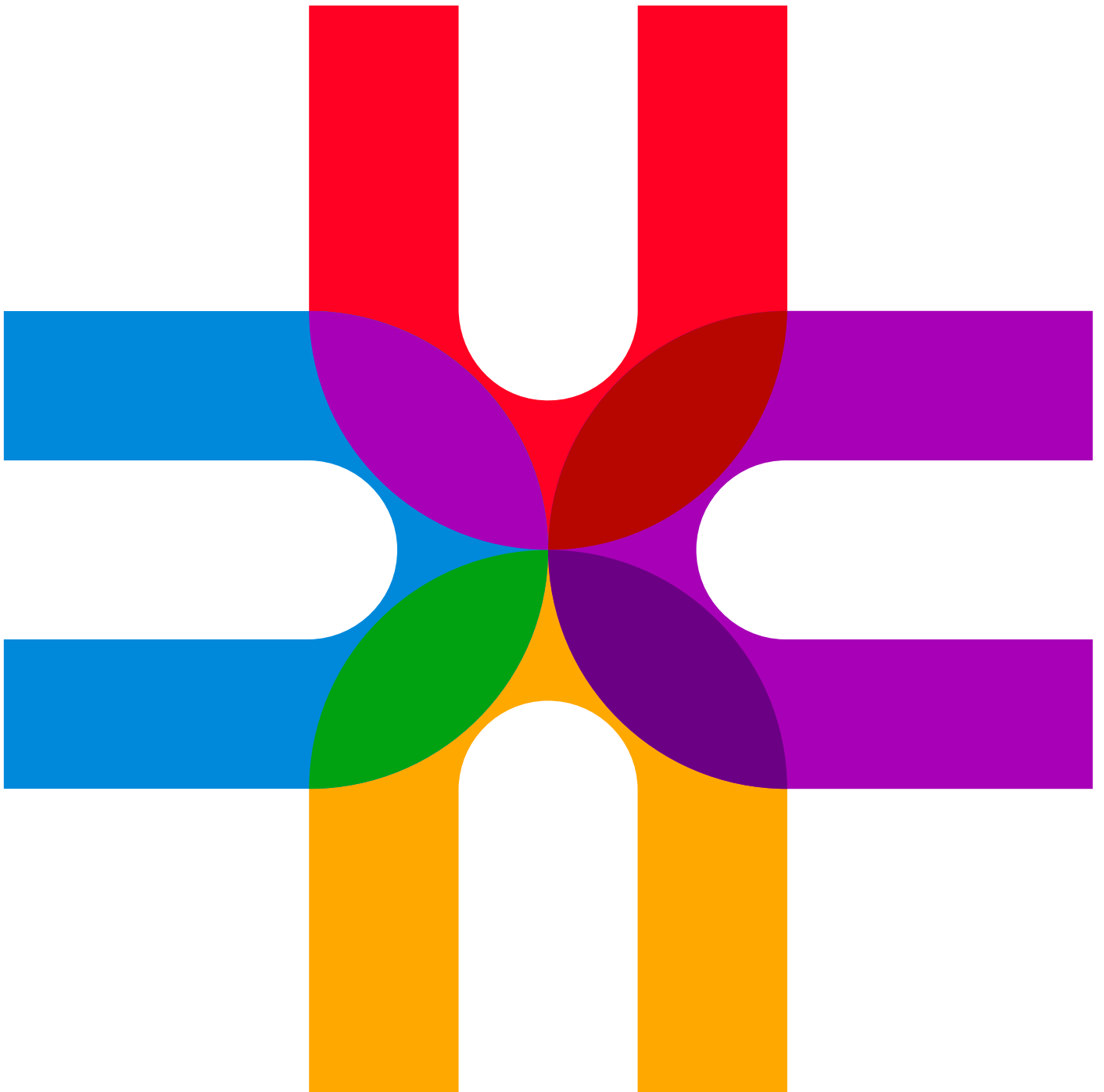




# London 2030 Vision – A City of Good Work for All



## **The London Good Work Commission**

The London Good Work Commission is the first major attempt in the capital to explore how we create a city of good work for all by 2030.

Established by London Plus, the hub body for the capital's 120,000 voluntary organisations, the Commission brings together over 20 London leaders, carefully selected from civil society, local government, business, the trade union movement, and think-tanks.

It will pull together a compelling amount of research and insight into the state of poverty and bad work in the city. It will also develop a series of proposals on, ending low pay in the capital, creating good-work life balance through a reduced working week, helping Londoners to become lifelong learners, preparing people for an increasingly tech driven world of work, supporting people to volunteer in their communities, curbing unjust pay, and recognising good business models – elements essential to making good work for all a reality.

The Commission will draw heavily on evidence from London Plus's network of frontline organisations tackling unemployment, low pay, financial hardship, insecure work, digital exclusion, poor skills, and barriers faced by disabled people and those from an ethnic minority background.

The Commission's final ideas and report will be presented at a specially convened event during London Challenge Poverty Week in October 2019.



## London Good Work Commissioners

- Deborah Hargreaves, Director of the High Pay Centre & Chair of the London Child Poverty Alliance
- Clare Coghill, Leader of Waltham Forest Council
- Chris Price, CEO, Pecan (Chair)
- Ben Rogers, Director, Centre for London
- Venu Dhupa, Director, Community Links
- Dominic Pinkney, CEO, Hammersmith and Fulham Volunteer Centre
- Ross Diamond, CEO, Redbridge CVS
- Sophie Adelman, Co-Founder at WhiteHat
- Stephen Jeffery, CEO, London Learning Consortium
- Charles Leadbeater, Future Work Awards founder & ex Number 10 Adviser
- Tess Lanning, Head of Enterprise and Employment Strategy at Barking & Dagenham Council
- Stephen Evans, CEO, Learning and Work Institute
- Nicola Inge, Director, BITC
- Alice Martin, Head of Work and Pay, New Economics Foundation
- Tebussum Rashid, Deputy CEO, BTEG
- Sam Gurney, Head of TUC London
- Jon Rees, Head of Making it Work, Inclusion London
- Mark Hilton, Director, London First
- Seetha Kumar, CEO, Creative Skillset
- Katherine Chapman, Director, Living Wage Foundation
- Anna Thomas, Co-Founder & Director, Institute for the Future of Work
- Lucy Caldicott, Founder, ChangeOut
- Paul Goulden, CEO, Age UK London



## **About the author**

Rayhan Haque is the Convener of the London Good Work Commission.

## **About this paper**

Over the past four months, the Commission has been investigating the problems of poverty and bad work across the capital. This has involved five community-based roundtables, several site visits, an extensive literature review, and interviews with charity leaders, frontline professionals and experts. Informed by the compelling evidence base we have drawn together, this paper presents a bold vision of how London can become a city of good work for all by 2030.

This paper is not meant to be a fully costed and detailed programme (though some ideas have been costed). Instead, it is a strategic document, that seeks to layout a roadmap for reaching our 2030 ambition for the capital.

This report does not represent the collective view of the Commission, or any commissioner, or organisation they represent. They reflect only the views of the named author.

We welcome any responses or challenges to this paper. And we would encourage you to share it.

## **Acknowledgements**

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## **Thanks**

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## London 2030 Vision - A City of Good Work for All

### London faces a poverty emergency

London is one of the great cities in the world. It is dynamic, diverse, and open. It's a place that generates huge amounts of prosperity and opportunity. And it is the beating heart of the national economy.

But London is also shamed by vast and chronic levels of poverty.

In fact, we have the highest levels in the country, with 28% of people (2.4 million), currently languishing in poverty (after accounting for housing costs).<sup>1</sup> That shockingly includes 700,000 children.<sup>2</sup> This is the relative poverty measure, which is defined as the number of individuals living in a household with less than 60 per cent of contemporary median household income.

Worryingly, a large amount of this poverty is chronic, with 16% of Londoners in persistent low-income (defined as individuals who have been in relative poverty for three of the past four years).<sup>3</sup> Roughly half a million children find themselves in this state.<sup>4</sup>

The government has announced plans to trial a new measure of poverty from next year that will include not just household income but "inescapable costs", such as mortgage payments or rent, childcare and those associated with being a disabled person. It also includes levels of liquid assets, such as savings, stocks and shares.

Under this new measure developed by the social metrics commission, levels of poverty are still alarming, with 14.2 million people living in poverty in the UK. And 7.7 million individuals are in persistent poverty (have been in poverty for at least two of the last three years).<sup>5</sup>

Last year, Philip Alston, the UN's special rapporteur on extreme poverty and human rights, conducted a two-week fact-finding mission to the UK, and concluded that child poverty levels were "not just a disgrace, but a social calamity and an economic disaster".<sup>6</sup>

A constant refrain we have heard in our community evidence sessions, is the "dire cost of living in the capital" and "how grossly unaffordable the city has become". Rough-sleeping has now hit a record high, with 8,855 people recorded as sleeping on the streets last year. This is an 18% year-on-year rise in 2018-19 and two and half times levels recorded in 2009-10 (3,673).<sup>7</sup>

The human tragedy of poverty isn't just limited to a lack of income though. During the course of our research, the Commission has heard desperate accounts of people being "forced to live on just bread, butter, and water for a year", children not eating outside of school hours, and in one instance, an individual resorting to "eating cigarette butts just to survive".

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<sup>1</sup> Department for Work and Pensions, Households Below Average Income, 2016/17.

<sup>2</sup> GLA Intelligence

<sup>3</sup> Ibid

<sup>4</sup> Ibid

<sup>5</sup> A new measure of poverty for the UK: The final report of the Social Metrics Commission, September 2018.

<sup>6</sup> Office of the High Commissioner for Human Rights (UN Human Rights), 2018.

<sup>7</sup> Figures from CHAIN - Combined Homelessness and Information Network.



The levels of food hunger are so dire now, that parents and even teachers, regularly forgo meals to ensure their kids can eat. In the last year alone, the capital handed out 166,512 emergency food parcels.<sup>8</sup> That's a 74.1% increase from just five years ago.<sup>9</sup> As one charity CEO running a food bank service in south London said to us, "people are coming to us absolutely struggling".

### **What's causing this crisis?**

The causes of poverty are well known, and often, multidimensional: public service cuts, being out of work and lacking opportunities, deprived local economies, poor or no skills, going through family breakdown, suffering domestic abuse, being disabled, having physical and mental illness, and inadequate welfare support. But there are several unique issues in London, which have helped to create the grave poverty crisis we see today.

London is one of the most expensive cities in the world and those that reside here, have to cope with much higher housing costs. For instance, the average rent in the capital is more than double the national average and has been increasing at more than twice as fast over the last five years. And the situation in inner London is even more shocking, with average rents accounting for 72% of earnings compared to 29% in the rest of England.<sup>10</sup>

Childcare costs are also 27% higher in London than the rest of the UK.<sup>11</sup> Unsurprisingly then, 40% of unemployed mothers say unaffordable childcare is a barrier to them getting into work.<sup>12</sup> A further hurdle for many Londoners is finding a way to deal with the cost of transport, which is the highest of any city in the world (measured monthly).<sup>13</sup> And the average cost of household goods is 12% higher in the city than the rest of the UK.<sup>14</sup>

The capital has also been hit by huge spending cuts in the last nine years, which have brought many councils to breaking point. London boroughs face a 63% reduction in their core funding from 2010,<sup>15</sup> despite the city's population increasing by almost 1 million people. One crucial area that has been decimated is our youth services. London has seen the loss of 104 youth centres and projects along with 562 youth worker posts since 2011/12.<sup>16</sup>

The severity of the cuts has also led to some councils being forced to axe their Local Welfare Assistance Schemes, a last resort for many on the brink of destitution, with five boroughs shutting their schemes in 2015/16.<sup>17</sup>

The Commission visited several food banks across the city and heard how long delays to Universal Credit (UC) and a punitive culture of sanctions have pushed many into poverty. In one of our site visits in east London, we were told many people are wrongly denied their

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<sup>8</sup> End of Year Stats, The Trussell Trust, 2019

<sup>9</sup> Ibid

<sup>10</sup> New Policy Institute & Trust for London, London's Poverty Profile 2017.

<sup>11</sup> Resolution Foundation, London Stalling, 2018.

<sup>12</sup> IPPR, The future of childcare in London, 2017.

<sup>13</sup> Deutsche Bank, Mapping the World's Prices, 2017.

<sup>14</sup> Resolution Foundation, London Stalling, 2018.

<sup>15</sup> London Councils, 2017.

<sup>16</sup> London's lost youth services 2019, research by Sian Berry.

<sup>17</sup> Centre for Responsible Credit, The decline of crisis and community care support in England: why a new approach is needed, 2017.



benefits. And the process for rectifying these mistakes for claimants, could sometimes delay UC payments by up to 6 months.

There have also been major cuts to the levels of benefits, which have had a disproportionate impact on London. Two in particular, have hit the capital hard. First, the benefits cap, which limits the total amount of benefits a household can receive. This came into effect in 2013 with 49% of affected households estimated to be living in Greater London, with an average loss of £93 per week.<sup>18</sup>

The second is the under-occupancy rule or 'bedroom tax', which sees people having their housing benefits cut if the socially rented property they are living in is judged to have more bedrooms than is necessary. Government impact assessments suggested that 80,000 households in London would be affected with the average reduction in housing benefit in London estimated to be £21 per week – highest in the UK.<sup>19</sup>

The Commission visited Tower Hamlets and one of its many food bank operations. The borough has the highest rate of child poverty (53%) in the entire country and we were told one of the most severe consequences of the rollout of UC has been to push countless people into rent arrears and into serious risk of eviction. The borough has recently said 80% of council tenants who were claiming UC were behind on their rent with average arrears of £1,245.<sup>20</sup>

It's also important to note that from early next year, remaining claimants of working-age benefits will be 'migrated' to UC. One welfare rights adviser described this as a "looming disaster" that will push many more into poverty, if the underlying problems with UC are not immediately addressed.

### **A rising tide of bad work**

But perhaps the most alarming feature of our city's poverty crisis, is that having a job is increasingly proving to be no means of escape. In fact, for many Londoners, work has become the principal source of impoverishment in their lives.

Just look at the explosion of poverty pay across the capital. Despite official figures showing near record high levels of employment and very low numbers out of work, the capital has seen in-work poverty soar in the last two decades. The majority of people who are in poverty now come from a working household (58%). The proportion is up from 44% a decade ago and 28% two decades ago.<sup>21</sup>

The government introduced the National Living Wage (NLW) in 2016, which has undoubtedly helped to boost the earnings of the lowest paid. But its impact in the capital has been limited, as workers here, are much less likely to be paid below NLW levels, reflecting the city's higher living costs.<sup>22</sup>

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<sup>18</sup> London: Working for Everyone? SMF, 2019

<sup>19</sup> Ibid

<sup>20</sup> London Borough of Tower Hamlets, Written evidence to the Work and pensions Select Committee (UCR0243', June 2018.

<sup>21</sup> New Policy Institute & Trust for London, London's Poverty Profile 2017.

<sup>22</sup> Peabody Index, 2019



In our site visits and community roundtables, we heard countless stories of, “how it’s simply not possible to survive, let alone live, on a minimum wage job in London”. And polling shows that only a third of those earning less than a real living wage are satisfied with their pay.

The government has committed to using the minimum wage to achieve the ‘ultimate objective of ending low pay in the UK’. If we use the international definition of low pay, that would mean a minimum wage worth two thirds of median earnings (66%). We are currently on course to reach 60% by 2020, which will equate to a minimum wage of around £8.60 an hour.

The Resolution Foundation think-tank has estimated that if economic conditions are broadly benign with a stable labour market, we could reach the two thirds threshold by the middle of the next decade. But this is a national target. In the case of London, the “bite” of this minimum wage would only be equivalent to 49% of hourly median earnings.<sup>23</sup> In other words, under these government plans, we would still be nowhere near ending low pay in the capital several years away from now. And we know that part-time workers, women, and those from a black and minority ethnic background, will suffer most from this low pay existence.<sup>24</sup>

The Commission has also heard many accounts of individuals getting stuck in these poorly paid jobs with little scope for pay rises and advancement. Their stories reflect the findings of a recent Resolution Foundation study for the Social Mobility Commission, which showed that just one in six (17%) of low paid workers managed to transition out of low pay between 2006 and 2016. With over a fifth of working Londoners paid below the real living wage, poverty pay has become a poverty trap.

A key factor behind this, is that a poorly paid job has become synonymous with poor skills. Back in 2011, just under half (47%) of adults with no qualifications were on low pay. But by 2016, this had risen to 71%. A similar picture can be seen among adults with level 2 (GCSE equivalent) and Level 3 (A-Level equivalent) qualifications.<sup>25</sup>

The capital has also seen a large proliferation of insecure work, such as zero-hour or short-term contracts, and bogus self-employment. Figures show 260,000 workers are on a temporary contract, which is a record high.<sup>26</sup> And new research from the Living Wage Foundation and New Economics Foundation has found 15% in London are in low paid (not real living wage), insecure work. That’s a staggering 807,430 Londoners.

Unpredictable pay and volatile hours are synonymous with these forms of work. TUC research found more than half (51%) of zero-hours workers have had shifts cancelled at less than 24 hours’ notice. And 73% have been offered work at less than 24 hours’ notice. That leaves the majority (54%) saying they find it difficult to pay bills because they can’t get enough work.

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<sup>23</sup> Low Pay Britain 2019 - Resolution Foundation

<sup>24</sup> Trust for London 2017

<sup>25</sup> Ibid

<sup>26</sup> Ibid





Tony, a security guard from Southall, summed up what this precarious existence feels like, “Being on a zero-hour contract is very challenging. I don’t know when I will be asked to work. Or how much money I will have at the end of the month for my family”.<sup>27</sup>

Throughout our community engagement, we repeatedly heard from people about their anxieties and frustrations in not having the necessary skills to succeed in a fast-changing jobs market. The official statistics also paint a worrying state of affairs. For instance, 2 million Londoners don’t have a Level 3 qualification, equivalent to A-Levels; 1.3 million Londoners don’t have a Level 2 qualification, equivalent to GCSEs; and 400,000 Londoners have no qualifications at all.<sup>28</sup> London also has the lowest levels of adult literacy of any region and lower levels of IT skills than the national average.<sup>29</sup>

There are also 210,000 adults in the city of working age, who cannot speak English well. Public funding for ESOL has also been cut substantially.<sup>30</sup>

Progression isn’t just about skills. It’s about opportunities as well. London’s jobs market is shaped like an hourglass. There are many high-skilled and low-skilled roles, but comparatively few mid-skilled positions. This is why fewer Londoners in low-skilled occupations progress to mid-skilled occupations each quarter compared to the national average.<sup>31</sup>

As we explained, a lack of work is a big problem for the city. But so is over-employment. Londoners work about three weeks more than the national average, with full-time workers clocking in an average of 38 hours a week.<sup>32</sup>

And a recent survey ranked the UK 24th out of 25 comparator economies for work-life balance, finding that three in five employees work longer hours than they would like to. A third of workers feel they have too much work, one in five workers say they cannot complete their tasks in their allocated hours, and one in twenty, feel completely overloaded by their jobs.<sup>33</sup>

The result is that in the three months to June 2018, there were 10.24 million people who said they wanted to work fewer hours, of which 6.66 million did not want less pay.<sup>34</sup> Making work-life balance even worse for Londoners, is the fact we also have the longest commute in the UK (on average 81 minutes a day)<sup>35</sup>. And a recent study found that 54% of commuters are regularly ‘switched on’, saying that they use the train’s wi-fi to do work.<sup>36</sup>

Overworking can hugely affect organisational productivity, happiness, and overall levels of well-being and health. Official figures show that 15.4 million working days were lost to work-related stress, depression or anxiety in 2017/18, with workload cited as the biggest cause.<sup>37</sup>

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<sup>27</sup> Living Hours Report by LWF & NEF, 2019

<sup>28</sup> An Employment and Skills Action Plan for London, London First, 2018.

<sup>29</sup> Ibid

<sup>30</sup> GLA 2017

<sup>31</sup> IPPR 2016

<sup>32</sup> ONS, 2017

<sup>33</sup> UK Working Lives Survey 2019

<sup>34</sup> ONS: Labour market economic commentary, August 2018

<sup>35</sup> TUC analysis, 2019

<sup>36</sup> University of the West of England, 2018

<sup>37</sup> Work related stress depression or anxiety statistics in Great Britain, HSE, 2018.



Its impact on key frontline professions is huge. For example, more than half of Britain's teachers have a diagnosed mental health problem, according to a new study by Leeds Beckett University. The 'excessive workloads' on education staff was a key reason cited for the problems.

Workloads are also negatively impacting on people's participation in wider society. Volunteering levels have declined by 15 per cent over a decade,<sup>38</sup> with one in two people (51%) saying that work commitments are a barrier to them volunteering.<sup>39</sup>

One solution to managing demanding work schedules is flexible working. But only a minority fully benefit from this opportunity. The recently published CIPD & UK Working Lives survey found that, excluding the self-employed, one in five employees (21%) has no flexible working arrangements available to them in their current job and two-thirds (68%) would like to work flexibly in at least one form that is not currently available to them.

Wage growth, or the lack of it, is also another major problem. According to the IFS, annual wages were still lower than a decade ago, with those in their 20s and 30s most affected. And a recent SMF report found that "while wage inequality has decreased across the UK as a whole since the financial crisis, it has increased in London".<sup>40</sup>

London has also become a grossly unequal city. Some of these inequalities have become so large and entrenched, that we've become a 'tale of two cities'. To illustrate this, the richest 10% of households in London received 29% of total income. This is more than the bottom half of households put together.<sup>41</sup>

And figures released at the start of the year by CIPD and the High Pay Centre, show that the average FTSE 100 CEO, gets paid £3.9 million now, which marks an 11% increase year on year. That means in just three working days, the UK's top bosses will make more than an average full-time worker in the whole year.

But levels of wealth inequality are even worse. Trust for London analysis found the bottom 50% of households own just over 5%, whereas the top 10% owns over half. Wealth for someone just in the top 10% is 295 times higher than someone just in the bottom 10%. In 2010–12 it was 160 times higher.

### **What does good work look like?**

As we have shown, an extensive body of evidence exists on what bad work looks like and means for people in the capital. But what about good work? Several organisations have already sought to define the concept of good work, such as the CIPD, RSA/Carnegie Institute, Institute for the Future of Work, and the Mayor with his Good Work Standard. Using these frameworks and our extensive community engagement across London, our understanding of good work focuses on 5 key principles:

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<sup>38</sup> ONS figures, 2017

<sup>39</sup> Community Life Survey, DCMS, 2018

<sup>40</sup> London: Working for Everyone? SMF, 2019

<sup>41</sup> Trust for London 2017



**Good Pay:** Better work means ending low pay and ensuring everyone is guaranteed a real living wage. It also means abolishing excessive pay and creating a system and culture for fairer and more equal pay in organisations.

**Work-Life Balance:** Londoners should have great work-life balance, which means tackling the challenges of not having enough hours and overwork. The goal for the city should be a 32-hour week by 2030, without compromising pay. Flexible working must also become the norm not the exception. Work-life balance also means jobs that are beneficial and not detrimental to individual well-being.

**Personal Development:** Working should always feel like an opportunity for real personal growth. That's why all Londoners should be guaranteed opportunities to continuously learn, train, and develop. In a fast changing and increasingly tech driven economy, learning should be synonymous with working.

**Empowerment:** Having autonomy and control at work is crucial to happiness. Empowered work means people feel powerful, have real voice, and ownership. It also means a labour market that is fully inclusive, with no barriers holding people back.

**Meaning:** Good work should feel meaningful and socially impactful. That's why we need to create a new partnership between business and civil society, that not only incentivises volunteering and community activities, but rewards it too. London has declared a climate emergency, so it also means making working life greener and carbon neutral as fast as possible.

### **How does London become a city of good work for all by 2030?**

Creating a London where everyone can enjoy good work is no small task. But it's entirely possible with the right policy and legislative reform, government support (national and local), and action amongst employers.

## **Ending Low Pay**

### **Poverty Emergency**

The Mayor and local authorities should publicly declare a poverty emergency in London. With 2.3 million Londoners in poverty, and 1.3 million coming from a working household, creating a poverty free capital must be established as one of the top policy priorities. As part of this declaration, London's leaders should call for the creation of a £1 billion London Chances Fund, to support the city's 120,000 strong voluntary sector to tackle the structural causes of poverty and other complex social problems. It will be locally commissioned, support collaboration, and focus on proven and innovative approaches. Unlike the government's Life Chances Fund, it will not use payment by results contracts.

### **A Real Living Wage for All**

The government should legislate to allow for a statutory real living wage in the capital. This would be based on the cost of living in the city and calculated by a newly established and independent London Pay Commission, which will include representatives from business, unions, civil society and academia. The rate will be annually assessed, with the commission making recommendations to the Mayor each year, who will have the final executive sign-



off. The commission will have a clear remit to calculate a wage on “how much money a worker needs in relation to the actual cost of living in London”.

With the city gripped by a low pay crisis, the government should seek to move as quickly as possible in devolving the necessary powers to London. Once this has been done, we recommend moving to a real living wage as fast as possible over a three-year period. This new higher pay floor will apply to all individuals working regardless of their age, thereby ending the inherently unjust differential rates that currently exist. Similarly, it would also replace the apprentice rate, ensuring that all workers across the capital, are guaranteed a real living wage.

As was highlighted earlier, London cannot end low pay without such decisive action. It is also in danger of losing its leading global position and falling behind rival cities such as New York, who have recently legislated for a \$15 an hour minimum wage, which is equivalent to £11.77. By introducing a mandatory real living wage, we could pull 905,000 Londoners out of low pay. And if these individuals were on the NLW, they would receive an increase in their monthly pay of over £320 (based on working full-time hours).

### **Living Hours**

Hundreds of thousands of Londoners aren't getting the hours they need and deserve. So we back the Living Wage Foundation's new 'Living Hours' campaign, which calls on employers to provide a right to “notice periods for shifts of at least 4 weeks', with guaranteed payment if shifts are cancelled within this time” and “a right to a contract with living hours, that reflects accurate hours worked, and a guaranteed minimum of 16 hours a week (unless the worker requests otherwise)”.

### **Local Enforcement of Minimum Wage**

Minimum wage underpayment is a big problem. In April 2018, a record 439,000 people were illegally paid below the hourly minimum wage.<sup>42</sup> The commission also heard evidence of single parent women “now just accepting exploitation and being paid less the national minimum by local employers as the thought of working in a warehouse on a zero hours contract was too unbearable”. Abolishing wage differentials will help to create a simpler and clearer system for employers and workers.

But the government should reintroduce the practice of naming and shaming those who flout the law and introduce higher fines. And to create an enforcement regime with more presence, frequency, and ultimately “teeth”, we call for new powers to be given to local authorities to help police the system. To ensure incentives are sufficiently strong and this new enforcement administration is cost neutral, any revenues collected through fines should be retained by the local authority.

### **A Shorter Working Week**

London's leaders should set a goal to reduce the average full-time working week to 32-hours. The city currently has the longest average working week in the UK at 38.2 hours and the longest commute. Having work-life balance is fundamental to any concept of good work, so the capital should take several steps towards moving to a 32-hour week by 2030.

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<sup>42</sup> Low Pay Commission, 2019



## **London Jobs Guarantee**

To help tackle the twin challenges of in-work poverty and overwork, the capital should introduce the first ever London Jobs Guarantee, that pays a real living wage for a 32-hour week. This would provide high quality job placements for London's most marginalised groups, such as disabled people, or those from an ethnic minority, unemployed, and low paid background.

This would be a voluntary scheme with no one mandated to participate. All job placements created would have to be "additional" and could be offered in either the private, public or voluntary sector. However, there will be a strong focus on sectors and roles with high growth and high wage potential.

The scheme is partly modelled on the successful Future Jobs Fund, which had a net benefit to society of approximately £7,750 per participant.<sup>43</sup> But a unique feature of this London Jobs Guarantee, is that it will pay a real living wage and be based on a 32-hour week. There will also be opportunities for participants to co-design their placements ensuring it's tailored as much as possible to their skills and career goals.

The London Jobs Guarantee would be funded through a new 'tourism tax' on overnight stays in the capital. Introducing this tax raising measure will require legislative change. Several European countries and cities have already introduced a tourism tax. And Edinburgh City Council has recently approved one for their area and are likely to see it rolled out within a couple of years.

If London adopted a similar model to Berlin, which applies a 5% levy on each overnight stay, this would raise £240m for the capital.<sup>44</sup> This would fund 20,000 London Job Guarantee placements each year.

## **Mayor's Good Work Fund**

The remaining revenue from the tourism levy should be used to establish a dedicated Mayor's Good Work Fund, that would provide opportunities for SME employers in the capital, to commission expert advice and support to help them redesign their roles, jobs and organisations into places of good work. For example, if an employer wished to trial a reduced working week for their employees, they would be able to apply for funding to help with developing the pilot and measuring its impact.

There's no one size fits all approach to reducing working hours, so the city should provide resources to help firms develop bespoke approaches. The new fund would also seek to support the development of a 'place-based' approach to reducing working hours to 32-hours, helping local authorities to develop pilots by involving key anchor institutions such as schools and large employers in the community.

We want to see more areas follow the example of Forest Gate Community School, who from September, will pilot a reduced working week for teachers and students.

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<sup>43</sup> Impacts and Costs and Benefits of the Future Jobs Fund, DWP, 2012.

<sup>44</sup> Options for a tourism levy for London, GLA, 2017.



The new fund will also be used to create a London Shorter Working Week Network, to help measure our progress, capture learnings and share best practice amongst employers.

### **Londoners Income**

Recognising and rewarding 'other forms' of work will also be crucial to shifting the capital to a 32-hour week. That's why we call for the introduction of Londoners Income, that would provide a uniform payment for anyone volunteering 16 hours or more a week in the community.

The payment would be the equivalent of earning a real living wage for 16 hours a week, so just over £168 a week. Anyone over the age of 18 could receive this, whether they're in employment or out of work. The only criteria is that they are engaged in meaningful volunteering in the community which can be verified and evidenced by a host organisation.

### **A Right to Learn**

Every Londoner must become a learner for life. In a rapidly changing world of work, adaptability, resilience, and the levels of your skills, will be crucial to your own professional success as well as that of the wider economy. That's why the government should introduce a new statutory Right to Learn for all workers, guaranteeing paid time off to undertake learning or training.

Currently, only employees at large firms have a right to request time off for training, which can be easily rejected by the employer or if not, only approved on the basis it is unpaid. This new Right to Learn will come into effect after 3 months of work, and by 2030, guarantee 12 days of paid leave each year (with the number of days incrementally increasing up to 2030).

People develop their skills in different ways, so a flexible approach should be adopted for what qualifies as learning. That could mean a worker using their days to undertake either formal accredited learning and vocational training, or more informal forms, such as one day courses, community-based learning, shadowing opportunities, or volunteering. In effect, the Right to Learn is a right to personal development for each working individual.

### **More Skills Devolution and Personal Learning Budgets**

The Mayor has recently taken control of the adult education budget. We welcome this move. But the learning and skills system still remains disjointed with 16-18 year old FE learning, apprenticeships and other technical training still largely controlled by central government. This doesn't make sense and is preventing the development of a fully integrated, tailored and effective skills offer in the capital.

We support full devolution of the skills budget and powers to London government. According to the Institute for Fiscal Studies, spending on adult education has been cut by 45% since 2009/10. These cuts should be reversed with extra investment committed, to help create a Personal Learning Budget for every citizen in the country. This would be regionally administered by city mayors and combined authorities.



To help ensure employees use their new Right to Learn and Personal Learning Budget, a new law should be passed requiring all employers to set out in individual contracts of employment what the opportunities to learn, train, and develop are and how the employer will encourage and support them to access these. This could include information on how they will support them to use their Right to Learn and access their Personal Learning Budget. Every working Londoner must be a learning Londoner.

## **Measuring What Matters**

### **Good Work Score**

The government commissioned Taylor Review has helped to provoke a national debate on good work. One of its key recommendations was for national policymakers to not only measure the quantity of jobs in the labour market but also their quality. The government backed this call, which will now inform the decisions of its Industrial Strategy Council. And the Carnegie UK Trust-RSA Working Group on Measuring Good Work, have recently produced a measurement framework for tracking progress towards the outcome of good work for all. We wholeheartedly welcome these developments.

But London faces a series of unique challenges and any measurement should assess progress towards reaching our 2030 vision, which includes becoming a real living wage city with more equal pay across the board, and shifting to a 32-hour week by the end of the next decade. That's why we call for the development of a London Good Work Score, which would provide an annual snapshot of our progress in creating good work for all in the city. This will include not only existing and new labour market statistics, but also qualitative data captured through surveys, community-based roundtables, and crucially, a newly established and dedicated Good Work Citizens' Assembly in the capital, which will meet yearly.

### **Well-Being Index**

We also believe measuring good work in the city should be part of a wider agenda in moving national and local government away from measuring economic success through GDP to overall well-being. New Zealand has just become the first country to adopt this measurement which will soon inform all their spending and policy decisions. We call on leaders, both at national and local tiers of government, to take similar steps in adopting this approach to anchor their budgets and policy programmes around a well-being agenda.

## **People Focused Support**

### **Ending the Punitive Approach**

Over the last two decades, the country has seen an entire welfare to work architecture erected to support the most disadvantaged groups within the labour market, such as the long-term unemployed or those who are disabled. This system has been built around a punitive 'work first' and private sector led payment by results regime, which simply hasn't worked. For example, the multibillion pound Work Programme, saw widespread profit driven 'parking and creaming' of those requiring the most support and claimants being pushed into highly undesirable low paid jobs with few or zero opportunities for progression. It was also hugely destructive to London's voluntary sector, who received little in the way of referrals or money to deliver their specialist services.



The commission has also taken evidence from local communities across the capital on how Jobcentre Plus is simply 'no longer fit for purpose'. The overwhelming majority felt it offered little support and had now become nothing more than an intimidating arm of the government's administration of benefits, particularly in respect of sanctions.

People repeatedly cited the 35-hour job search requirement as an example of how brutal, unhelpful, and "dehumanised" the service has become. One individual was told she had to make 10 applications a day or face being sanctioned, which she said was an "impossible demand to meet". And the UN special rapporteur on extreme poverty and human rights, said the 35-hour job search requirements were like "breaking rocks" and described them as "completely useless." He also argued that "the underlying mentality is that we are going to make the place sufficiently unpleasant that you really won't want to be here".<sup>45</sup>

We must move away from this failed system and regain the public's confidence. There are a number of steps we should take.

### **People First**

First, ending the 'work first' model and adopting a 'people first' approach, that first of all provides tailored support to address the underlying causes of someone's difficulties in the labour market, before supporting them into work. Second, these jobs opportunities should be appropriate to the individual and their ambitions and skills, and pay a real living wage (if not already guaranteed by law).

### **End Payment by Results**

We also need to end the use of payment by results in the commissioning of employment support services. This model creates perverse incentives and has been detrimental to the involvement of the voluntary sector, due to the significant financial risks and lack of cash flow associated with PBR contracts. A grants based and more collaborative approach, which includes smaller contract sizes, should be adopted.

### **London Employment Service**

Finally, all employability services should be devolved to the London Mayor, benefits administration decoupled from it and Jobcentre Plus abolished. In its place, a new London Employment Service (LES) should be created, which would be universally available and open to anyone to access, regardless of their circumstances.

The LES would be built around a state of the art hub infrastructure across the city (with an extensive community-based outreach service too) that would provide tailored, intensive, and high quality support to help prepare people for all aspects of work, including: health and well-being, all-ages careers advice and guidance, skills provision, resilience and motivational coaching, and employability and progression support.

The LES could also help to deliver the London Jobs Guarantee, with advisers also helping people to access their skills entitlements. We would envisage the LES being part of a

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<sup>45</sup> <https://www.theguardian.com/society/2019/may/24/un-poverty-expert-hits-back-over-uk-ministers-denial-of-facts-philip-alston>





broader National Employment Service, that would replace Jobcentre Plus across the country and help to transform the work-related support the public could receive.

### **Rebuilding Youth Services**

In our evidence gathering, we heard stories of single parents struggling to survive and having to work three minimum wage jobs just to keep a roof over their children's heads. But as a result of being so absent from their home life, it created greater risk of their kids getting mixed up with gangs and the perilous dangers of knife crime.

The situation has been made worse for parents like these with years of austerity to key frontline preventive services. For example, in the past 7 years, London has seen over 562 youth worker posts and 104 youth services disappear. Yet the evidence shows, services like these help the lives of the most vulnerable young people, and have a big impact on reducing knife related crime.

In 2011, a new youth development programme, called the National Citizen Service, was created. This is only open to 15-17 year olds with a big focus on residential activities in the summer months. Between 2016-2021, the government has earmarked £1.2bn for this programme. It accounts for 95% of central government spend on youth services. This is a huge sum of money, yet its impact, is highly questionable. For example, 88% of eligible young individuals didn't participate<sup>46</sup> and £10m of places went unfilled in 2016.<sup>47</sup>

That's why we recommend the government abolish NCS and replace it with a national and all-year round network of youth services. The money saved from ending NCS would fund up to 10,000 youth worker posts in the country a year. To help develop the skills and status of the profession, we also call for the establishment of a new youth work academy.

## **Good Business**

### **Flexible Working**

All employees have had the right to request flexible working since 2014. But, the number of employees benefitting from flexible working arrangements – such as part-time working, job share, term-time working, and compressed hours – hasn't improved since 2010.<sup>48</sup>

There should be a default presumption of being able to work flexibly in any given job from day one of employment. That means placing a new expectation on all employers to design their roles with flexibility built in, and to offer clear guidance to workers on the opportunities to work flexibly.

### **Tackling Excessive Pay**

Curbing excessive pay is essential for people feeling that work is fairly and justly rewarded. Large listed UK companies now have to start reporting on their pay ratios, with the first statutory disclosures to be provided from the start of 2020. This will require firms to set out

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<sup>46</sup> LGA, 2018

<sup>47</sup> Public Accounts Committee, 2017

<sup>48</sup> CIPD, Megatrends: Flexible Working, 2019



CEO pay in relation to the average worker. Firms also have to report on their gender pay gap.

We welcome these recent developments. But we also believe firms should report on their ethnicity and disabled persons pay gaps. Using this data, the newly created London Pay Commission should be tasked with creating and producing an annual London Pay Audit, to demonstrate the progress made in the capital towards reducing excessive pay ratios.

We also call for national and local tiers of government to use data from the London Pay Audit to favour firms with good pay ratios through their procurement powers. For example, that could include linking pay increases from the top to the bottom of organisations (including bonuses too), firms providing greater opportunities for employee ownership and worker voice on boards, and narrowing pay ratios. Importantly, this should also include remuneration through shares.

We also back calls from the CIPD and High Pay Centre of increasing diversity on remuneration committees both in terms of their ethnicity, gender, and professional backgrounds.

We also support their idea of replacing long-term incentive plans (LTIP's) as the default model for executive remuneration with a less complex system based on a basic salary and a much smaller restricted share award. This would simplify the process of setting executive pay and ensure that pay is more closely aligned to executive performance.

CEO pay should also be linked to non-financial measures of performance, such as employee well-being and investment in workforce training and development.

### **Lower Taxes for Employers Creating Good Jobs**

The current corporate tax regime is inherently unfair, as employers who create good jobs, that offer decent pay and work-life balance, pay the same levels of tax as employers who create bad jobs, which are lowly paid with few prospects. The problem with this approach is that there is a huge cost to society of employers creating bad jobs. For instance, the public cost of paying Working Tax Credits was £28.5bn in 2016.

That's we call on the government to develop and introduce a new corporate tax regime that would offer lower rates for employers creating good jobs. This could be a game changing step that would help create incentives for firms to redesign roles, and boost levels of productivity and ultimately wages. Employers would be assessed for which rate they qualify, based on a good work score. This might include paying a real living wage (if not already guaranteed by law) and having fair pay models. The IPPR think-tank has suggested employee satisfaction surveys could also be used.

Finally, we also believe that income from work and wealth should be taxed equally. Currently, workers are taxed at 20%, 40% or 45%. However, income from dividends is taxed at 7.5%, 32.5% and 38.1%, with capital gains at 10% and 20% (18% and 28% on property other than first homes). This is grossly unfair and must end.

