringdon and moved to Bootstrap for a number of reasons including: -

- Affordable rent and flexibility with a shorter lease
- Location – staff want to work in Hackney. Dalston is great. Market with affordable food – try and keep it this way! Proximity to key transport routes important
- World of work is changing and more flexible arrangements are needed to meet the company's needs and business model
- Bootstrap made it easy for us to move
- Client were less likely to come to Dalston than Farringdon but this was viewed as a positive not negative!
- Loved the Bootstrap concept – want to engage in community initiatives and film on the roof top.

He explained that the film industry was very elitist, dominated by white Oxbridge educated men. He wants to help promote Bootstrap's Social Mobility agenda, offering work experience opportunities to local people etc. It was a big motivator in relocating to Hackney.

### **Future Trends**

There is lower and lower value placed on skills, with lower budgets and greater demands. People think they can become highly skilled in film making in a matter of weeks. He expressed concern that the trend was leading to a deskilling in the industry linked to higher expectations and lower funding envelopes. In a highly competitive industry a firm must compete to secure commissions which range hugely in value from £500 to £600,000.

The business has six permanent members of staff and this was complemented by a number of employees on fixed term contracts and freelance workers, taking the number of workers up to 20 at any one time. There is an over-supply of people in such a competitive industry but the industry does not have an over-supply of highly skilled and experienced people.

It was highlighted that a worker's preference was permanent roles or freelance working but freelance working depended on their age. Younger less experienced workers preferred employment security whereas when workers become more experienced they tended to work freelance as they were in a stronger position to gain



employment and varied experience. Employees from late 30s onwards again tend to prefer security of employment as they have more responsibilities (family, mortgages etc.) and prioritise a secure income over flexibility. Mark explained that the market generated a huge number of film and media graduates, but very few actually ended up with a successful career in the industry. Of ten 23 year olds entering the industry today, in a few years' time nine were likely to be working outside of film/media industry.

Silverfish views itself as a Social Enterprise in its culture and value but also needs to obtain commercial work/income to remain profitable – a constant balancing act! The Silverfish was looking forward to using the Bootstrap rooftop for filming/screenings and bringing more local people in to engage with their work and provide opportunities to local people outside the elite group.

### **Skills**

Mark felt that the academic route was not working for the industry, churning out many graduates who want to work in the sector but lack the skills and experience they are looking for. He valued experienced staff without degrees over those with a degree and a lack of experience. They receive approximately 20 applications a day from abroad and all over the UK. An issue of concern is the lack of applications from young people in Hackney. Those who work in the industry need to better reflect the society in which they operate.

It is an industry for younger people, very hard to have a successful career as an older person in film/digital content. Hours are inflexible and challenging for those with family commitments and the pace of change with technology is considerable.

### **Brexit**

Silverfish were heavily involved in the 'remain' campaign making content for Better In. They receive an estimated 10% of their funding from EU grants currently. The issue about EU staff returning home is a concern, they have one German member of staff making plans to do so in the near future. Any restrictions with EU migration could have a negative impact on the business but the precise implications of Brexit for the industry were unclear at present.

### **Tadhg White - Supawell**

Tadhg runs an online Wellbeing lifestyle store from Bootstrap. They specialise in sustainable products. Tadhg pointed out Bootstrap is a good network of skilled people who he can work with to develop Supawell into a success. Bootstrap has a great mix / range of skills he can draw on. Seeing it as a good positive environment to work in and being surround by people with similar interests and priorities.

In terms of his industry he highlighted that there was an issue in relation to people with technical skills such as coding and these skills are in high demand. In his view ensuring the skills gaps was met by training people in areas where they can forge successful careers is of paramount importance. Buying British is better for employment, the economy and the environment. Smaller/ local businesses might mean more attractive jobs for UK residents. It was his view the Government needed to invest in Britain's manufacturing and industrial pride to make sure working for British manufacturers was sufficiently rewarding and to ensure we don't have businesses that can only afford to pay minimum or below minimum wage.

Tadhg explained that his costs had risen recently as he traded within the Eurozone and if trade barriers were to be introduced between the UK and Europe this would have a huge impact on his business. He pointed out the US is very difficult with import duties making it too expensive to sell US products when dealing directly with a US company. Costs have risen with an increase FX differential since the Brexit announcement, but when Britain leaves the EU import duties and the speed of supply from outside the UK is likely to have an impact on the business.

The changes in Hackney were a threat to existing businesses. Rising rents and overhead costs meant that people will look to move to a cheaper location. Bootstrap has been a good bulwark against this offering affordable workspaces and opportunities to start ups. The Council should consider the social value that businesses add to the area and develops policies to retain employers providing a positive social impact to the local community.

### **Michael Gillis – Semaphore Solutions**

Michael explained that he worked for a Software solutions firm for the Science sector. It was a London base for a Canadian company. They had plans to open a London based European office but the Brexit result has halted these plans. Bootstrap/Dalston was a good place to base themselves due to its location in London, the services available, cost, links to local community and generally a positive place to be.

He highlighted how it was important to have somewhere to come to work rather than working from home and to be based in a location with a social aspect as well as catering to your business need.

### **Future trends**

In his view the need for flexible work spaces would continue and that flexibility in workplace/day's schedule is a key issue for staff and this will grow further in importance. People have a desire to work around others and that as such co-working spaces were likely to become more popular and in demand in the future leading to a need for more places like Bootstrap.

Brexit is creating such uncertainty at the moment that the parent company is waiting before they make any decision about their long term future in London/Europe. If Brexit creates barriers for European trade they will have to consider alternatives countries such as Ireland.

It is a very specialist field so recruitment can be challenging but the UK is a good place for DNA sequencing and has a growing market. However the skills are usually transferable.

## Appendix 2

### Working in Hackney Scrutiny Commission Site Visit – The Brew Monday 19<sup>th</sup> February 2018

**Councillors in attendance:** Cllr Rickard, Cllr Potter, Cllr Ozsen and Cllr Oguzkanli

**Officers:** Tracey Anderson, Corey Defoe, and Ambrose Quashie

#### The Brew



After identifying there was little in the way of good affordable workspace for start-ups in London, Andrew Clough founded The Brew in 2011. The Brew provides co-working membership at a low monthly price with everything a startup needs. The staff at The Brew can provide back office support to businesses too.

The Brew is a shared work space in the following locations: Shoreditch Stables, Eagle House, Leonard Street and Commercial Street. The Commission visited Eagle House on City Road.

The provision covers: virtual office, hot-desking, co-working and private offices. They have a mix of companies operating in the work space from a training company through to video gaming company. Their tenants are predominantly tech companies but The Brew does encourage other companies to consider their work space.

At the front of Eagle House is a café referred to as the Coffice / lounge. The Coffice is purposefully designed to give workers access to free Wi-Fi and a desk. There is also a small meeting areas attached to the café which is also used by local businesses in the area. The Coffice is part coffee emporium, part collaborative community of small business owners, freelancers, creatives and tech entrepreneurs. There is no membership fee to access this provision.

This provision was set up as an open work space for people who cannot or do not have a business premises to work from. This work space is funded by the purchases at the café and people who use this space are asked to purchase from the café. The

Coffee forms part of The Brew's marketing tools because users start to enquire about other facilities in the premises.

The rents at the Brew are capped through a Section 106 agreement which was established between the Council and the developer. This means the landlord is capped on the amount of rent they can charge and so is The Brew. This means The Brew is able to offer co-working and private office space from £296 per person per month.

The Brew has noticed a changing trend, with co-working spaces moving from being mainly individual freelancer workers in small teams of 2/3s to businesses with larger teams. They are finding that a variety of businesses want to engage in co working space and partnership work but also wish to have their own office space too. The Brew pointed out demand is changing from teams of 1, 2 and 3 people to teams of any size.

### **Business 1 - Angel (creative and digital services agency) Trevor Rudduck**

#### **The business and industry trends**

The Angel works mainly with big corporations such as Coca Cola, Pearson Education and Chelsea Football Club. Their work includes marketing communications, digital creative work and website builds.

The Angel has been in operation for 20 years and started life in Battersea. Since their first location the business has relocated to Camden, Islington and in the last 2 years they have been based in Hackney at The Brew in Shoreditch.

One of the reasons the Angel chose to relocate to Shoreditch in Hackney was because it is considered to be a 'cool' place to work and being based in this location enable them to attract the right calibre of staff they need to work in their organisation. Trevor advised in the industry it is beneficial to have your business located in an area that makes it easy to attract the right talent. Hackney is considered to be the place for digital and creative businesses.

The IT industry is fast pace and the Angel has noticed that their clients are pushing for more creativity with tighter budgets. They have found that their clients are reducing their budgets and spend and becoming more aware of their spend costs. Trevor pointed out clients have become more aware of the costs due to the information being accessible on the internet.

The competitiveness of the market is a big challenge because they have to charge certain fees to be able to employ highly skilled staff. Nonetheless clients are scrutinising their budgets more and at the same time up skilling their in-house staff to do digital work. This means the services Angel provides needs to be an area of work their clients cannot replicate. The Angel has had to ensure its services are unique and something that their clients cannot easily recreate in house. Therefore as an organisation it is important that they upskill and train to keep their knowledge up to date with the latest technological advancements. Key to this success is training and learning about the new technology as it is released.

In relation to a query about building a sustainable business. Trevor explained he operates the business like a start-up. By reinventing themselves it helps them to stay relevant. The Angel is a technology driven business and the advancements in

technology has provide their clients will the ability to build their own websites - although they are quite basic they look good. The business has adapted to this by offering a design service that enables their clients to take it away and build it themselves.

The Angel market themselves as creative people providing a service their clients cannot replicate – the human touch and unique customer service. Clients will pay for this service. In response to a query about how they acquire new business. Trevor explained it is largely through word of mouth and recommendations from past clients.

Even though there are technological challenges they have embraced technology and view it as a positive challenge. Angel's clients come to them to find out what is new in the market. To stay competitive in the industry their business focus has been on client servicing and providing the human touch (unique customer service).

### **Staffing**

The Angel currently has 11 staff and they are all on permanent contracts. The staff at the Angel are multicultural and there is a 50/50 gender split.

The Angel employs young workers and there is a strong need in the IT industry for employers to provide a social environment at work – work needs to be fun too. Trevor highlighted it's the employers responsibility to make it fun.

Trevor is of the view workers in the industry have a short term attitude to employment. He found that the young workers they employed did not have a long term employment plan with any specific interest in a particular company. He speculates that this is a London thing. He highlighted usually their vision is to work somewhere for 3 months and then move on. The IT industry suffers from high staff turnover and the biggest challenge is salaries. Trevor highlighted that workers have an idea of what they need to earn but sometimes this did not correlate to the job you want them to do. This can be a real challenge for companies like his.

Trevor informed us that all his employees were graduates but this was not a prerequisite to work in the industry. He explained IT designers need to have a portfolio to showcase their work and this is reviewed. However from his experience when a person has not been through the academic route they tend to be at a disadvantage to the applicants that have. They do not have the interview skills or the knowledge of how to present themselves compared to the other candidates that have taken the academic route. However the Angel does do work experience placements and this includes schools. If they take on work experience the person is paid for the period of time they are employed. Trevor pointed out if they take on a person for work experience they inform them from the start it may lead to a permanent job at the end of the placement but they do keep their contact details on file for future openings. The value in the placement is industry knowledge and experience they can use to get a job.

The longest serving member of staff in the Angel is 4 ½ years. They also have 2 members at 2-3 years and the rest at 18 months – 2 years. To retain staff they have to ensure the work is interesting. If the worker is doing interesting work they tend to be happy and do not want to move on. In the IT industry if staff have a routine job with no variety they tend to start thinking about another job or start looking for other projects.

At the Angel their staff travel from various locations in London – some from Essex and some live in Hackney. The business relocations have been influenced by the place they can attract the right staff.

### **Location**

This company moved out of their own private office – which they had for many years - in Clerkenwell because rental costs almost doubled in the space of a year. They could no longer afford the rising rental costs and the impact of reduced client spend. Moving to a shared workspace has provided them with the space needed, at a price they could afford with the option to upscale. It has given them the flexibility to grow when they want to. Since relocating to the shared work space they have doubled in size. In the last 3 years the business owner has not needed to worry overhead costs and landlord responsibilities. The scaling up and down sizing works well for them because they only need desk space.

The company is happy with office provision at The Brew in terms of affordability and the office environment. The move from their own premises to a shared work space is not the typically direction you would expect from an established company. They plan to stay until they outgrow the location.

In reference to a query about their clients views in relation to them being in a shared work space. Trevor advised they explain to their clients the co-working space enables them to offer good value for money and keep costs low.

### **Brexit**

Brexit has not impacted this business. They do not employ any EU citizens and their clients (in retail industry) are still progressing with plans.

## **Business 2 – Graphic Structures** (structural engineering and building designs) **Mark Mawby.**

### **The Business and trends**

Mark and his business partner worked from home for 6 months before acquiring the work space at The Brew. The business partners lived in different location in London (Surrey and South London) and this resulted in them spending large amounts of time commuting and sitting in coffee shops in between meetings. They decided to acquire a workspace they could both commute to. They wanted an office environment that would provide them with a mix of people and a good atmosphere in the office - both came from large organisations and worked in big open plan offices. The Brew offered this environment.

In relation to career progression Mark explained he and his business partner had been working for their respective organisations for 10 years but were encountering limited opportunities for career progression. Following a period of stagnation in their career, they were faced with 2 options a) go self-employed or b) stay. They decided to leave and start their own business.

In the engineering industry to remain competitive and build the business they have to do a lot of networking. Building awareness of the brand is a slow and patient process. Currently this means attending 2/3 networking events a week, having face to face meetings then follow up meetings. They need to raise awareness of their brand in the industry to win the trust of companies to give them projects.

In response to queries about technological advancement in the industry and the impact of this on the business. Mark explained there are programmes and software that claim to save design time and produce more sophisticated designs. There is a misconception among clients that they can use this technology and get high quality information from their design team and compress the design time – using an automated process - thus making it cheaper. However there still needs to be human thinking time to get the design right. The challenge in the industry at the moment is to convince clients that they still need to pay for quality design time - the best designs although simple can take time to create. The company is adapting by using the technology to enable them to be more efficient and offer a slightly different service compared to their competitors.

Mark informed their company was part of the housing framework with RSLs. In response to a query about working with local authorities on their housing framework. It was pointed out until recently it was hard for a new company to bid for government contract work. The Government recently changed the SME credit score requirements for a bid from the provision of 3 years' accounts. This means they can now provide bank statements or a letter of good standing. Whereas previously it was not easy to become part of the local authorities housing framework. Mark advised they recently became part of Tower Hamlets housing framework through sub contraction for a project.

In reference to a query about their clients views in relation to them being in a shared work space. Mark advised they do not bring clients to the workspace because in their industry traditionally organisations should have their own premises. This is their key future objective.

### **Staffing**

Graphic Structures recently employed 2 permanent staffs (from Tottenham and Ealing) and they were in the final stages of the recruitment process. This will take the organisation up to 4 members of staff.

In response to a query about future challenges in their industry and to the business, this was described to be attracting and keeping good talented graduates. The company operates in a very competitive market and they need to look for ways to attract talent from their competitors. They do this by offering something different in the way they work, how they work and what is on offer in the work environment. For them a key attraction to The Brew was the offer of cycle storage space and showers giving their staff flexibility in how they get to work.

They currently have 2 senior staff members running the business and they recently recruited 2 graduates to bring in new talent. It was pointed out at some stage they will need staff at the intermediate level to manage junior members of staff. When this is implemented it will free up senior members of staff to acquire new projects for the business.

In response to a query about the staff they employ and the qualifications required Mark explained they employ university graduates with engineering degrees. The reason they employ graduates is because they need to obtain their professional charter accreditation. The industry requires this accreditation.

Having a degree does not mean they do not require on the job training. From his experience even though the person is educated to a degree level they do not have the professional etiquette and he as to teach them how to be effective in the work

place. On the job training involves acquiring technical knowledge to put their theory into context alongside soft and basic communication skills such as how to write an email or letter. Graduates still need to be taught the basics while gaining experience. It was pointed out a graduate takes a year to fully train and acquire the skills to do the job after academic qualification.

In response to a query about access to vocational training. Mark pointed out there is the option of a vocational route but this is slower. However to acquire your professional charter accreditation you need a degree. It was acknowledged that the vocational route would give a person a better understanding of the skills they need to do the job but this was a slower route and did not lead to the industry accreditation. Therefore people do not choose the vocational route.

For this industry a worker needs to have technical skills. Therefore if they do not have maths and science they will not be able to do the job. However they do have other technicians that do drawings and they do not need a degree to do this job. Generally they have a HND or on the job training. The business is currently not in a position to employ non graduates.

### **Location**

Most of their clients are in central London and The Brew was chosen for its ideal location to see clients and it's easy to commute to. Initially when they started the business both owners worked from home. After a while they wanted a work space where they could interact with people.

Mark highlighted the offer by The Brew is unique but they do not see their business as occupying the work space long term. Their aim is to have their own premises because traditionally the industry dictates they have an office and their own presence.

### **Brexit**

Brexit is having an impact on a company's decision to start a project. Structural engineering is the first stage of a project (essentially the planning permission stage) and as a result of Brexit there has been uncertainty in relation to making financial commitments.

Graphic Structures has 2 members of staff from the EU. So Brexit could potential impact their staffing levels. They have also been receiving a number of applications from people in Italy.

### **Overall**

In the changing world of work and skills, both businesses have focused on providing their clients with a service that provides the human touch to set them apart from the rest of the organisations in their industry.



## Appendix 3

### Working in Hackney scrutiny Commission Residents Focus Group 19<sup>th</sup> February 2018

Chair: Cllr Rickard

Group 1 – Part time employment, zero hours / casual / temporary employment

#### Attendees:

- Female H: Works mainly in the NHS providing temporary reception and administrative cover for GP surgeries. Has been working through an agency, but hopes to do this more on a freelance basis. Working through an agency provides choice of where to work and how best you use skills and experience.
- Female J: Was not currently working but was looking for work in the food industry. Was willing to look outside of this if a suitable opportunity came up.
- Male B: Was currently in full-time education training to be an accountant. Has been working in the voluntary sector to gain experience ahead of qualification.
- Male S: Was made redundant in 2016, and has had a range of working contracts since including zero-hours contract, temporary work and part-time work. Currently works at a pupil referral unit (was a previous manager of a pupil referral unit).
- Female M: An ex-teacher who was medically retired. Now works as NHS advocate translator on a zero-hours contract, but can generally work as many hours as would like, as this is 24 hour service.
- Female R: Works part time at a primary school as a teaching assistant. Has been in this position for a number of years. Would like to go full-time.
- Male J: Was made redundant from HR field a few years back and has found it difficult to get a new job as he has had low level mental health issues to deal with. Has retrained in social care and has worked on a zero-hours contract in this field. It's flexible, though doesn't suit all his needs so works in a voluntary capacity elsewhere for additional job satisfaction.
- Female G: Works as University Lecturer on a zero-hours contract providing sessional lecture support. Not sure what will happen after March when this contract expires.

#### Key themes

The following is a summary of the key items of discussion at the focus group.

1. It is difficult for people to retrain and switch to another career path, particularly if those aged over 50. Job Centre + does not help as its approach is to drive you to job search, job applications and interviews with your current skill set, and there's little opportunity to retrain or switch careers. As a result, people get forced into jobs to which they are not suited and are not using all their skills – which can lead to frustration, poor morale and low productivity.
2. Age was perceived as a significant barrier to changing career paths. At 50 and above, many people may be thinking about changing their career path, but it is very difficult to get the training to enable this transition. Many of the training and

development opportunities appear to be focused on younger applicants. One attendee had attended a recruitment fair and noted that there was no one there aged over 40. It was also felt that there was a lot of ageist stereotyping among employers.

3. Attendees also suggested that potential employers often viewed job applications too narrowly, and not recognising skills and experience of older applicants which could transfer to suitable positions. There was a perception that employers were reluctant to undertake or support recruits through additional training to help them in to work. Indeed, some indicated that employers were reluctant to give prospective employees a chance, even on a trial basis where they can showcase their skills. In this context, prospective employees felt that they were being pigeonholed out of a job. With so many people applying for jobs, employers have a wide recruitment choice and generally opt for those candidates who can slot in the job quickly without any costly training overheads.
4. It was clear that some people get stuck in zero-hours contracts and other poor working conditions as its difficult to job hunt and move out of these positions. People cannot afford not to work and do not want to return to the benefits system which was often complicated, and overly penalising.
5. There was some evidence of 'job diversification' where employees were holding a number of working positions as a fall back in case a particular job didn't work out. It was felt that many 'lower end' jobs did not necessarily have the security that employees wanted therefore they needed to diversify their work to keep their job (and income) prospects open.
6. A number of services were highlighted as providing good support for local job hunters. These included the local libraries, which provided a wealth of information as well as PC access and free Wi-Fi – all of which are essential for searching for job opportunities and completing applications.
7. Other notable sources of local help was Hackney Works which offers employment support and training opportunities. More individualised job coaching was also available (e.g. LGBT) which was greatly appreciated. One service user felt that the support provided through the service was very positive, had helped them to overcome a number of social barriers to employment and provided 'critical friend' advice to their approach to job hunting.
8. Attendees noted that whilst there were lots of training and development opportunities, it was difficult to navigate the multitude of courses and to access them; finding out about training opportunities, did they meet eligibility criteria and of course, course costs. Finding time to undertake training when you are out of work was also difficult, especially when you are tied to job hunting regimens of the Job Centre + (e.g. when you have to demonstrate hours of job hunting and submitting applications - which can take many hours).
9. There was a strong sense that being unemployed was isolating and people need to be supported through this, particularly when unemployment was prolonged. Taking up voluntary work was seen as a coping mechanism, as this helped to maintain links as well as developing and maintaining skills and experience. In addition, there was some evidence of 'networking' among unemployed/ under employed in which training, development or employment opportunities were shared among fellow job hunters. There was support to encourage and support this ethos further.

10. There was some anxiety as to how the future of work may pan out for some sections of the labour market. It was felt that digital technologies and robotics could have a substantial impact on lower grade jobs that could be easily substituted by new and emerging technologies. Although change will be gradual, retaining and development opportunities will need to be considered - and perhaps likely to focus on the service and creative industries.
11. There was some trepidation about the future of work, particularly in the growing use of zero-hours contracts in some sectors. A university lecture noted that zero hours contracts were growing in this field, which was unsettling given the number of years of study and training that's needed for such positions. With no job security, this impacted on other areas of life e.g. mortgage and other financial commitments.
12. There was some feeling that employers had unrealistic expectations of employees, particularly when the conditions of employment were so tenuous like for zero-hours contracts. It was unreasonable for employers to expect the same level of commitment from staff on zero- hours contracts or part time workers compared to those employed on permanent basis – especially when they are the most likely to be let go in a down turn and have fewer employment rights. It was difficult for those on such employment terms to feel engaged and committed when the terms of those employment were so precarious and they did not feel valued by employers. Conversely, those people who feel valued within their job will engage with the work more and be more productive.

#### World of work in the future

13. There was some anxiety about what the future of work may look like and how this may impact on workers. There was a perception that there would be less security in future jobs market:
  - Growth of zero-hours contracts
  - Growth of part-time work and freelance – self-employed ways of working
  - Changes in technology will exacerbate segregation of workers - highly skilled (doctors, lawyers etc.) from those whose jobs can be supplanted by technology;
14. Not all prospects will be negative, there will be more positive developments in the future of work. There will be new opportunities created by digital revolution – but people will be need to be given appropriate education or training opportunities to enable them to adapt to new job markets in digital and robotic age. People need to be encouraged and supported at an early stage to make necessary adjustments.
15. There was a perception that jobs will get more specialised or at least appearing to be so. The job titles and person specifications were often complex which left potential recruits not knowing what position was being advertised and deterred potential applicants.

#### What should change in the future of work?

16. Apprenticeships were felt to exclude older people. Older people 50+ may be required to work nearly 20 years, but were unable to access such training and support. There should be apprenticeships for older people as well.
17. It should be easier to determine those employers that offer the London Living Wage (and above), so that job seekers are clear about future levels of income.

18. More training on IT should be available to help people adapt to new ways of working. The courses need to be accessible – particularly in respect of timing.
19. Local companies and businesses should be encouraged and supported to take on older job seekers aged over 50 years. Local businesses should give older people the opportunity to try out jobs so they can see how their skills match up. More generally, there should be more training and development opportunities for older people.
20. There should be more coordination of training and development opportunities locally. Some services are offering good training and support services for job seekers, but these are sometimes not widely known. It's also not always clear as to which agency people should apply to for help - the job support market is complex.
21. There should be more training and development support for those people that are 'under employed' and want to retrain or seek better working opportunities. At the moment, job support is focused on those not in employment, but there are many in part-time work or zero hours contracts who may need support to upgrade employment but there is little support for them.
22. It was suggested that the Council could lead by example, and develop a work experience programme for older job seekers. This would enable older people to try out jobs and benchmark their skills and identify future training needs. This could help to engage and involve other employers to follow suit.

**Appendix 4**

**Working in Hackney Scrutiny Commission  
Residents Focus Group  
19<sup>th</sup> February 2018**

Chair Cllr Clare Potter

Group 2 - Self-employed and Full-time.

Attendees were from the following professions:

- Digital consultant
- Digital retail
- Lecturer (College)
- Teacher (Secondary school)
- Special educational needs support manager
- Self-employed with portfolio career (childminder, teaching assistant and journalism)
- Fitness instructor
- Primary school worker
- Youth worker (health and social care)
- Recruitment consultant
- Potter

**Question 1 - Why did you choose the job you do?**

1. To help the younger generation and to change the lives of young people. To be an advocator of skills.
2. Works for a diverse company with all different ages and people. I work for an international organisation that hires globally.
3. Always liked to make things and I have a degree in chemistry. Likes her current profession as a potter because there is no age restrictions.
4. Considered primary and secondary schools when qualified as a teacher. Decided she wanted to make a difference in the lives of young people aged 11-16. Enjoys the passion of young people and making a difference in their lives.
5. My work is flexible and I can work abroad and in the UK.
6. Introduced to health and fitness through parent. Loved physical education at school. Travelled for 1 year and did fitness routine regularly and found people wanted to join her. Loves helping people to be the best they can be.
7. Studied to be a teacher in Sweden and came to the UK as part of studies. When she came to the UK she wanted to be a journalist and studied journalism. Obtained qualification and worked in the industry for a short while but quickly realised the industry did not provide secure work and the pay was not enough to live on. After having her child she decided to become a qualified childminder / nanny and now works around the needs of her child. Has a portfolio career which is part necessity (pays the bills) and part passion. Resident pointed out the work culture in the UK is very different to Sweden. In the UK you are expected to work for long hours with no extra pay.

8. Became a special education needs (SEN) worker in a college because he was given the opportunity and it provided a challenge to develop skills in SEN. Started in the role as a consultant and then became a permanent member of staff. Has worked in the field for 15 years and continues because he likes making a difference in the lives of young people and their families. In his role he plays a part in helping them to get access to the opportunities available.
9. As a young person she wanted to become a chemical engineer but was told by her parent that that was not a job for a girl. She was told she could not pursue that path and stopped studying computer science. Entered her current field of health and social care / youth worker through church. Currently works in the mental health field with 16-25 years for drug and alcohol misuse. Provides support to help them back into education and training. Worked in Camden to support drug users and as an activity co-ordinator in Hackney for learning disabilities.
10. Started a career in retail and went into recruitment sales. Left his employment because it became all about numbers and not about the people. Set up his own business to pay the bills but enjoys his volunteering work more.

**Question 2 - When choosing your job or career what factors are important to you in your job e.g. Income, flexible working, conditions, holiday, location etc.**

1. The holidays (in the education system) was a key motivator for doing the job. The holidays enable him to pursue other interests
2. The culture of the organisation is key along with income and holidays.
3. Flexibility and having the freedom to choose. Finance an issue for an artist but it is rewarding in other ways - no two days are the same.
4. Holidays (in the education system) was one of the key considerations (her children are in primary school) and variety in the job role - no two days are the same.
5. An employee for the last 30 years and recently went self-employed over the last 16 months. Enjoys the creativity of the job but acknowledges money is important when living in London. Became self-employed to follow his passion. Currently has a portfolio career with flexibility and the ability to choose the projects he works on. Does projects he enjoys. In his 50s with a partner so income is not the biggest priority.
6. Flexibility and helping people. Tried to do an office job, as was the norm, but did not like being stuck inside. Did a degree in health and fitness and left office work to pursue her passion.
7. Flexibility. Being self-employed gives her the ability to choose how she works and the variety in her job roles. Working for an employer you end up doing things you do not want to do or are not supposed to do.
8. Holidays and time commuting are important. Do not want to spend too much time travelling.
9. Making a difference in children's lives and the location of the job. Her own circumstances has dictated the type of job too. Has changed to part time hours.
10. Work life balance and flexibility. Takes children to school and nursey and can take his holiday as desired.

**Question 3 - What skills are needed to work in your job and how easy is it for you to progress to a higher position or transition to another job?**

1. Patience and listening. Yes I have support to progress with training to a higher position.
2. Has access to behaviour management and the ability to cater for individual needs.
3. Communication skills and digital skills.
4. Career progression encouraged. Is of the view the skills learnt will make getting a new job easier.
5. In her profession patience is important. Need the ability to manage things when they have not turned out as planned. Does voluntary work within the arts because it is very competitive and difficult to get opportunities. Managing rejection is key.
6. As a teacher being calm and patient and managing reactions. Having positive regard for pupils because the way they are behaving now does not dictate their future.
7. Flexible and building good relationship skills.
8. It is relatively easy to move up but very political. Teacher pay has different hierarchy. If you remain in the same place you get drawn into the internal politics.
9. In terms of skills: learning new skills, negotiation and influencing and digital skills – using social media, marketing.
10. Soft skills – listen, understand the need and respond.
11. In the digital industry you are always learning new skills and developing your skills.
12. People skills, psychology and knowing the body. Having the ability to advertise and all the add-ons to running your own business.
13. A real change for small businesses is the number of things you have to do when running your own business. Photos, social media, Instagram and marketing. Having to spend more time doing things that do not make money because it is not the job.
14. For the self-employed there is no career progression. Although career progression could be seen as winning more contracts or working for a company. For the latter I earned a better income working for myself than for an organisation doing my line of work. I worked in an organisation for 2 years but did not like being tied down.
15. Being organised, prepared and knowledgeable about your area. Being self-employed you do your own social media, source you own equipment and your own training. Being self-employed you need to be much better at the job than an employee. In journalism there is a structure but you have to network to progress. So chooses to do this as a hobby and not as a career.

Need some degree of patience and skills to transition into another activity when working with children and behaviour turns bad. Listening skills and learning how to reason with a child.

Careers are linked because in journalism you tell a story with childcare you help them with their story.

16. Need to be diplomatic and follow procedures and know how to react to a person unable to communicate.

The ability to engage with colleagues at a higher and lower level.

Being able to research changes and safeguarding management.

You are a teacher and a mentor.

Ability to learning skills on the job and through experience

Understanding how to interact with parents, listening and supporting.

17. You need patience. Working with young adults is like working in school you become protective. Could access training to work in other areas but not able to progress.
18. Being a recruitment consultant in technology you need to know the technology industry. Need the ability to learn quickly. Communication skills - writing a decent email. To be able to listen and be honest. Being self-employed I can give myself a promotion.

**Question 4 - What do you think your work sector / industry will look like in the next 5-10 years?**

**Question 5 - Thinking about your work sector / industry and the jobs in that sector, have you noticed any significant changes in the industry you work in the last 5 years?**

Changes in the next 5-10 years

- Key changes will be technology and social media.
- In the future people will be out of shape so they will need a person to help them get back in shape.
- Classrooms will have a lecturer in one location and the students in another location.
- No matter how much digital takes over you will still need human interaction.
- Online retail will double in 10 years
- The accessibility of technology
- In real life people will still need people.
- Providing space for people to engage
- Hope that human contact remains and we do not succumb to digital tech.
- Will be asked to do more and get paid less.
- Teaching has changed and will continue to change. They are operating the third curriculum change since 2010. With changes in 2014 and 2017/18 again. Education needs stability.
- Technology will not fully replace people.



### Changes to your work now and in the future

- There will still be a role for HR recruitment but utilising AI and matching people to job spec.
- They will need to be computer literate
- More online training and less practical will be required.
- Voice data
- Machine learn
- Voice search and online will take over
- Software development will be a key skill
- Affordability of space for business, keeping a website up to date is a key issue.
- Increase in virtual learning
- More virtual learning but it will be difficult to eliminate a human teacher from the classroom for 11-16 year olds
- Employment law in the UK is low and workers' rights in the UK needs to be improved.
- Diminishing resources to do job and provide support. Need more funding within SEN to support as people become more aware of their rights. Will need people to understand human requirements.
- One staff member is doing 2/3 people jobs in health and social care.

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<b>Skills Economy and Growth Scrutiny Commission</b> 17 <sup>th</sup> April 2019 <b>6 - Roundtable Discussion and Business Conference for Scrutiny Commission Review</b>	Item No <b>6</b>
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## OUTLINE

A roundtable discussion and Business Conference will take place to support the Scrutiny Commission Review.

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<p><b>Skills Economy and Growth Scrutiny Commission</b></p> <p>17<sup>th</sup> April 2019</p> <p><b>DRAFT Terms of Reference - Making the Local Economy Work for Hackney –</b></p>	<p>Item No</p> <p><b>7</b></p>
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**Outline**

At its meeting the Commission agreed to conduct a review looking at inclusive growth. Research by various economists on growth identified that economic growth has not been reducing inequalities and raising the standards of living for all as expected. Inclusive growth is a growing area of debate and viewed as the approach decision makers, policy makers, local authorities and third sector organisation should be taking to reduce inequalities and better connect local communities to the employment opportunities.

The Commission wishes to look at disconnection, job progression and pathways to explore and understand why and how, some parts of the community remain perpetually disconnected from the wider economic success and to identify solutions, policies or practices that could help to bridge this gap.

The Terms of Reference document outlines how the Commission will seek to complete its review, the questions it will aim to answer and the organisations which it will hear from.

The attached terms of reference provides:

- Research and context to the review;
- The planned aims and objectives;
- The proposed work plan and activities to complete the review.

**Action**

Members are asked to review and agree the terms of reference.

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## Proposal for a scrutiny review by Skills, Economy & Growth Scrutiny Commission - Scoping Document

**Report title:** Making the Local Economy Work for Hackney Residents

**Municipal year:** 2018-19

### 1. Terms of Reference

- 1.1 The EU referendum exposed not only the division about the UK relationship with Europe but also the widening chasm between those for whom globalization is not working and those who prosper from it or have built resilience to weather its worst effects. It also highlighted how too many people are left behind and excluded from the prosperity in the economy. All levels of government are under pressure - with businesses - to find economic solutions that spread prosperity, opportunity and reward more fairly. The idea of "fairness" is heavily contested, varying between reward for effort and meeting needs of those less successful. The idea that a more equal society is healthier is still not widely accepted, despite the evidence.
- 1.2 Traditionally, local economic development prioritised attracting new large businesses to a local area and historically economic success has been defined by the number of jobs created or the amount of new investment entering a region. The quality of those jobs, in terms of security pay and skills, has rarely been quantified or factored into the calculation of the impact on the local community and the economy. The concept of retaining value locally has also been overlooked. Our traditional assessment of economic success does not tell us if the local community is benefiting from apparent economic prosperity.
- 1.3 In Hackney the scale of growth and change over the last decade has been significant but there is concern that there is an underrepresentation of specific groups of local residents (black and minority ethnic groups (BAME), disabled people and older workers) in high skilled local employment and, for them, a disconnection from the emerging growth sectors and job progression opportunities the growth sectors (such as Professional, Scientific and Technical sector, Information and Communication sector and Caring, Leisure and other services sectors) in the borough have to offer. In short, we attract skilled workers from

outside, and do less than we could to grow our own talent and connect them to new opportunities.

- 1.4 In London the demand for skills has increased in recent decades, and is projected to continue doing so. There are currently 5.8 million jobs in London, up from 4.1 million 20 years ago. The GLA Economics forecast that there will be 6.8 million jobs in London in 20 years' time (a significant but smaller rate of growth compared to recent decades). Jobs growth in London in the last two decades has been concentrated in Business Services, in other services (Health, Education) and in Retail and Accommodation and Food. Jobs growth has been highest in higher-skilled occupations, with largest growth in the Professional Services category. This has meant a significant increase in demand for people with degree level qualifications.<sup>1</sup>
- 1.5 Although there has been substantial progress made in improving the skill levels of residents, the Council's work on economic development has identified there is a skills gap for Hackney residents (both technical and soft) - despite improvements in the attainment of young people growing up in the borough - to be able to work in growth sectors like tech and the creative industries. In short, we attract skilled workers from outside, and do less than we could to grow our own talent and connect them to new opportunities.
- 1.6 At the same time, the borough has experienced a reduction in relative deprivation (noted in point 2.2.2)<sup>2</sup>, but this has more to do with the demographic moving into the borough than a fundamental shift out of poverty into better quality work of longer-term residents.
- 1.7 The Council recognises the importance of ensuring the borough is shaped locally by the people and businesses around them. Over the last 2 years the Council has focused on developing a new approach to economic development in partnership with residents, local businesses and partners. The Council's Community Strategy outlines its vision for economic development and this aims to reduce inequalities across communities to share the benefits of growth in a more equitable way.
- 1.8 It is important to ensure people feel they have a stake in their local community, and do not feel side lined or 'forgotten', which can lead to feelings of disengagement, exacerbates existing inequalities and is likely to generate greater inequality and threaten community cohesion. It is argued that where community wealth-building (as defined in points 2.5.2) is encouraged and inequalities between communities tackled, there are less likely to be tensions and conflicts as people become more socially and economically empowered; thus reducing the need to be employed within their local area, having skills that are relevant to the wider

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<sup>1</sup> GLA Economics - Skills Strategy for Londoners Evidence based <https://www.london.gov.uk/sites/default/files/skills-strategy-evidence-base.pdf> (June 2018)

<sup>2</sup> Indices of Multiple Deprivation 2015 Briefing (<https://www.hackney.gov.uk/local-economic-assessment>)



economy (London) and creating more opportunities for genuine interactions with others in more mixed working conditions.

- 1.9 The Commission wishes to look at disconnection, job progression and pathways to explore and understand why and how, some parts of the community remain perpetually disconnected from the wider economic success and to identify solutions, policies or practices that could help to bridge this gap.
- 1.10 In this review the Commission will be exploring the barriers facing residents, from various equality groups (Women, people with a disabled people, young people, people from a lower socio-economic backgrounds, first generation immigrants and black and minority ethnic groups) to accessing the opportunities in growth sectors (like Professional, Tech and Creative industries). As part of this review the Commission will also hear from academics and think tanks currently researching and making recommendations for this policy area, to find out about best practices and the policies that can help connect areas of high economic growth and emerging jobs sectors with the local communities in the area that may be experiencing deprivation. The Council fundamentally wants to challenge mainstream concepts of trickle-down growth benefiting all and look to develop policy interventions that can promote equality and inclusivity.
- 1.11 This paper proposes that the Commission conducts a review which seeks to identify the policies and strategies needed locally to help connect particular growth sectors with the local communities around them. This review will focus on the role the Council can play in creating inclusive economies.
- 1.12 This review will aim to understand the local barriers to inclusive growth for residents and businesses to help the Council understand why local communities in growth areas are not taking advantage of the economic growth and how we might better enable people to consider working in them to access the job opportunities in growth sectors.
- 1.13 The purpose of the review is to investigate how the Council can continue to create better connections between local people, the economy and employment opportunities to ensure local growth is more inclusive. The Commission will also explore the actions that can be taken to help businesses better connect with the local communities around them.
- 1.14 Core Questions

The aim of this review is to inform and support the council's inclusive growth agenda. Specifically, the review will be seeking to understand how local interventions can help shape the nature of employment opportunities, assess the demand for skills (partnership working between skills and all levels of education), influence the levels of pay and improve the terms and conditions of employment contracts.

The Commission intends to complete a review to answer the following core questions covering jobs, education/training and cohesion and to investigate if innovative approaches like the Preston Model (like procurement, modes of ownership and investment in staff) can provide a key contribution to inclusive growth.

- How can the council and private sector organisations work together to support inclusive leadership culture and diversity in the workforce to ensure it is inclusive and provides good quality sustainable employment?
- Can the devolution of adult education create better training opportunities to enable people to progress into good quality sustainable employment?
- How can the emerging employment sectors (noted in points 1.3) in the borough play a significant role in supporting cohesion in the wider community?

1.15 In addition to the core questions above. The questions we will be asking are:

- 1.15.1 What can we learn from any successful examples of getting local people into employment in Tech City and other growth sectors to ensure that inclusive growth is core to future large scale economic regeneration projects?
- 1.15.2 What pathways existing into good quality and sustainable work for growth sectors (both London in point 1.4 and local in point 1.3) for low skill / entry level jobs for progression into high skilled jobs?
- 1.15.3 Can Council led initiatives be used to develop an adequate and appropriately skilled local labour workforce?
- 1.15.4 How can Hackney work better with employers to ensure there are pathways into high-level sustainable and good quality employment for those who begin at entry-level or are in low income jobs?
- 1.15.5 What do local businesses see as the opportunities and challenges to employing people from the local community?
- 1.15.6 What mechanisms need to be in place to guide local employment as the preferred option?
- 1.15.7 How can the council and private sector organisations work together to support sustainable social and economic growth
- 1.15.8 How can the Council work with private sector organisation to develop a metric about social impact for inclusion in their business model?
- 1.15.9 How can the local communities near growth sector areas be supported and encouraged to connect better with the local businesses/economy/growth sectors?
- 1.15.10 Is it possible to progress from entry level jobs to high level jobs through access to on the job training?

- 1.15.11 What role can adult education play in creating better opportunities for local people to retrain for new job sectors to enter into more secure and financially sustainable employment?
- 1.15.12 Can the devolution of adult education budget ([Skills for Londoners Framework](#)) be used to provide residents with access to relevant careers advice and training?
- 1.16 This review will not explore how to maintain economic growth and will not seek to define the Council's relationship with local businesses.

## 2. Background

Key headline national statistics:

- 9.2 m low skilled people are chasing 3.1 m low skilled jobs. This leaves a surplus of 6.2 m people.
- 12.6 m people with intermediate skills are chasing 10.7 m jobs. This leaves a surplus of 1.9 m people
- 6.1 m high skilled jobs but there is only 1.9 m high skilled workers. This leave a deficit and 4.2 m vacancies for these skills.
- 1.2 million EEA workers qualified to degree level or higher; and 740,000 working in high skilled jobs.
- 16% of the workforce either want a job or more hours.
- 9 million adults lack basic literacy and numeracy.
- 13 m lack basic digital skills.
- 97% of apprentices already qualified to that level.
- Low pay and insecure work is rising – 1/5 low paid, 1/10 insecure.
- With wide variation between areas – in demographics, labour markets, economies, needs and priorities. LGA have identified a need for local areas to drive local growth, employment and skills.<sup>3</sup>

Source LGA Skills, employment and inclusive growth conference

- 2.1 The impact of the 2008 economic crisis and global recession was felt by all. Since the crisis local council budgets have been cut by approximately 40% over the last Parliament. This has also had an effect on changing the composition of funding so that spending has become increasingly reactive, rather than being focused on prevention.

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<sup>3</sup> Source LGA Presentation skills, employment and inclusive growth conference

- 2.1.1 As the global economy continues to recover we are seeing slower growth, widening inequalities, and not enough jobs to keep up with a growing labour force. According to the International Labour Organisation, more than 204 million people were unemployed in 2015.<sup>4</sup>
- 2.1.2 Inclusive growth is a growing area of debate and viewed as the approach decision makers, policy makers, local authorities and third sector organisation should be taking to reduce inequalities and better connect local communities to the employment opportunities. Research by various economists on growth identified that economic growth has not been reducing inequalities and raising the standards of living for all as expected. Joseph Roundtree Foundation (JRF) also reported the current Government policies and approaches have not sufficiently bridged the gap between growth and poverty alleviation strategies.
- 2.1.3 In the last decade Hackney has experienced significant economic growth but not all residents in the borough are feeling the benefits of the Borough's prosperity. The Council carried out a year-long engagement exercise called '[Hackney a Place for Everyone](#)' with local residents to hear their views about the development of the borough over the last 10 years. The summary report published revealed residents were split over whether or not they agreed if jobs available were accessible to them personally, and/ or to the population equally in Hackney. This reflected a feelings among residents about being left behind and excluded from new and emerging opportunities. This view was stronger among residents not currently in full-time work and who live in social rented housing, and among residents from a BME background, younger residents aged 16-24 and those aged 45-54, as well as disabled residents.<sup>5</sup>
- 2.1.4 The Council is aware that waiting for economic growth to filter down and benefit the wider community will allow inequality and income disparity to increase across the borough. Hackney Council has been developing its inclusive growth agenda and strategy for economic development. We acknowledge the work the Council has been doing to maintain cohesion, identify the issues and ensure all residents have access to the opportunities being afforded from the economic growth locally and across London. Notwithstanding, some parts of the borough have remained disconnected from the wider economic success.
- 2.1.5 The Council's inclusive growth agenda and strategy for regeneration and economic development will focus on an areas based approach, considering how the council can use its assets, powers and influence to harness the opportunities within the local economy so that everyone can benefit in an inclusive way. The desire is to see all residents benefit from the economic opportunities available.

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<sup>4</sup> United nations development plans – decent work and economic growth goal - <http://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-8-decent-work-and-economic-growth.html>

<sup>5</sup> Hackney a Place for Everyone summary findings report

## 2.2 Deprivation

2.2.1 There has been large decreases in a number of London Boroughs with the proportions of their neighbourhoods that are highly deprived and Hackney was no exception but the most significant. In 2015, Hackney's average score (based on LSOAs) rated the borough as the 11<sup>th</sup> most deprived local authority district in England. Whereas by the same measure in both the 2007 and 2010 Indices of Deprivation, Hackney was ranked as the 2<sup>nd</sup> most deprived local authority in the country.

2.2.2 There are a range of measures that summarise deprivation in local authorities and each leads to a different ranking of these areas. In Hackney the borough went from 42% of neighbourhoods being highly deprived in the Index of Multiple Deprivation 2010 to 17% in 2015. However, the movements recorded all indicate that Hackney is becoming less deprived relative to other areas. But in terms of geographical variation, there are some particular concentrations of deprivation in the borough.

- 1) In the eastern part of the borough around Kings Park and Hackney Wick,
- 2) In the north-west of the borough, around Manor House and Woodberry Down
- 3) The borders between Victoria and Homerton wards
- 4) The borders between Springfield and Lea Bridge wards.

2.2.3 A key manifesto commitment for the Mayor of Hackney is to tackle poverty. A poverty reduction strategy with an action plan is being developed by the Council to set out a clear case for tackling poverty. The Poverty Reduction Strategy will enable the Council to focus on a collective set of changes and interventions looking across the whole system and taking a long term view. This review will provide the views of residents to highlight their experiences of in work poverty and the barriers to accessing opportunities to progression. This review will also capture the voice of businesses to understand the challenges they face employing locally.

## 2.3 Industrial changes and the local economy

2.3.1 Historically Hackney's local economy was traditionally factories covering confectionery, furniture making (carpenters, cabinet factories) and clothing (employing seamstress, tailors, dressmakers and shirt makers' milliners and artificial flower makers). The industry ranged from factories with their own retail outlets to homeworkers paid by contractors. In the past the manufacturing industry provided Hackney residents with a decent living and opportunities to progress in the local labour market.

2.3.2 Over the last decade there has been an evolution of businesses and sectors operating in the borough. In a rapidly globalising economy, technological progress has played an important role. While global trade has created new opportunities, it has also created job losses, especially

for workers and communities that specialised in industries that provided a decent living and opportunities to progress.

- 2.3.3 We should not forget the night time economy. In the 21st century, the growth of leisure activity and the 'post-industrial' age, has given way to an evening and night economy that has appeared to grow in importance. Economic development over time has shown that towns and cities have had some manifestation of an 'economy' that operates in the evening and at night. In Hackney borough there is a large concentration of licensed premises and a growing night-time economy in Shoreditch and Dalston.
- 2.3.4 The evolution of businesses in Hackney has made it home to a spectrum of businesses of different sizes and types from small businesses who provide local services to start ups and large companies at the forefront of the tech sector. The top 3 sectors with the largest number of enterprises have been recorded as:
1. Professional, scientific & technical sector (3,700 / 25%)
  2. Information & communication (2,505 / 17%)
  3. Arts, entertainment, recreation & other services (1,350 / 9%).<sup>6</sup>
- 2.3.5 The concentration of business growth has been in the 'City Fringe' area around Old Street and Shoreditch and this is the major sub-economy of the borough – which accounts for 43% of all employment in Hackney.
- 2.3.6 The number of business enterprises in Hackney has been growing steadily over the last decade. There has been a significant increase in the number of businesses in Hackney between 2010 and 2015, when the overall business stock grew by 41% (up 4,275 from 10,450 in 2010). This was significantly higher than the growth in the number of enterprises across London which was only 13%. According to ONS business data, in 2015 there were 14,725 businesses in Hackney. Hackney has the 9th largest business stock across all London boroughs with 3.3% of all of the capital's businesses based in Hackney.<sup>7</sup>
- 2.3.7 Hackney's economic activity has transitioned to be predominately knowledge and services based businesses. Globalisation and technology change is shaping a more polarised labour market with more high and low skilled jobs and fewer mid skilled jobs. Leaving fewer opportunities for progression. In addition businesses are operating new business models that have been increasing the number of insecure jobs on flexible contracts. The Council has recognised the need for a strong employment support provision locally to help residents adjust to the skills sets needed in the local labour market today.
- 2.3.8 The Council's Community Strategy sets out the vision for Hackney's future and what the council would like to see for their communities. The Council's Community Strategy is seeking to address the issues highlighted by residents in the year-long engagement exercise and will aim to empower and better connect people with their communities. This

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<sup>6</sup> Hackney policy paper - Understanding Hackney's economy – A focus on business and enterprise

<sup>7</sup> Hackney policy paper- Understanding Hackney's economy – A focus on business and enterprise

strategy also lays out the steps it will take to achieve this. The Council is developing a new approach to economic development which focuses on securing inclusive economic growth and sharing the benefits of growth in a more equitable way. The finding from this review will feed into the council's work in this policy area.

- 2.3.9 In a bid to address the fragmentation of employment support services locally the Council is engaged in various areas of work related to employment and opportunities. This ranges from being part of the sub regional group Central London Forward enabling the Council and other Central London boroughs to co-ordinate economic development activities. The Council is also expanding its own employment support service (Hackney Works) - that provides holistic employment support services to residents who have found it harder to access the labour market - to provide employment services which include careers advice, access to a benefits advisor, apprenticeships and employment support. The Council is also working with schools and colleges on a programme called Hackney 100. The Council recently piloted a pre-apprenticeship scheme which is being evaluated.
- 2.3.10 Through the Council's economic and community development work they identified a gap in support for people in precarious and poor quality work. This work also gave recognition to the fact that the journey for the resident to obtain employment and quality of work is just as important as tangible outcomes such as the number into work. The new supported employment service has embedded a new set of metrics that focuses on quality and journey tracking. Hackney Works is also considering how they can support people who are underemployed and in precarious work to progress and take advantage of high skilled job opportunities available.
- 2.3.11 Hackney has experienced significant economic growth. However, the surrounding communities in close proximity to these growth sectors seem to be disconnected and underrepresented in the local workforce in the high skilled growth sectors in the borough. As noted in point 1.3, there is concern about the underrepresentation of the local community in the emerging job sectors and the view that some local residents do not see the jobs being created are for them. The commission will explore if the work profile of Hackney residents matches that of the workforce profile required by businesses with the high skilled jobs.
- 2.3.12 One of the perceptions is the tech industry is a closed industry and employers in this sector employ people from within their network. In this review we want to find out the reasons why communities feel disconnected and the reasons for their exclusion in the local workforce. But by speaking to employers and key stakeholders in this sphere we hope to hear their views on how they can better connect to the local community and how pathways can be created into their industry.
- 2.3.13 The change and growth of local businesses is particularly prominent in Shoreditch (the emergence of Tech City) and now there is a similar trend developing in the Hackney Wick. Shoreditch - located in Hoxton West and Hoxton East and Shoreditch Wards - is now home to a growing tech

sector (tech city) and home to some of the big corporations operating in growth sectors (such as Amazon). HereEast in Hackney Wick is fast becoming a hub of employment and business opportunity. We propose to use these two Wards as case study areas to look at the local businesses and their connection with the local community around them.

- 2.3.14 In this review we want to understand the reasons for that disconnection by exploring the views and perceptions of residents and local businesses in the growth sectors of employment. It may be their conventional employment practices might need adjustment to facilitate local employment entry, or there may be a need for better publicity of the various job roles available within the industry or that local people need access to the right, education, training and skills to facilitate progression into the industry. These areas will be explored with residents and businesses.
- 2.3.15 The commission has previously heard about the work of the council aimed at addressing the fragmentation of the skills and employment support services. Locally the council has developed an employment support offer that addresses the needs of a cohort not currently supported by the national employment support programmes.
- 2.3.16 Locally the council has made efforts to build relationship with local businesses to develop a 2 way relationship that supports and encourages the adoption of socially responsible business models. The aim is for this work to put the council in a position whereby they can proactively influence and shape the local economy.
- 2.3.17 We believe there are lessons that can be learnt from the economic growth in Shoreditch and success of the council's work getting people into employment, that can be harnessed and implemented to maximize employment opportunities for local residents in Hackney Wick particularly with a big employers like HereEast located in that section of the borough.
- 2.3.18 By showing employers that inequality of opportunity limits their ability to find talent and limits the supply of new businesses to a region - to create a thriving local economy – we hope it will enable all to see that inclusive growth is a problem for both workers and employers.
- 2.3.19 By looking at Inclusive growth we are seeking to identify how people can fulfil their potential, whether that is the unemployed seeking work and gaining employment or the underemployed utilising their full potential.
- 2.4 Inclusive Growth
- 2.4.1 There has been national work to look at the inclusive growth agenda with recommendations made about the framework and policy approaches that could be adopted. The inclusive growth agenda was looked at in detail by the RSA.
- 2.4.2 The RSA set up the Inclusive Growth Commission which was an independent inquiry designed to understand and identify practical ways to make local economies across the UK more economically inclusive and prosperous. The Commission sought to devise new models for place-based growth, which enable the widest range of people to participate fully



in, and benefit from, the growth of their local area. The report by the Inclusive Growth Commission '*Making Our Economy Work for Everyone*' sets out their framework and recommendations for achieving inclusive growth.

2.4.3 The inquiry was completed and published its findings in April, 2017. The 4 key recommendation areas highlighted were:

**Place-based industrial strategies:** Delivering business-led productivity and quality jobs. The Commission recommended:

- City regions work together to form sectoral coalitions linking industry sectors and places in order to modernise industrial strategy.
- The creation of new institutions or civic enterprises to connect business and industry, training providers and universities.
- That cities become places of life-long learning, with a commitment to human capital development from 'cradle to grave.'

**A fundamental reset of the relationship between Whitehall and the town hall, underwritten in new social contracts.** The Commission recommended:

- National standards with local flexibility so that combined authorities are able to pool budgets and co-commission public services for their place.
- Immediate, pragmatic action to spread co-commissioning – applying Greater Manchester's model of joint place-based service commissioning for health and social care to other mayoral combined authorities and other public service areas such as education, skills and employment support.
- Maximising impact from total local resources. Over the long term, places with mature governance should take on full responsibility for the economic and social outcomes of their place, enabling local coordination of all public spending.
- Place-based budgeting and spending reviews that attribute the total amount of public sector spending and investment to places rather than departmental siloes.

**Inclusive growth at the heart of public investment.** The Commission recommended:

- Central government establish a new independent UK Inclusive Growth Investment Fund, incorporating repatriated ESIF funds and other relevant funding streams. Applications for funding would be based on their expected impact on broad based 'quality GVA' and the Fund would be overseen by a multi-stakeholder board.
- Central government should explore and encourage the establishment of regional banks.

**Making inclusive growth the working definition of economic success.** The Commission recommended:

- Central government commission an assessment of the social infrastructure gap
- Maximising the impact of national and local investment by mainstreaming inclusive growth in all public investments including physical infrastructure projects.
- Establishing inclusive growth as a regular, official statistic by publishing a quarterly national measure of inclusive growth alongside GDP.
- Places should define and be accountable for agreed inclusive growth metrics, and these should form part of the Gateway Reviews for mayoral investment funds.
- An appropriate evaluation timeframe should be developed as part of the new social contracts negotiated between city regions and central government.<sup>8</sup>

2.4.4 In addition the Mayor of London's [Economic Development](#) strategy has inclusive economy as a key theme and aims to ensure all Londoners can benefit from economic growth across the capital. The Mayor of London's strategy makes the case for a more flexible, place-based approach to prepare London's economy for the UK leaving the European Union (EU), as well as future, unpredicted, technological and economic changes. It also states strongly that boroughs and their expertise are key components towards delivering the strategy's vision.

2.4.5 In London Councils response they have highlighted how London has led the recovery since the financial crisis and how over the past decade it has created more than three quarters of a million jobs.

2.4.6 But despite its size, London has a varied economy, and Londoners face a distinct set of challenges in accessing the labour market. London Councils points out too many Londoners are workless and we need to do more to ensure our residents have the skills to compete effectively in a competitive global economy. Over recent years, London Councils has been making the case, in partnership with the Mayor of London and other partners both within the capital and nationally, that devolution and reform of public services will be essential to deliver clear benefits for Londoners, the economy in London and in the country as a whole.

2.4.7 The Joseph Roundtree Foundation (JRF) have been working on the inclusive growth agenda since 2013. Their work focused on what could be done at the city or city regional level to develop more inclusive local economies. Through their work they have highlighted 'what is inclusive growth and why it matters'. The JRF report [Overcoming deprivation and disconnection in UK cities](#) explored deprivation and disconnection at a neighbourhood level and focused on the poorest neighbourhoods in the UK. It examined how and why these areas remained disconnected from

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<sup>8</sup> Inclusive Growth Commission Making Our Economy Work For Everyone'

economic growth within their wider city regions. Their reports provided evidence which suggested a range of different policy responses was needed to help bridge the gap between city-regional economic growth and poverty alleviation strategies.

## 2.5 Community Wealth

2.5.1 Linking closely with inclusive growth has been Interest and momentum around local wealth building. Community wealth building has been suggested as a solution to achieving a more inclusive economic growth. CLES have been working in this area for the past 10 years with local areas and agencies on an alternative approach to the traditional economic model.

2.5.2 Local wealth building comprises of several interconnected strands revolving around Community Land Trusts - to lock in wealth for local people and a foundation economy - where care, utilities and retail are repatriated to local cooperatives. London's local boroughs are part of a regional economy, therefore councils could look at wealth building through making better use of local anchor institutions to drive inclusive growth.

2.5.3 Anchor institutions commonly include local authorities, further and higher education providers, and housing organisations. As employers and holders of land and property assets the view is their purchasing power - and through their links to the local community - these anchor institutions could be the organisations upon which new local economic approaches and social improvements can be based. Progressive use of commissioning and procurement by anchor institutions is now acknowledged as a means to developing a dense local supply chain of local enterprises, including SMEs, employee-owned businesses, social enterprises, cooperatives and other forms of community ownership. Work on anchor institutions has been led by CLES. Examples of areas engaged in the forefront of policy and practice in this field include work in Belfast, Birmingham, Calderdale, Manchester, Oldham, Preston and Salford.

2.5.4 We will explore the possibility of using under utilized community and anchor institution assets to connect

## 2.6 What is inclusive growth and why is it important

2.6.1 Economic growth has not delivered the increases in living standards that policy makers intend or economists expect for all sections of society. In many countries, including the UK, average incomes have stagnated in recent years and the gap between rich and poor has widened. For Hackney the 2017 Economic Assessment noted that those living in the borough earn less than those who work in it, and less than the average for both London residents and London workers. By adopting an inclusive growth approach this would seek to proactively redistribute the benefits of economic growth.

- 2.6.2 There is no set definition to describe inclusive growth but it has been described by the RSA Inclusive Growth Commission as:

Inclusive growth is described as broad-based growth that enables the widest range of people and places to contribute to economic success, and to benefit from it too. Its purpose is to achieve more prosperity alongside greater equity in opportunities and outcomes.<sup>9</sup>

- 2.6.3 Another description of inclusive growth by The Brookings Institution policy report is:

Inclusive growth is to put a regional economy on a trajectory of higher growth that increases the productivity of organisations and workers (prosperity) and raises standards of living for all (inclusion) thus achieving deep prosperity – growth that is robust, shared and enduring.<sup>10</sup>

- 2.6.4 Despite there being no set definition, there is an opportunity to deliver a more inclusive approach to economic development and growth. What defines an inclusive growth agenda is the dual emphasis on outcomes as well as opportunities. One that seeks to combine a prosperous economy, with an approach where intervention influences the growth side of the equation to create a more equal society.

- 2.6.5 Research shows that when the fortunes of a deprived neighbourhood are improved the challenge is to ensure that the original residents benefit. If people are unable to access the new jobs being created, the risk is they are displaced elsewhere as an area's economic fortunes improve. If this happens the perception may be that the distribution of benefits from economic growth is limited to the few and not the many.

- 2.6.6 A thriving local economy needs a labour market that involves the supply of local workers and meets the demand of local organisations. Inclusive growth is important because employers need skilled, productive workers to maintain their profitability. If an economy can offer greater equality of opportunity it is believed it can achieve sustainable economic success.

## 2.7 Barriers to inclusive growth

- 2.7.1 To commence this review it is key to explore and understand what the potential barriers to inclusive growth might be. The main barriers to inclusive growth have been described by the RSA<sup>11</sup> as:

- *Impact of changes to the economy* – de-industrialisation and structural economic change. Changes to areas or regions hit by de-industrialisation and structural economic change can suffer long term effects on their labour market.

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<sup>9</sup> RSA Inclusive Growth Commission – Inclusive growth for people and place finding from deep dive research Sept 2016

<sup>10</sup> The Brookings Institution | metropolitan policy program | 2016 [https://www.brookings.edu/wp-content/uploads/2016/02/BMPP\\_RemakingEconomicDevelopment\\_Feb25LoRes-1.pdf](https://www.brookings.edu/wp-content/uploads/2016/02/BMPP_RemakingEconomicDevelopment_Feb25LoRes-1.pdf)

<sup>11</sup> RSA inclusive-growth-for-people-and-places-challenges-and-opportunities

- *A lack of proactive transitional support* – the results of a disjointed education, skills and training support system that fails to sufficiently provide people with pathways into the new industries of work and progression can leave sections of the population behind. People find it difficult to achieve labour adjustment without access to the right education, skills and training support to help create pathways and progressions to work. The lack of proactive transitional support at the time when people are affected by structural economic change can make it much more difficult to achieve labour market adjustment.
- *Labour market challenges* - a low skills equilibrium, low-wage jobs and employment polarisation, are recognised as barriers to more sustainable, inclusive and higher quality growth for all. Labour market mobility can also be a key challenge for workers in low paid jobs. Workers in low paid jobs many not want to incur the expense and the extended time of commuting long distances to get to work. It is viewed that better commuting connections generally benefit high skilled workers.

2.7.2 Connecting people to the opportunities in the labour market through better education, transport and employment support was seen as vital ingredients. Although infrastructures for the above may be in place it has been recognised by academics and economists that communities near to areas of economic growth or emerging job sectors can still feel disconnected from the growth being experienced.

2.7.3 JRF reported disconnection can come in a number for different forms such as social, economic, physical, institutional or digital (to name but a few).

- **Economic disconnection:** a lack of demand-side growth caused by economic shocks (e.g. deindustrialisation) and market failures combined with a shortage of suitably skilled labour.
- **Social disconnection:** Individual or collective cultures within disadvantaged areas that act as barriers to work. For example, residents have fewer opportunities to find out about, or access, employment through networks of family, friends and neighbours. The resulting deprivation may, in itself, reinforce disconnection through loss of employment-related skills which leave the individual experiencing the negative consequences of health, emotional and/or financial wellbeing as a result of poverty, worklessness or insecure work.
- **Physical disconnection:** Disadvantages caused by location, such as a lack of suitable transport connections to centres of economic opportunity.
- **Institutional disconnection:** a lack of horizontally or vertically integrated structures or partnerships that leads to sub-optimal economic outcomes.

- 2.7.4 It is important to recognise that unequal patterns of growth do not just reflect a failure in helping struggling economies adapt to a post-industrial context but that inequality and exclusion also affects the affluence in cities. It has been reported that the rising prosperity within cities such as London, Bristol, Manchester and Leeds has taken place alongside increasing inequalities in income, health and housing. The economic growth being experienced at the moment is not providing job security but instead is increasing job insecurity which makes it difficult to sustain a decent standard of living.
- 2.7.5 Hackney wants a fairer local economy that enables all local residents to benefit from the economic growth. There is a concern that if local residents continue to be disconnected, without the skills needed to take advantage of new and emerging employment opportunities they will be left behind. Therefore it is imperative to ensure local policies and the benefits of economic growth better link to the communities around them.
- 2.7.6 Previously, government policies were designed so that economic growth would create the opportunities in the labour market through better education, transport and employment support. But, whether by design or by accident, it has been highlighted that this has not been resulting in an equal distribution of prosperity for all. Traditionally economic development policy has focused on building wealth through attracting inward investment seeking the relocation of large corporations or growth sectors to the local economy. However the profits made by these investors are usually taken straight back out of the local community and are not necessarily reinvested or of the benefit to the local community i.e. creating jobs for local people. Thus resulting in an economy failing to work for everyone.
- 2.7.7 This review aims to identify the local barriers to economic inclusion for residents and identify how inclusive growth can be integrated into the strategies of local stakeholders and the mission statements of local businesses.

### 3. Key Stakeholders

- 3.1. Below is a list of Stakeholders who will be consulted during the review.

Sector / organisation	Stakeholder
Service users / general public	<ul style="list-style-type: none"> <li>Engagement with Local Businesses</li> <li>Engagement with residents</li> </ul>
Council depts. and services	<ul style="list-style-type: none"> <li>London Borough of Hackney Inclusive Growth Steering Group</li> </ul>
Other London Boroughs / Councils	

Government departments and executive bodies	<ul style="list-style-type: none"> <li>• London Councils</li> <li>• LGA</li> </ul>
Non-governmental organisations / lobby groups	<ul style="list-style-type: none"> <li>• Trade Unions</li> <li>• GLA</li> </ul>
Academics and think tanks	<ul style="list-style-type: none"> <li>• Joseph Roundtree Foundation</li> <li>• London Prosperity Board</li> <li>• RSA Inclusive Growth Commission</li> <li>• CLES (think tank)</li> </ul>
Private sector	<ul style="list-style-type: none"> <li>• Here East (Plexal and other companies based at the site), WeWork, Amazon, Stansted, BT Sport, Higgins Homes,</li> <li>• Tech Nation</li> <li>• Salford (Media City)</li> </ul>
Representatives of target groups	
Other external	<ul style="list-style-type: none"> <li>• Homerton Hospital</li> <li>• Adult Education providers</li> </ul>

## 4. Methodology

- 4.1 The Commission will undertake a range of evidence gathering processes to support the Commission in meeting the review's objectives as set out in section 1. The programme for evidence gathering could include the following:
- Desk based research;
  - Evidence presented in person at SEG Scrutiny Commission meetings;
  - Primary research (e.g. engagement session with residents and local businesses)
  - Site visits (as appropriate).
- 4.2 The review will be conducted through two scrutiny meetings, one evidence session in February 2019 and a second evidence session in

March 2019 where the Commission will collate and gather evidence. Information and evidence submitted will be published at the meetings.

- 4.3 The Council's vision in the Community Strategy related to its economic development work will be delivered through 3 themes working across the organisation.
- Creating great places where economic growth and change can benefit everyone
  - Encouraging and supporting diverse businesses to thrive in Hackney
  - Supporting people to live well and develop skills that for the future, allowing them to connect with employment opportunities in Hackney and beyond.
- 4.4 The findings from this review will feed into the Council's process in developing their inclusive growth strategy.

<b>Dependencies</b> (what other activities could impact on achieving timelines etc.)	<b>Impact</b>
The holding a joint engagement sessions with Executive, businesses and residents to link into the Council's work on inclusive growth and economic development.	There would be a duplication of engagement sessions with local residents and businesses on the same topic.

- 4.5 To explore practical solutions to overcome the barriers to inclusive growth and disconnection by the local communities in close proximity. 2 locations within the borough (Hoxton / Shoreditch and Hackney Wick) have been selected to use as case studies. There will be a group session with residents from the case study areas to identify specific barriers, lesson to learn and the perceptions/ experiences of residents about the local growth sectors.
- 4.6 A business engagement event will be arranged to speak with a variety of local businesses about their views on the barriers to engaging the local community and the mechanisms they have in place to support, encourage and guide local employment within their organisation.



## 5. Timetable

5.1 The table below provides a schedule of when different aspects of the review are likely to be completed.

<b>Task</b>	<b>Envisaged Timetable</b>
Draft Terms of Reference, desktop research, consulting experts, confirming Executive Link Officer/Members	November 2018
Agreement of terms of reference	February 2019
Formal / informal committee meetings	February 2019
Site visits	TBC
Report drafting	April 2019
Consult Executive Link Officer/Members on draft findings and recommendations	June/July 2019
Schedule for Legal/Finance comments	July 2019
Consideration by Commission/Cabinet. Consideration by Full Council (if applicable)	September – November 2019

5.2 Below is a provisional list of which topics will be considered at each meeting, and who will be responsible for providing the information. These are subject to change depending on availability of officers and stakeholders.

<b>12<sup>th</sup> February 2019</b>	
<b>Topic</b>	<b>Responsible Officer/Partner</b>
Evidence session with academics and think tanks	Dr Saffron Waldron – London Prosperity Board Atif Shafique - RSA
2 Engagement session with residents outside the meeting	Overview and Scrutiny Officer
<b>18<sup>th</sup> March 2019</b>	
<b>Topic</b>	<b>Responsible Officer/Partner</b>
Round table discussion with Key stakeholders	Overview and Scrutiny

and the Council about creating an Inclusive Economy.	Officer
<b>9<sup>th</sup> May 2019</b>	
<b>Topic</b>	<b>Responsible Officer/Partner</b>
Engagement with businesses	Overview and Scrutiny Officer

5.3 In addition, Members will focus this review on 2 case study areas in the borough (Hoxton/Shoreditch and Hackney Wick) and hold an engagement session with local residents.

## 6. Background Papers

6.1 The following reports and papers have been used as background reading for the review. The list is not exhaustive.

- GLA Economics - Skills Strategy for Londoners Evidence based <https://www.london.gov.uk/sites/default/files/skills-strategy-evidence-base.pdf> (June 2018)
- Indices of Multiple Deprivation 2015 Briefing (<https://www.hackney.gov.uk/local-economic-assessment>)
- <http://future.lambeth.gov.uk/inclusive>
- <https://www.londoncouncils.gov.uk/members-area/member-briefings/our-response-mayor%E2%80%99s-economic-development-strategy>
- Opportunity for growth: how reducing barriers to economic inclusion can benefit workers firms and local economies – Joseph Parilla Metropolitan Policy Program at Brookings September 2017
- Bridging the Gap: Inclusive Growth update Report 2017 - OECD - September 2017
- Community pulse 2018: the economic disconnect - Committee for Economic Development of Australia - June 2018
- Mott Macdonald delivering inclusive growth September 2017
- Overcoming deprivation and disconnection in UK cities - by Alasdair Rae, Ruth Hamilton, Rich Crisp and Ryan Powell – Joseph Rowntree foundation – January 2018
- Harnessing Growth Sectors for Poverty Reduction: What Works to Reduce Poverty through Sustainable Employment with Opportunities for Progression – Anne Green, City REDI (Regional Economic Development Institute), University of Birmingham, Paul Sissons, Coventry University, Neil Lee, LSE

- Inclusive growth for people and places – RSA Inclusive Growth Commission – September 2016
- Inclusive Growth Commission Making our Economy Work for Everyone - RSA Inclusive Growth Commission – 2017
- Inclusive Growth Putting Principles Into Practice - RSA Inclusive Growth Commission - March 2017
- The Framework for Policy Action on Inclusive Growth - Meeting of the OECD Council at Ministerial Level - Paris, 30-31 May 2018
- London Councils Member briefing, Our Response to the Mayor’s Economic Development Strategy – March 2018
- United nations development plans – decent work and economic growth goal - <http://www.undp.org/content/undp/en/home/sustainable-development-goals/goal-8-decent-work-and-economic-growth.html>
- London Borough of Hackney: Hackney a Place for Everyone summary findings report
- Equality Framework for Local Government – London Borough of Hackney Self-Assessment.
- London Borough of Hackney Local Economic Assessment (Understanding Hackney’s economy – A focus on business and enterprise) <https://www.hackney.gov.uk/local-economic-assessment>
- London Borough of Hackney Local Economic Assessment - Understanding Hackney’s economy – A focus on employment, economic activity and self-employment <https://www.hackney.gov.uk/local-economic-assessment>
- London Borough of Hackney Local Economic Assessment - Understanding Hackney’s economy – A focus on occupations and employers <https://www.hackney.gov.uk/local-economic-assessment>

## 7. Executive Links & Response

7.1 The following corporate stakeholders have been consulted on this Terms of Reference:

<b>Contributor</b>	<b>How have they been consulted on proposal</b>
Council Lead Director	Stephen Haynes, Director – Strategy, Policy and Economic Development
Council Lead Officers	Sonia Khan, Head of Policy and Partnerships Suzanne Johnson, Head of Area Regeneration
Executive Member(s)	Cllr Williams, Cabinet Member Employment, Skills and Human Resources Cllr Nicholson, Cabinet Member Planning, Business and Investment

**Contact**

Tracey Anderson, Scrutiny Officer

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E-mail: [tracey.anderson@hackney.gov.uk](mailto:tracey.anderson@hackney.gov.uk)



<p><b>Skills Economy and Growth Scrutiny Commission</b></p> <p>17<sup>th</sup> April 2019</p> <p><b>Skills, Economy and Growth Scrutiny Commission Work Programme for 2018/19 and New Work Programme for 2019/20</b></p>	<p>Item No</p> <p><b>8</b></p>
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## Outline

Attached is the work programme for the Skills, Economy and Growth Scrutiny Commission for 2018/19. This is a working document that is regularly updated.

### **New Work Programme 2019/20**

The Commission is asked to consider and make suggestions for the new Commission membership to consider in the new municipal year. Suggestions for a review and one off discussion items for the 2019/20 work programme.

To aid this discussion detailed below is the remit of the Commission and information about the criteria to use when deciding if a topic suggestion should be a review or one-off items discussion.

<b>Skills, Economy and Growth</b>	
<b>High level remit as per constitution</b>	Prosperity of the borough and development, in particular economic development, employment and large scale planning and transport infrastructure schemes.
<b>Statutory functions:</b>	None.
<b>Services falling into remit</b>	<p><b><u>Public Realm</u></b></p> <ul style="list-style-type: none"> <li>• Full responsibility for licensing and planning for: <ul style="list-style-type: none"> <li>✓ Residents</li> <li>✓ Businesses and;</li> <li>✓ Economy</li> </ul> </li> <li>• Transport infrastructure and large scale schemes.</li> <li>• Libraries element of Public Realm</li> </ul> <p><b><u>Employment and Skills</u></b></p> <ul style="list-style-type: none"> <li>• Employment, skills and training opportunities</li> <li>• Hackney Works</li> <li>• Apprenticeships</li> <li>• Adult learning element of Education and Schools.</li> </ul>

	<b>Skills, Economy and Growth</b>
	<p><b><u>Regeneration and Partnerships</u></b></p> <ul style="list-style-type: none"> <li>• Supporting Town Centres</li> <li>• Supporting Businesses</li> <li>• Voluntary and community sector.</li> </ul>
<p><b>Standing items (assuming full carry over from previous Commissions). Once a year unless stated otherwise:</b></p>	<ul style="list-style-type: none"> <li>• Question Time sessions with Cabinet Members for: <ul style="list-style-type: none"> <li>➢ Employment, skills and human resources</li> <li>➢ Planning, business and investment</li> <li>➢ Deputy Mayor and Cabinet member for health, social care, transport and parks.</li> </ul> </li> </ul>

### **Action**

The Commission is asked to collate a list of suggestions for a review and/or one off discussion items for the Working in Hackney Scrutiny Commission 2018/19 work programme.

# Overview & Scrutiny

## Skills, Economy and Growth Scrutiny Commission

### Rolling Work Programme June 2018 – April 2019

All meetings take place at 7.00 pm in Hackney Town Hall unless stated otherwise on the agenda. This rolling work programme report is updated and published on the agenda for each meeting of the Commission.

Dates	Proposed Item	Directorate and officer contact	Description, Comment and Action
<b>Tue 26<sup>th</sup> June 2018</b> Papers deadline: Fri 15 <sup>th</sup> June	Economic and Community Development Board	Chief Executive Directorate Stephen Haynes	Presentation about work strands and Council's current work
	Employment and Skills	Corporate Strategy Chief Executive Directorate Andrew Munk	Presentation about Employment and Skills Service
	Economic Regeneration	Economic Regeneration Chief Executive Directorate Suzanne Johnson	Presentation about Economic Regeneration Service
	Work Programme Discussion	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	To agree a review topic and discussion items for the work programme.
<b>Thurs 12 July 2018</b> Papers deadline: Mon 2 <sup>nd</sup> July	Business Forum Engagement Event	Economic Regeneration Chief Executive Directorate Suzanne Johnson	Hackney House in Shoreditch In relation to the current business forums this is a look at the barriers to engagement by BME business owners and how they support SMEs in a way that suits their needs.

Dates	Proposed Item	Directorate and officer contact	Description, Comment and Action
	Economic regeneration support to local businesses	Overview and Scrutiny Chief Executive Directorate Tracey Anderson	An engagement event with business owners from BME communities in July 2018
<b>Mon 3 Sept 2018</b> Papers deadline: Tues 21 <sup>st</sup> Aug	Hackney Council Voluntary and Community Sector strategy	Chief Executive Directorate Policy and Partnerships Team Community Investment and Partnerships Manager	Consultation on the new Advice Strategy being developed.
	Gambling Policy 2019-2022 Consultation	Neighbourhoods and Housing Public Realm – licensing Aled Richards	The Commission would like to discuss how the council promotes the licensing objectives and guidance from the Gambling Commission and hear about how the Council has built on these core objectives, developing an approach to licensing premises for gambling that reflect local circumstances in the Borough.
	Update on BAME Business Engagement Event July 2018	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	Discussion about the engagement event, points raised and next steps.
	Draft Report – Future World of Work and Skills in Hackney	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	Draft Report for sign-off
<b>Mon 22 Oct 2018</b>	Transport infrastructure – stations like Clapton, Hackney Downs modernisation to take increased		Transport themed session that includes looking at connectivity and affordability to get on the train.



Dates	Proposed Item	Directorate and officer contact	Description, Comment and Action
Papers deadline: Wed 10 <sup>th</sup> Oct	flow of commuters through the borough and stations		<p>Following investment to improve the railway connectivity in the borough. The Council was expecting further investment by TfL as soon as the stations became connected. The Council expected 2 things:</p> <ul style="list-style-type: none"> <li>a) That the station infrastructure would grow and expand and increase its capacity</li> <li>b) That developments would start to happen around the stations.</li> </ul> <p>Last year the Commission raised concern about the significant growth in terms of the interchanges at stations like Clapton and Hackney Downs and the negative impact this could have on employment growth in the borough if further investment to improve the infrastructure is not forthcoming.</p>
	TFL changes to bus routes in Hackney		<p>Transport for London does not consult rigorously on the reductions in frequency of bus routes and it anticipated there will be further cuts introduced this year. Scheduled for implementation is the route change to the number 277 bus. This is scheduled for implementation on 29/06/2018</p>
	Stoke Newington Gyratory - Stage Two	<b><i>Discussed at Stoke Newington Ward Forum</i></b>	<p>Consultation on removal of Stoke Newington one-way system and the shaft by Morrison's. This will be led by TfL with the Council's input. TfL are undertaking further modelling work and will be consulting on one proposed option.</p>

Dates	Proposed Item	Directorate and officer contact	Description, Comment and Action
<b>Mon 10 Dec 2018</b> Papers deadline: Wed 28 <sup>th</sup> Nov	Cabinet Member Question Time sessions - Cabinet Member for Employment, skills and human resources	Mayor's Office – Head of Mayors Office and Support Officer Cllr Williams	
	Cabinet Member Question Time sessions - Cabinet Member for Planning, business and investment	Mayor's Office – Head of Mayors Office and Support Officer Cllr Nicholson	
	Council's response to SEG BAME Business Engagement Event Report	Chief Executive Directorate Director – Strategy, Policy and Economic Development Stephen Haynes	Response from the Council to the points raised in the scrutiny commission's BAME engagement report.
	Developing the Council's Strategy for Inclusive Growth	Chief Executive Directorate Director – Strategy, Policy and Economic Development Stephen Haynes	Board's update on the current work and strategy development.
<b>Tue 12 Feb 2019</b> Papers deadline: Thurs 31 <sup>st</sup> Jan  <b>Meeting Cancelled</b>	Making the Local Economy Work for Hackney - Evidence session for SEG Review	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	Evidence session with RSA and London Prosperity Board
	Executive response and update on recommendations from Future World of Work and Skills Review	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	Executive response to the WiH scrutiny review on Future World of Work and Skills

Dates	Proposed Item	Directorate and officer contact	Description, Comment and Action
	Terms of Reference for SEG Review Making the Local Economy Work for Hackney	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	Draft Terms of Reference for the new in-depth review
<b>Mon 11<sup>th</sup> Mar 2019</b>  <b>Cancelled</b>	Resident Engagement Session Hoxton / Shoreditch	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	TBC
<b>Wed 13<sup>th</sup> Mar 2019</b>  <b>Cancelled</b>	Resident Engagement Session Hackney Wick	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	TBC
<b>Mon 18 Mar 2019</b>  Papers deadline: Fri 1 Mar	Making the Local Economy Work for Hackney - Evidence session for SEG Review	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	Round table discussion with stakeholders and local business representatives
<b>Mon 17<sup>th</sup> Apr 2019</b>  Papers deadline: Wed 8 <sup>th</sup> Apr	Discussion on Business Conference for Scrutiny Commission review - Making the Local Economy Work for Hackney	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	
	Executive response and update on recommendations from Future World of Work and Skills Review	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	Executive response to the WiH scrutiny review on Future World of Work and Skills

Dates	Proposed Item	Directorate and officer contact	Description, Comment and Action
	Terms of Reference for SEG Review Making the Local Economy Work for Hackney	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	Draft Terms of Reference for the new in-depth review
	Work Programme 2018/19 and Work Programme Planning for 2019/20	Chief Executive Directorate Overview and Scrutiny Tracey Anderson	

**Please Note:**

The Commission will be conducting a site visit to Here East in September 2018

Items removed from work programme

**Brexit and the Council's engagement with businesses - risks and mitigating impact**

*Work force shortages and work place rights*

*How can the uncertainty of Brexit be used to encourage businesses to invest more in local adult training and education for Hackney's young residents, to overcome the concerned about the loss of European workforce.*

*This potentially can be an opportunity to encourage the larger businesses to do more, in terms of training and development with underrepresented communities.*

*How are people going to be protected in the work place? Looking at employment rights and how we help people.*

*Workers rights and engagement with evidence from employers and trade unions*

Cost of living and ability to fill key roles in public sector.

*The growing disparity between cost of living and public sector salaries is a real challenge for recruitment strategies and talent management.*

6 month Review of New Licensing Policy

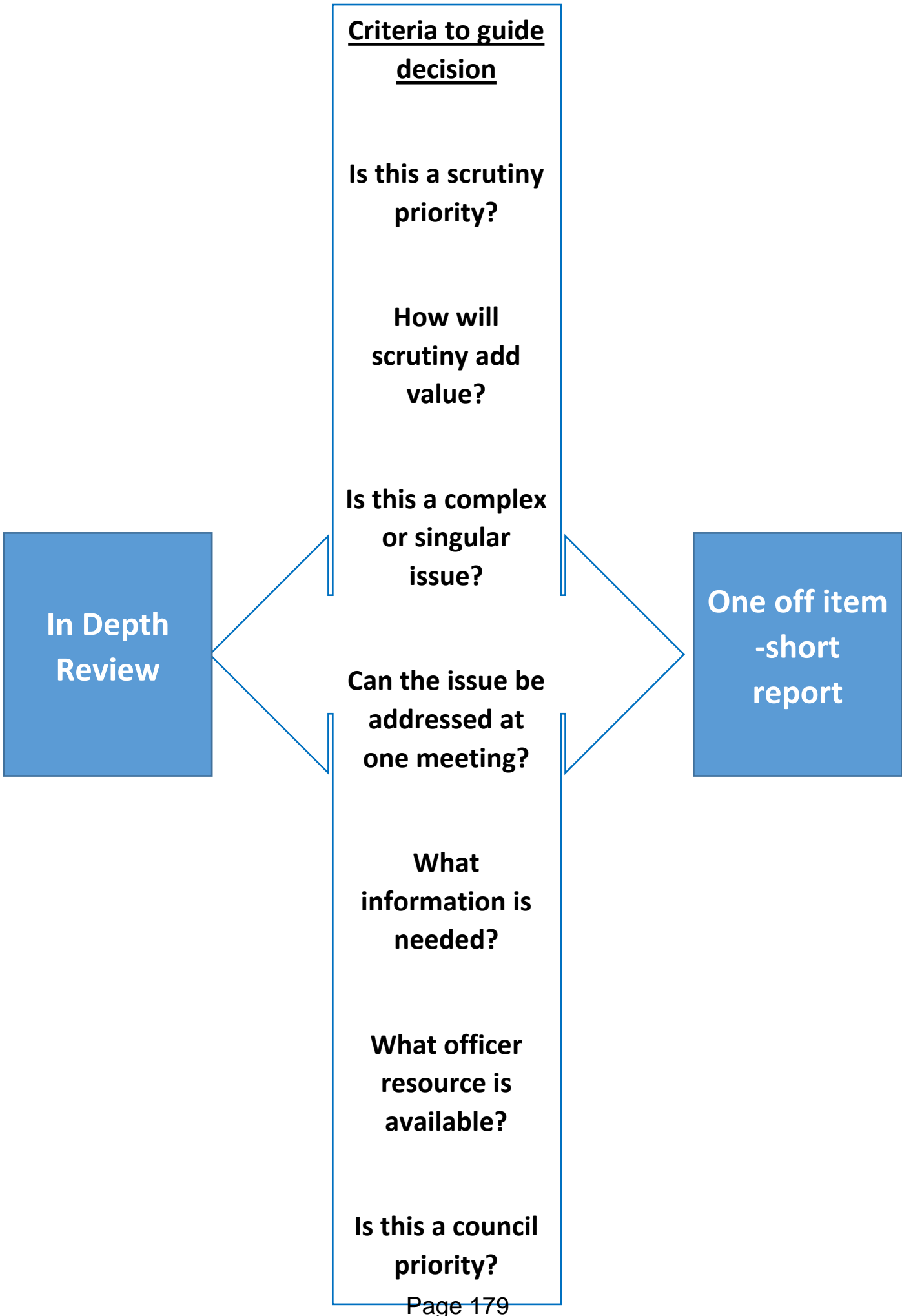
*Monitor and review the new licensing policy to see if it has achieved its aims and objectives following implementation.*

Crossrail 2 Update from Transport for London

*Update on the progress of Crossrail 2*

*In response to the government's call to make Crossrail 2 more affordable, TfL are reviewing the scheme, design and delivery in order to ensure best value for money. TfL is currently awaiting a decision from the Government about next steps for the scheme. Update to Commission about the progress of Crossrail2 will be provided at a later date.*

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## Identification, prioritisation and selection of topics for in-depth scrutiny review and work programme items

### Identification

- Topics suggested through consultation with Commission members and other Non-Executive Members
- Topics arising from national legislation or other policy requirements
- Topics suggested from local residents and community groups (e.g. resident surveys)
- Issues suggested by Cabinet Members & Senior Officers within the Council
- Topics that have arisen from issues which have been covered by local or national media?
- Topics arising from local strategy or policy developments?

### Prioritisation

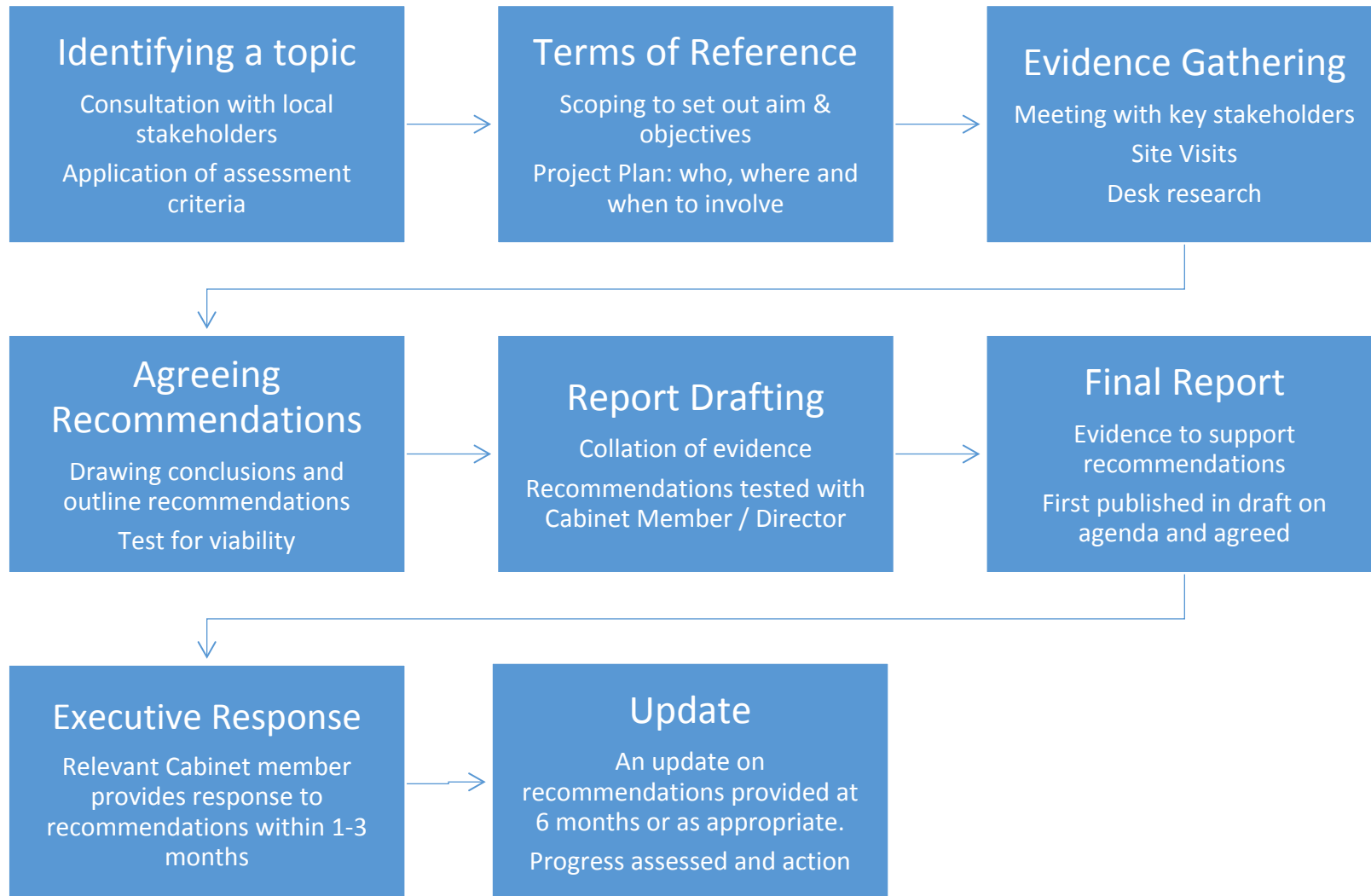
- Is the review topic a borough wide issue and important to the local community?
- Does the topic relate to a poor or underperforming service?
- Does this topic give rise to numerous / serious complaints?
- Has this topic been flagged by an inspection or audit or other assessment report e.g. Ofsted, CQC, Audit Office?
- Would this topic benefit from in depth review or better served by a one-off item (e.g. update, short investigation)?
- Is this topic cross-cutting, relevant to more than one Commission?

### Selection

- Does the topic support priorities identified within the Council's Corporate Plan?
- Will the topic add value and deliver practical outcomes for local residents?
- Is this review feasible; is the topic adequately focused, can it be undertaken within a suitable timeframe and with the current resource available?

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## Lifecycle of a Review



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