

Opportunity through work A manifesto for London

A policy programme to
champion better work and
working lives in the capital



We're the CIPD – the professional body for HR and people development. We have over 140,000 members, with over 20,000 of these in London, who are responsible for recruiting, managing and developing a large proportion of the UK's workforce.

Our members work in HR, learning and development, people management and consulting across private businesses and organisations in the public and voluntary sectors. They are perfectly placed within organisations of all sizes to see how government policies impact work, the workforce and workplaces.

As an independent and not-for-profit organisation, we're committed to championing better work and working lives for the benefit of individuals, businesses, economies and society.

Opportunity through work

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Foreword

The next Mayor of London will face a number of challenges over their four-year term, arguably none more important than investing in housing and boosting the productivity of the capital's economy and its people, particularly within small and medium-sized enterprises (SMEs). The Mayor receives an annual budget of £17 billion to spend on, amongst other things, running transport, emergency services, building affordable homes and promoting London's vibrant economy. When it comes to London's economy, the Mayor will have to choose how to allocate resources efficiently in a way that benefits both London's businesses and its people to sustain long-term employment growth and opportunity that allows London to compete as one of the leading business hubs in the world.

This is also an important time for London's employers. The labour market in London, and indeed the rest of the UK, is changing, and employers need to keep pace with the changing world of work and new ways of working if they are to attract and retain the right talent and skills for their organisations – which will ultimately enable London to compete on a global stage. Employees, too, face both challenges and opportunities in today's workplaces, whether they are older workers looking to retire comfortably or remain in work, or young people looking to take their first step onto the jobs ladder. Skills development, apprenticeships, careers advice and guidance, and real work experience are all vital components and must be thought about, not only for young people, but across the age demographic.

At the CIPD, our mission is to champion better work and working lives. We've produced this manifesto ahead of the London elections which, we believe, does this and encourages the Mayor and City Hall to do the same. We are calling upon the next Mayor of London to:

Boost productivity and skills utilisation in the London labour market – by encouraging a stronger focus through the London Enterprise Panel on employer demand for skills and skills utilisation, line management capability, greater workplace development and investment in skills, and encouraging the building of the high-performance workplaces that London needs to maintain its place as a leading global business hub.

Support opportunities that enable people across the age demographic to succeed in London's competitive labour market – by championing lifelong learning through the provision of further education (FE), facilitating high-quality careers information, advice and guidance (IAG) that links jobs with local labour market needs, and supporting SMEs in offering more high-quality apprenticeships.

Champion flexible working in London – through a London-wide campaign to create a step-change in the uptake of flexible working over the next four years, as well as investing in the capital’s broadband and relevant infrastructure.

Support efforts to increase diversity and inclusion in London’s workplaces – by ensuring that all those who wish to access London’s labour market are able to do so by encouraging organisations to adopt inclusive recruitment policies such as ‘characteristics-blind’ recruitment so that issues such as ethnicity, disabilities, race and class are not barriers to labour market participation.

Encourage London’s biggest organisations to take a long-term, people-focused approach to corporate governance – by supporting our call for improved reporting of human capital management data and encouraging better standards of narrative reporting, organisational culture and how well companies are led and managed to provide greater visibility and transparency.

Protect the lowest paid in London – by encouraging those businesses who are able to pay the London Living Wage (LLW) to do so.

Incentivise London’s businesses to implement their own workplace well-being strategies – using tax and other incentives to encourage employers to develop well-being solutions, integrating workplace health with the health of the community.

This is our manifesto for London, an agenda that we hope will shape the future of work, our future workforce and our workplaces, for the benefit of our organisations, our people and our wider economy and society – because what’s good for business should be good for people, and vice versa.



A handwritten signature in black ink that reads "Peter Cheese".

Peter Cheese
Chief Executive



A handwritten signature in black ink that reads "Ben Willmott".

Ben Willmott
Head of Public Policy



A handwritten signature in black ink that reads "David D'Souza".

David D'Souza
Head of CIPD London

‘The need to generate higher productivity growth and continue to reduce unemployment deserves to continue to be addressed with a degree of urgency.’

Challenges in the years ahead

The next Mayor of London, whichever political party they represent, will face many challenges over the course of their term. Some will be expected; others not.

London’s sustained economic success over recent decades is testament to it being a city where global business is able to operate and find talent, and where that talent, drawn from all over the world, is able to find opportunity. However, this success cannot, and must not, be taken for granted. The next Mayor of London must recognise that our city’s position as a leading business hub is under threat from other cities. An example is Singapore, where the CIPD opened an office in 2015, which is geographically, culturally and linguistically closer to large emerging markets in the East, where London’s relationships are not as strong as some of our closest competitor cities.¹ We must make the assumption that these alternative markets will continue to grow, and ensure that we as a city continue to develop economically.

The key economic challenge facing London, as well as all parts of the UK, is to create the right conditions to allow for productivity growth. It is only through boosting the productivity of our workforce that we are likely to see sustained economic growth. While growth has been strong over the past few years, labour productivity – measured by output per hour worked – is still below its pre-recession peak. An organisation’s productivity directly affects the real earnings of its employees and, in London, the effect of earnings upon an individual’s quality of life, cost of living and well-being is particularly pronounced.

The impact of the recession on London and the UK’s long-term growth potential is still uncertain. It would be unwise for the next Mayor of London to assume that productivity will improve by itself without sustained investment and a supportive

business environment. Indeed, that is why the current UK Government published its own Productivity Plan last year.² Investment and productivity growth are more likely in a business environment that balances short-term results against long-term capability and that balances flexibility against the need for a degree of certainty on what governments expect of businesses in terms of regulatory requirements.

One key condition for productivity growth is ensuring that businesses can access the necessary skills as and when they need to. Migration has always been a regular feature of London, going back centuries, and migrant workers provide critical skills for London and UK employers. This needs to be recognised in the ongoing debate surrounding immigration policy. Furthermore, London needs to build a lot more housing; high housing costs, particularly for those renting, and subsequent lack of availability within the city also have a direct impact on businesses' ability to recruit and maintain staff.³

Productivity growth will create the conditions for improvements in real earnings, but there is no guarantee that real earnings will in fact increase, or that they benefit all sectors of the workforce. In particular, the apparent lack of opportunities for training and progression for London's lower-paid workers is a barrier to improved living standards and social mobility in the capital.

In addition, there are still 294,000 people in London who are unemployed. The rate of unemployment is higher than the rest of the UK (6.3% in London compared with 5.1% in the UK as a whole), and the problem is most acute for young people, although the situation does appear to be improving. Nevertheless, the long-term damage to employment prospects from prolonged unemployment makes tackling long-term unemployment a continued priority.

The need to generate higher productivity growth and continue to reduce unemployment deserves to continue to be addressed with a degree of urgency, and steps taken to do so are welcome. However, the next Mayor of London is also the steward of London's long-term interests, beyond their term of office and, in this capacity, needs to take concrete steps to equip London's economy with all it needs to face the challenges of the coming decades.

One of these is an ageing population, which increases the demands on our healthcare and pension systems. People will also want, and need, to stay in employment until an older age than at present. London's businesses must, therefore, adapt to the needs of people staying in the workplace for longer.

Another challenge is the impact of technological change upon jobs. This is an area where there is much conjecture but few concrete pointers. However, if the impact of technological change is as great as some expect, and if past history is any guide, the adaptation period could be highly disruptive. Even if the long-term impact is an overall increase in living standards, many people (including some in currently well-paid jobs) could find their experience and skills no longer valuable.

A longer, and potentially more disruptive (or disrupted), working life means that the UK needs to make 'lifelong learning' a reality for everyone. Young people need to gain the 'learning habit' during their school years and never lose it, and those in later life must have the appetite and opportunities to adapt to changing demands and make what could be big changes in their skill-sets. There needs to be both a change in culture and the construction of a learning infrastructure that enables it to happen. We do not have a blueprint for this, but we believe it needs to be done and we would urge the next government to begin building a consensus around the changes necessary.



A handwritten signature in black ink that reads "Mark Beatson". The signature is written in a cursive, slightly slanted style.

Mark Beatson
Chief Economist

‘This is our manifesto for London, an agenda that we hope will shape the future of work, our future workforce and our workplaces, for the benefit of our organisations, our people and our wider economy and society.’

Our calls to the next Mayor

Skills and productivity

As in the UK as a whole, one key condition for economic growth and improvements to living standards in London is an increase in productivity. London has higher levels of productivity than elsewhere in the UK; however, this is largely because of the wealth created by the City of London and not because of an evenly spread productivity dividend. Evidence from the ONS finds that SMEs in particular have low levels of productivity relative to larger organisations, with a key reason likely to be poor leadership and management capability. London is home to over 800,000 small and medium-sized enterprises (SMEs) that represent 99.8% of London’s private sector businesses and nearly 50% of all employment opportunities. The recent UKCES Skills Survey (2015) concluded that: *‘Even though the UK’s best firms are often world leading, the presence of a large number of poorly managed firms means the UK does not measure up to the likes of the US on management capability.’*⁴ Poor leadership and management is also identified as one of the most common factors behind the failure of small businesses. CIPD research highlights that leadership and management practices and investment in training and development are clearly linked to better-performing and more-productive workplaces. Consequently, the next Mayor needs to focus on supporting businesses, particularly those with fewer than 50 employees, to invest in their leadership and management/HR capability. The launch of the London Growth Hub in March 2015 was a welcome intervention, which provided a tool for SMEs to access information on business support, affordable premises and finance. That said, there needs to be an even greater emphasis on the provision of high-quality low- or no-cost support, advice and guidance to help small businesses improve their people management and skills development capability and recognise the value of workforce investment.

SMEs, in particular, need help to access available skills funding and high-quality training to get the most from their people and grow, particularly in light of apprenticeship levy funding, which will be available from April 2017. The costs for businesses of the levy is also cause for concern, particularly as it will follow shortly after the implementation of the National Living Wage. While 0.5% of an organisation’s payroll – for those with salary bills

above £3 million – may appear trivial, in the context of overall profitability and added to costs associated with the NLW, this could prove to be testing. This is particularly the case for businesses in London, where costs of rental of business premises can also prove to be a very substantial overhead.

The focus on apprenticeships from central government is welcome; however, the CIPD is concerned that the forthcoming levy, coupled with the ambitious target of 3 million apprenticeships in the UK by 2020, will foster an environment where apprenticeships are seen as the only method of training available to businesses. Our research shows many organisations are worried the levy could have the effect of taking investment away from other forms of workforce training and development. The next Mayor must, therefore, recognise that apprenticeships will not be suitable for each and every business in London's diverse economy, and must champion other forms of training, particularly through further education (FE), and must fight to protect funding for London's FE providers.

Of course, improving workplace productivity also depends on the availability of the right people with the skills that employers need. This requires ensuring young people have access to good-quality career information, advice and guidance while at school and the provision of high-quality vocational as well as academic routes into work. However, evidence suggests that the record numbers of young people going into university is resulting in falling returns for individuals, employers and the economy. Too many graduates are overqualified with little prospect of repaying their students loans, while too few young people consider vocational routes into work, such as apprenticeships, because too often they are not of comparable quality. In addition, it is important to ensure that employers can continue to access migrant workers for the skills they need to support growth.

We call on the next Mayor of London to:

- Encourage the UK Government to review investment in initial, higher and further education to ensure that returns from this investment pay dividends for learners of all backgrounds, organisations and society.
- Work with the London Enterprise Panel and London Growth Hub to develop effective low-cost and no-cost business support on people management and development for SMEs through partnerships with borough councils and other key stakeholders across the capital.
- Lobby government to ensure that any changes to immigration policy take into account the needs of the capital's employers.

Employability and access to the labour market

For London to maintain its position as a leading business hub, it has to harness the talents of the workforce from right across the age demographic. London needs the right environment that allows workers of all ages to get into work and, importantly, stay in work for as long as possible. This also requires workers to have the chance to maintain a suitable skill-set in the workforce, through opportunities to upskill and retrain. Gone are the days when workers had a 'job for life'; now it is not uncommon for a worker to have several jobs over the course of their working life, or have two or more completely different jobs at once. Moreover, the world of work is rapidly changing and workers must keep themselves 'current'. As the rapid rise of companies such as Uber and Deliveroo testifies, many companies that will be household names in the next five to ten years, perhaps even by the end of the next Mayor's term, do not yet exist. Furthermore, these types of company illustrate the shift from 'traditional' working practices towards the 'gig economy' – otherwise known as the on-demand, freelance or sharing economy.

We aren't currently doing enough to prepare London's young people for the world of work. Statistics for the whole UK show that young people (aged 18–24) are almost three times more likely than workers aged over 25 to be unemployed. Evidently, the education-to-work transition isn't working, and this must be addressed. To rectify the situation, we must begin with the provision of careers information, advice and guidance (IAG) that young people receive in schools. With the problem we have of graduate overqualification in the UK, alternative routes into work such as apprenticeships and traineeships must be promoted. The CIPD welcomes the increasing focus on apprenticeships, as well as the funding made available for travel discounts for apprentices within London. However, we urge the next Mayor of London to work with the UK Government to ensure London's apprenticeship schemes are high quality and address the right areas required within London's economy, rather than just being a numbers game.

The CIPD recognises the role that London's employers have to play in tackling youth unemployment in the capital. Our Learning to Work programme has produced guides for businesses on how to develop, for example, youth-friendly recruitment practices and more access routes, such as apprenticeships. Furthermore, we also think businesses can do more to engage with young people while still in education, such as school visits or offering work experience. Our latest *Learning to Work* survey found 57% of businesses are currently engaging with local schools and colleges, and we urge the next Mayor of London to encourage more employers to do so through bodies such as Team London and the London Enterprise Panel.⁵

Another area London needs to address is the ability for those that have taken time out of the labour market to be able to return – this is particularly true of women that have taken time out to have children and raise a family. There are large numbers of women in London who, having taken time out, are looking to return to work or work more hours. However, many of these women have difficulty in accessing flexible work practices, such as part-time, flexible work or compressed hours. In the cases in which women are able to access flexible work, they often find that the work is low quality and, consequently, low paid and doesn't fully utilise their skills.

Retaining existing female employees on maternity or adoption leave is critical to organisations to ensure that they have strong, diverse talent pipelines, as well as to help those women progress in their career. The CIPD believes that having effective return-to-work practices and policies in place to keep women up to date with what is happening in the workplace can boost their confidence, safeguard their skills and ensure that their return to work is as smooth as possible. Moreover, it will help females returning to work feel that they are well supported by their employer to progress in their career, which boosts employee engagement and retention. The CIPD calls on the next Mayor of London to encourage and support organisations to implement effective return-to-work policies.

The changing demographic of London's workforce will have a profound effect on the UK labour market over the next two decades and beyond, and employers must take notice of this. Over 30% of people currently in employment in the UK are over the age of 50, and there are currently unlikely to be enough younger people entering the labour market to replace them as they leave the workforce, taking with them their skills and experience.⁶ Employers need to recognise the potential issues they stand to face, such as skills shortages, productivity challenges, labour shortfalls and an inability to meet customer service and production targets. Recruiting older workers, who often find it hard to enter the workforce once they have left, is an important step in tackling this. Just as important, however, is to retain them.

The CIPD also calls on the next Mayor of London to ensure that London's employers are well aware of the risks of failing to utilise the skills and experience of older workers, and to encourage them to harness the talent on offer to them across the whole age spectrum. This is done through encouraging inclusive recruitment that doesn't discriminate against older workers; equipping line managers with the knowledge and skills to manage an age-diverse team; investing in training for employees of all ages; supporting employees' health and well-being; and moving towards flexible working.

The CIPD calls on the next Mayor of London to:

- Continue championing the key role of apprenticeships in addressing the skills needs of London's businesses, while ensuring that they are of the right level and quality to address skills gaps.
- Work with the Local Enterprise Panel to improve knowledge of local labour market needs and skills gaps.
- Continue funding discounted travel for London's apprentices.
- Encourage London's employers to engage with local education providers through initiatives such as Team London.
- Work with the London Growth Hub to equip businesses, particularly SMEs, with the advice and guidance needed to recruit and retain marginalised groups from the workforce, particularly women returners and older workers.

Pay and reward

The issue of low pay has become a widely debated topic as a result of falls in real wages and the value of the National Minimum Wage (NMW). A recent report by the Resolution Foundation found that, if the costs of housing are neglected, London had actually seen a 2.9% rise in median earnings – the second highest in the UK by region – since the economic downturn, reflecting perhaps, in part, the capital's relatively higher productivity than other parts of the UK. However, once living costs are factored in, median earnings have actually fallen 3.7% below pre-crisis levels, the lowest in the UK.⁷ This illustrates the high costs involved with living within London, making low pay, therefore, a critical issue if we want to avoid a rise in the number of Londoners living in in-work poverty.

The UK Government has taken positive steps already to protect the lowest paid, tackling those employers who avoid paying the National Minimum Wage (NMW) and extending the personal tax-free allowance, which has taken many of those on low pay out of income tax altogether. However, this was superseded in July last year when the Chancellor announced the introduction of a new, higher minimum wage – known as the National Living Wage (NLW) – for those over the age of 25. As of April 2016, the rate will stand at £7.20 an hour, with an ambition for this to rise to £9.00 by 2020. It should be noted, however, that even if this ambition – notably, not a commitment – is met, the 2020 rate will still be below the current London Living Wage recommendation, which, at the time of writing, stands at £9.40. The CIPD has always encouraged those employers that are able to pay the Living Wage, whether in London or elsewhere, to do so, and the outgoing Mayor has always been a firm supporter, having made clear an ambition to make the London Living Wage (LLW) the norm for employers by 2020. We would urge the next Mayor of London to advocate for employers in London to pay the LLW when they are able to do so.

There is no doubt that certain industries and many smaller organisations within London will struggle to comply with these new wage floors. CIPD research found that over half (54%) of organisations stand to be affected by the new rates, which will have its biggest impact in the retail and hospitality sectors, and there could be job losses.⁸ Furthermore, with the new NLW being implemented just one year before the apprenticeship levy, and possible increases in employer contributions to pension pots through automatic enrolment on the horizon, there is a sense of unease in a number of sectors. This could become even more pronounced as an issue for London's employers, with no guarantee over the next four years that property and rental prices will rise significantly. However, research at this stage doesn't point toward significant job losses, with three in ten employers looking to improve productivity in order to offset the costs.

It must be said, however, that there is a role for London's employers to play in improving the pay packets of their employees. After all, the best way of tackling low pay is to address its causes, not just its symptoms – which means a better understanding of the structural causes of low pay and poor productivity in London's businesses, and a greater focus on employer demand for skills to enable more effective skills utilisation across sectors and all levels of London's workforce. Increasing the productivity of businesses, particularly SMEs, in London is vitally important if we are to raise the pay packets of its workforce, and we would echo our call for the next Mayor of London to focus on supporting businesses to invest in their leadership and management capability.

Inequality in society and the labour market is one of the biggest challenges as we seek to build better work and working lives in London. It is in the interests of the Mayor of any city to tackle some of the major levers of inequality and unfairness, particularly in a city with the global identity of London, where the difference between the wealthy and those in poverty is so stark. There is widespread agreement that the gap that exists between the pay of those at board level and most employees is a real cause for concern, and we must be mindful of the executive pay differential. Recent research by the CIPD found that the upward momentum of chief executive pay and reward in large organisations does not correlate to personal performance or business outcomes, and this is having a significant impact on the motivation levels of the wider workforce.⁹ It found that 71% of employees feel that CEO pay in the UK is too high, with 45% saying their own CEO is too well rewarded. Critically, almost three-fifths (59%) of employees said that the high level of CEO pay demotivates them at work. Particularly at a time when the average employee has seen their salary increase by just a few percentage points over the last several years, we need to take a serious look at the issue of top executive reward, starting with improved transparency, and we urge the next Mayor of London to push for increased transparency in the way London's top executives are rewarded.

We call on the next Mayor of London to:

- Encourage all employers that are able to afford to do so to pay the London Living Wage to all staff.
- Push for increased transparency in the way senior executives in London's top companies are rewarded.
- Encourage listed companies based in London to ensure that reward packages for senior executives are more aligned to both financial and non-financial performance measures, for example, on how engaged employees are and how the workforce is being improved.

Diversity and inclusion

Making the most of London's increasingly diverse workforce, and creating rewarding employment opportunities for all, is key to maximising the capital's competitiveness and ability to retain its rightful place as a global business hub amidst growing competition. Having a broad scope of workers from different backgrounds brings different perspectives and experiences to an organisation's workforce, which reflects the wider diversity within society and improves business performance. In a city as richly diverse as London, there are major rewards to be earned through better inclusivity, particularly from currently under-represented segments of society.

Developments in recent years, such as the extension of the right to request flexible working to all employees and the introduction of shared parental leave, are positive steps forward which encourage the use of greater workplace flexibility and can, over time, help break down gender stereotypes surrounding caring responsibilities.

However, much more still needs to be done to help disadvantaged groups access the labour market and remove barriers to progressing to the top jobs. One thing that businesses can do to open opportunities to all within their organisations, thereby ensuring they don't miss out on talent, is to tackle unconscious bias in the recruitment process. This can be done through the adoption of 'characteristic-blind' recruitment, in which a candidate's gender and ethnicity is not revealed in CVs or in the initial application process, avoiding potential bias and encouraging employers to consider candidates on the strength of their experience and potential only. Companies should also be encouraged to review the job adverts they post, making sure that the language used is inclusive and attracts diverse talent before they even reach the point of reviewing CVs. If people have skills, the potential and the right attitude to work, they should be given every chance to succeed, regardless of individual characteristics. The CIPD would encourage the next Mayor of London to champion a London-wide campaign that encourages organisations to change to a 'characteristic-blind' method of recruitment.

Gender diversity in the boardroom also makes sound business sense. Evidence suggests that the benefits of having a good gender balance on boards include bringing different perspectives to decision-making, reflecting the diversity of the customer base, as well as improving business performance. The CIPD favours a voluntary approach to UK companies improving the gender balance of senior roles, and welcomes the progress made by the Davies Review. The CIPD believes there should be a separate target for women in executive positions in the boardroom, and calls on the next Mayor to champion separate targets in London's businesses.

One thing businesses can also do to improve recruitment and retention of a diverse workforce is to embrace flexible working that meets increasing demand from different parts of a multigenerational workforce. Younger people will likely demand a greater work-life balance, and greater flexibility will be expected by both mums and dads in addition to the growing number of workers who will also be caring for ageing parents or relatives. At the same time, older workers will need and demand more flexible routes into retirement, looking to downshift and gradually work fewer hours as they transition into retirement, rather than simply seeing a 'one-off' full stop to their working lives.

While the legislation is in place for all employees to request flexible working, take-up is still low. Many business leaders remain suspicious of flexible working, perhaps because of perpetuating workplace cultures in which management judge productivity based on 'presenteeism' and 'bums on seats', and many managers may not yet be equipped with the skills required to manage flexible workers. There is certainly scope for the next Mayor of London to front a campaign that makes employers aware of the benefits that flexible working affords, including a boost to staff retention and motivation, as well as the possibility of a reduction in the need for office space – certainly not an opportunity for cutting costs that businesses in London would want to neglect.

Enhanced flexible working opportunities for Londoners was supposed to be part of the legacy delivered by the 2012 London Olympic Games. According to research at the time, over two-fifths (42%) of businesses in London allowed their employees to work from home during the Olympic and Paralympic Games, 29% allowed staff to work from other locations and 46% let staff work flexible hours.¹⁰ However, new CIPD research reveals that, people living in London are less likely to work flexibly than those living and working outside the capital.¹¹ It also shows that just a quarter of Londoners work regularly from home and only 29% benefit from flexi-time.

As well as having an important role in improving workplace diversity, increasing the uptake of flexible working would also help to mitigate two of London's biggest problems: lack of housing and inadequate transport infrastructure. A shortage of housing in the capital is increasingly forcing people working in London further afield in order to find somewhere they are able to afford to live. This then contributes further to the strain on London's transport infrastructure, which is already struggling to cope.

Both of these issues will require considerable long-term capital investment to solve; however, one way of mitigating these effects of housing and transport problems would certainly be a step-change in the provision and uptake of flexible working. To achieve this, the CIPD believes there should be a London-wide campaign to drive up the proportion of Londoners who can work remotely, or use flexi-time to cut down on the stress and, importantly, cost of their commute, at the same time as taking significant pressure off the transport infrastructure.

We call on the next Mayor of London to:

- Launch a London-wide campaign to create a step-change in the uptake of flexible working in the city over the next four years.
- Set a target of 20% of women in executive boardroom positions by 2020 for London's top businesses so the city leads the way in championing diversity at the top of organisations.
- Champion inclusive recruitment initiatives amongst London employers through 'characteristic-blind' recruitment policies.

Well-being

London is a vibrant hub of working life for the 4.6 million people working in the city, and a large proportion of those work in occupations and professions – for example, in the finance industry – that place considerable demands in terms of targets, workloads and working hours. Our own research found that a culture of long working hours was the norm in 43% of organisations. In an age of digital technology, people are contactable around the clock and there are occupational risks of never being able to ‘switch off’ from work.¹² Employers have a duty of care to all employees.

The average cost to a business in the UK of staff absence stands at £554 per employee per year. The business case for organisations – particularly in an expensive city such as London – to introduce a workplace well-being programme of their own is strong, yet there remains a vast ‘implementation gap’. Currently, less than one in ten employers across the UK have a stand-alone well-being strategy in place that supports the wider organisational strategy, and this must change. Employers need to implement a strategic and holistic approach to health and well-being that is preventive and proactive, not just reactive. After all, well-being is about more than physical health. An effective well-being programme must cover all staff and be based on their needs, but is likely to include health promotion, a good working environment, flexible working provision, positive relationships, opportunities for career development and a healthy management style. We call on the next Mayor of London to work with the UK Government to encourage greater investment in employee well-being through financial and tax incentives for London’s businesses.

When implementing a health and well-being strategy, employers need to take into account the factors outside the workplace that impact on employee well-being – individuals do not necessarily leave their personal lives at home when they come to work and line managers should be confident and competent to have conversations with staff if they are facing pressures outside of work. London, for example, is an expensive place to live, with many unable to get themselves on the housing ladder, leaving many paying high rents and high travel costs; money worries can have a serious negative impact on people’s well-being and there are several ways London’s employers can help to promote their employees’ financial well-being, including education, their benefits package and planning for retirement.

An employer’s approach towards the well-being of its employees needs to be sustainable and linked to both the organisation’s strategy and workforce needs, and integrated within every aspect of its people management activities. Developing health and well-being provision does not necessarily need to involve extensive

financial investment, and the Mayor of London should emphasise this when seeking to incentivise London's employers to invest in the well-being of their staff. CIPD research points to three fundamentals of a healthy workplace: organisation culture, leadership and people management practice. These can be cheap to implement in cost terms – what they do require is commitment and purpose from the top of the organisation about how health and well-being fits within the business.

Many of London's workers commute considerable distances from within and outside the capital, which can add extra pressure on people's time and sense of emotional well-being in trying to find the right work-life balance. London's employers must recognise that a long-hours culture does not make their workplace a more productive one, and nor does a culture of 'presenteeism'. They should think seriously about what kind of flexible working options they provide and whether the business and nature of an employee's job role would afford staff the opportunity to work remotely from home. It is also worth thinking creatively; for instance, is it possible to stagger start and finish times to avoid London's rush hour when public transport is extremely crowded? The next Mayor of London should work with London's employers to encourage them to consider how they design job roles and working patterns to promote flexibility for their staff.

Our research also found that stress was the biggest cause of sickness for non-manual workers for the fourth consecutive year. Mental health problems are also on the increase, and our autumn 2015 *Employee Outlook* found that almost two-fifths (38%) of the 2,000 employees we surveyed find themselves under excessive pressure at work at least once a week.¹³ Stress prevention action by London's employers in order to promote good mental health is, therefore, vital. We call on the next Mayor of London to raise awareness and openness about mental health at work to reduce the stigma that still exists, and the Mayor of London must therefore champion mental health and encourage employers to integrate policies on mental health, for example by having mental health champions and mental health awareness days.

We call on the next Mayor of London to:

- Encourage greater investment in employee well-being through financial and tax incentives for London's businesses.
- Work with London's businesses through the London Enterprise Panel to encourage them to consider how they design job roles and working patterns.
- Launch a London-wide campaign to identify mental health champions from within London's businesses who will work within the capital to end discrimination in the city's workplaces.

Corporate governance and social responsibility

The issue of trust in business, particularly 'big business', and corporate governance has been put firmly in the public spotlight in recent years following a number of high-profile scandals in a range of sectors, from financial services right through to manufacturing. These have had a particular resonance in London, the centre of the UK's finance industry, which provides a large share of London's GDP and jobs. Most of these failures are not just down to inadequate regulation, but also stem from a poor understanding amongst senior executives of issues such as organisational culture, business ethics, people management and development, leadership and workforce capability.

Corporate governance used to be an activity for lawyers, accountants and a few shareholders' advocates; now this is the pressing business for HR professionals. Since the global financial crisis, the CIPD has sought to challenge the culture of risk, short-termism and irresponsibility in certain sectors. We need organisations to develop cultures that drive innovation, job quality and productivity, while at the same time minimising the mistakes and over-reach of the past. To achieve this, we need to develop cultures which encourage longer-term thinking and a 'shared value' approach. The CIPD is concerned by the decision of the UK Government to abandon the Banking Culture Review, and would urge the next mayor of London to press for its reinstatement.

The CIPD, through our Valuing your Talent programme, consistently finds that far too few organisations have the necessary human capital data that allows them to understand the value that their investment in people brings to the business, or to identify potential problems around culture, skills development or employee engagement which could undermine effective governance. In addition, not enough organisations publicly report on this type of information to provide transparency for stakeholders, such as investors or regulators. We urge the next Mayor of London to support our call for more consistent public reporting on core agreed human capital management information by FTSE 350 organisations. This would allow investors and regulators to gain a deeper understanding of whether organisations are being led and run for the long term.

We also believe that diversity in leadership and decision-making is an important aspect of robust and accountable corporate governance. We therefore support the appointment of employee representatives and, importantly, under-represented segments of the population, particularly women, to boardroom positions. The business case for diversity at the top level is well evidenced and, in a city as richly diverse as London, there is much more to be done to ensure the boardrooms in London's organisations give a more accurate representation of the people of the city. We

call on the next Mayor of London to champion diversity in the top jobs of London's organisations to ensure it better reflects London's population, and reaps the business benefits as well.

Finally, the next Mayor of London can play an important role in encouraging employers to give something back to their local communities through social action. One way this can be done is through employer-supported volunteering (ESV). Volunteering has made its way up the political agenda in recent years, and the current UK Government has committed to introducing a policy over the next five years that allows for employees in large organisations to have three days' paid leave per year for volunteering. The CIPD has been in talks with stakeholders to feed in our views as to how this can be implemented to the benefit, as opposed to the detriment, of organisations and their employees.

There is a good business case for employers to encourage their employees to volunteer. It builds goodwill in the local community by being seen to be giving something back and can, potentially, open up links with local education providers that allows future talent to be recruited. Moreover, it can help staff to learn new skills. Our research finds that staff with volunteering experience often demonstrate better communication and teamworking skills, as well as a greater understanding of the local community in which the organisation operates.

The CIPD is pleased to have worked closely with Team London, the Mayor of London's own programme to promote volunteering in the capital, and we are happy to see that it currently has over 100 businesses signed up to the Corporate Commitment. The CIPD calls on the next Mayor of London to continue and expand the great work that Team London is currently doing in promoting volunteering within London's businesses, particularly as London was named the 2016 European Volunteering Capital.

We call on the next Mayor of London to:

- Lend support to the CIPD's call for more consistent public reporting on core agreed human capital information by the FTSE 350.
- Urge the UK Government to reinstate the Banking Culture Review.
- Use London's position as the 2016 European Volunteering Capital to encourage local businesses to engage with Team London in employer-supported volunteering (ESV).

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Registered as a charity in England and Wales (1079797) and Scotland (SC045154)

Issued: April 2016 Reference: 7209 © CIPD 2016