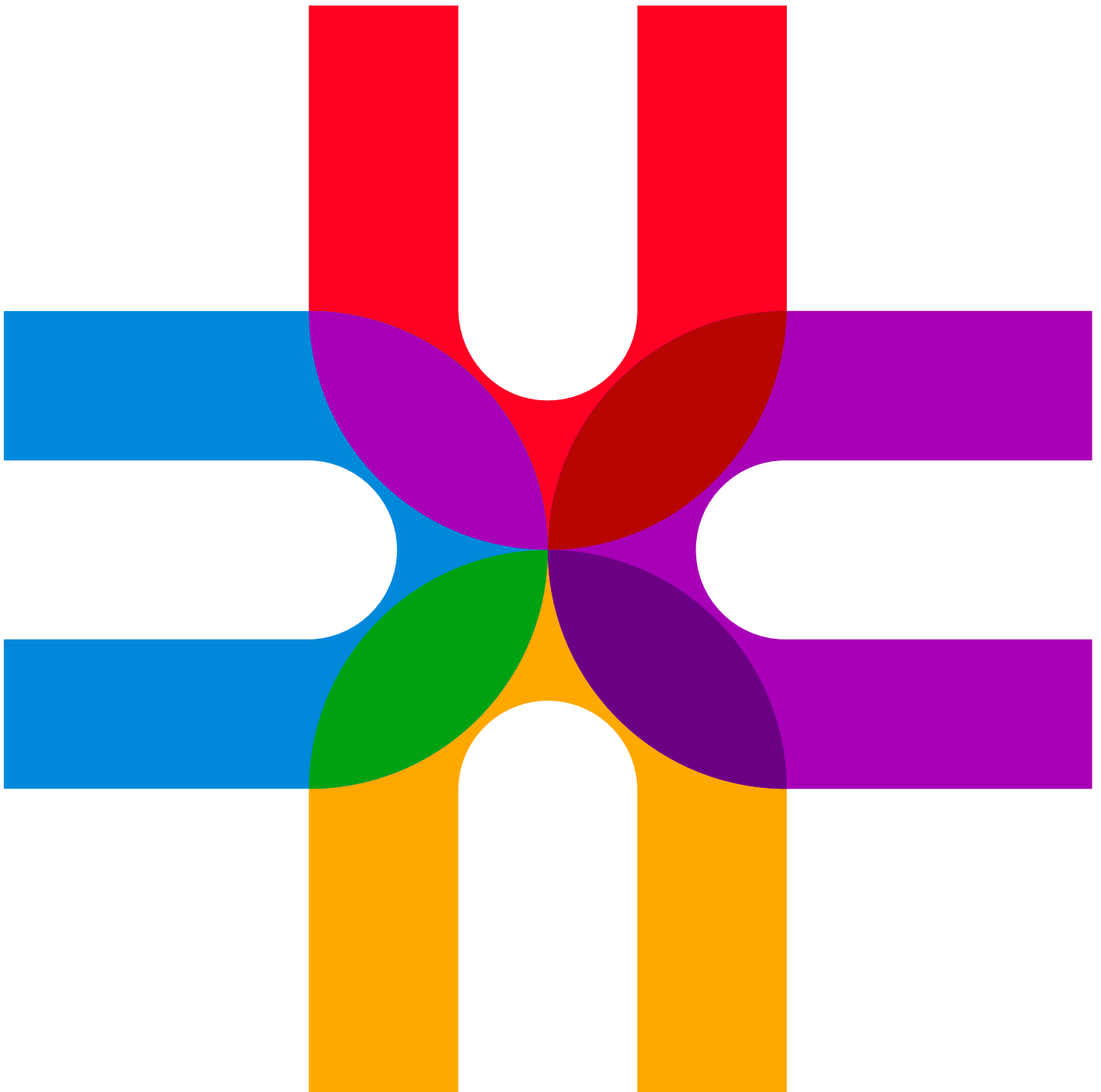




**Creating an Inclusive City with
Good Work – The Final Report of
the London Good Work
Commission**



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. It is a project that has been established and run by London Plus, the hub body for the capital's 120,000 voluntary organisations.

Since the beginning of 2019, the commission has pulled together a compelling amount of research and insight into the state of poverty and bad work in the city. It has also developed a series of proposals to help make good work for all a reality by the end of the next decade.

Its work has benefitted from the generous advice of an expert advisory group of over 20 London leaders, carefully selected from civil society, local government, business, the trade union movement, and think-tanks. Their role has been to provide guidance and robust challenge to the commission's activities and its final recommendations.¹

Any research, proposals, ideas, and oral or written outputs we have produced in this report, are solely attributable to the named author.

This report will be presented and debated at a specially convened event in October 2019, to coincide with London Challenge Poverty Week and the UN International Day for the Eradication of Poverty.

London Plus

London Plus is the hub body for the capital's 120,000 voluntary organisations. Launched in early 2019, it is taking a bold approach to turn data into insight, empowering civil society organisations through better connections, and ensuring that our collective voice influences positive change.

London Plus established the London Good Work Commission. It has overseen and coordinated all its activities. For any future enquiries regarding the commission's work, please contact us at info@londonplus.org.

Trust for London

We are extremely grateful to Trust for London, whose support allowed London Plus to establish the London Good Work Commission. Their mission is to fund work which tackles poverty and inequality in London. They also support projects which aim to provide greater insights into the root causes of the city's social problems and how they can be solved. Trust for London commission and host the London Poverty Profile and has four initiatives specifically aimed at tackling inequality and challenges in skills and employment:

- London Living Wage
- Moving On Up – improving employment rates of young black men in London
- Step Up – increasing and improving skills to move into more secure, better paid employment
- Better Work Network

¹ The full list of Advisory Group members can be found at: www.londonplus.org/news/a-city-of-good-work-for-all



The London Good Work Commission sits within and complements these initiatives.

Trust for London's generous help should not be considered in any way as agreement with the content or ideas in this paper.

About the author

Rayhan Haque is the Convener of the London Good Work Commission, which has been established by London Plus.

He joined London Plus in September 2018 to lead on their employment and skills work. He previously worked for two frontline social businesses which are tackling poverty, worklessness, and educational inequality across the capital. He studied at UCL university and has an additional specialism in globalisation and international affairs.

About this paper

During 2019, the commission has been investigating the problems of poverty and bad work across the capital. This has included several community roundtables, site visits, a literature review, and a series of interviews with charity leaders, frontline professionals, and experts.

This paper is composed of two parts. The first section pulls together our extensive research and findings, along with a larger body of evidence, to show the alarming levels and nature of poverty and bad work in London today.

The second part contains the 'London 2030 Vision - A City of Good Work for All'. This outlines a plan for action, and a number of thematically focused ideas and recommendations.

The contents within this paper cannot represent the disparate views of the advisory group members and the organisations they represent. Their comments and challenge have informed the material produced by the named author, who has shaped this material to the views presented in this report.

We welcome responses to this paper. You can email us at info@londonplus.org. We would also encourage you to share it. If you are using Twitter, we would be grateful if you reference @londonplus18 in any communications and use the hashtag #LondonGoodWork.

This report was first published in October 2019.

Acknowledgements

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Summary: London 2030 Vision - A City of Good Work for All

Good Work Principles

- 1. Fair pay:** Good work means ending low pay and guaranteeing everyone a real living wage. It also means creating a culture for more equal pay and reward in organisations. London must keep working towards becoming a high wage, high skill economy for all.
- 2. Autonomy:** Having autonomy and control at work is crucial to happiness. Empowered work means flexible working must become the norm wherever practical, not the exception. It also means workers being able to organise for better working pay and conditions, such as through collective bargaining. Finally, autonomy entails a labour market that is fully inclusive and free from barriers which exclude disabled people.
- 3. Well-being:** All Londoners should enjoy work-life balance, which means tackling the double challenges of not having enough hours and overwork. The goal for the city should be a 32-hour week by 2030, without compromising pay. Well-being should also be hardwired into budgetary and policy decisions across London government.
- 4. Learning:** Working should always feel like an opportunity for personal development. Londoners must have guaranteed opportunities to learn and train throughout their lives. In an increasingly tech driven economy, the intensity of learning should mirror the intensity of change taking place within the workplace.

Key Recommendations

Ending Low Pay

- The government should take immediate steps to legislate for a real living wage based on the actual cost of living. This wage should also apply to all workers, regardless of their age.
- The new real living wage should be independently calculated and updated each year by a Living Pay Commission.
- With the country gripped by a low pay crisis, the government should move swiftly in introducing this new real living wage over a three-year period.

A 32-Hour Week for All by 2030

- London government must set a target to reach a 32-hour week for all by 2030, without reduction in pay.
- The focus must be on boosting productivity and helping businesses to redesign jobs and structure working practices around a shorter working week.

Jobs Guarantee

- We call for the introduction of a Jobs Guarantee, involving thousands of one-year long job placements anchored around a 32-hour week for London's most marginalised groups.
- All job placements will pay a real living wage based on the cost of living.



Mayor's Good Work Fund

- London government should establish a dedicated Mayor's Good Work Fund (GWF), that provides help to employers who wish to improve business practices, redesign jobs into good ones, and introduce a shorter working week for their staff without reducing pay.
- The £50 million a year fund would support businesses to make investments and changes to increase productivity, as London has only seen real productivity growth of 0.3% on average per year between 2010 and 2017.
- As part of the criteria for qualifying for support, businesses would be required to seek accreditation with the Mayor's Good Work Standard.

Paid Leave for Learning

- The government should introduce a new right to paid time off work to undertake learning and training.
- This new statutory right would guarantee four days of paid leave each year (based on a worker doing full-time hours) for any evidenced learning and training undertaken.

A City of Good Businesses

- Our recommendation is that London government introduce an Entrepreneurs' Income (EI), to ensure all Londoners have the opportunity to launch their own enterprises.
- We propose providing up to 5,000 grants each year, to individuals looking to start their own enterprises.
- Good work requires good employers, so those applying for the EI would also be required to embed the Mayor's Good Work Standard within their business models.
- The Mayor has declared a climate emergency. London must therefore move as fast possible to becoming a net zero emissions city. To foster an enterprise culture that supports this ambition, the Mayor and councils should work together to provide a business rate discount for organisations that are or move to carbon neutral status.

Prosperity & Well-Being

- We call on leaders across all tiers of government to ensure their budgets and policies are measurably and meaningfully anchored around well-being as well as growth.
- National government should also ensure well-being is at the heart of major long-term economic plans, such as spending reviews.

Flexible Working for All

- We believe there should be a default presumption of being able to work flexibly in any given job from day one of employment, where it is practical. 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.



A London Employment and Skills System Fit for the Tech Age

- We fully endorse the Mayor's call for greater devolution and funding, to create a holistic skills and employment system for London. This also includes powers to raise money.

Leaving No Young Person Behind

- 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 could fund up to 11,000 youth worker posts in the country.

More Equal Pay for All

- The government should introduce ethnicity pay gap reporting as soon as feasible, along with disabled persons pay gap assessments.
- Once this has been introduced, the GLA should use the data to produce an annual London Pay Audit, to capture how much progress is being made in the capital towards reducing pay gaps and better 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 assessments through their procurement powers.
- We back calls from the CIPD and High Pay Centre to increase diversity on remuneration committees both in terms of their ethnicity, gender, professional backgrounds, and disabled people representation.
- We support their idea of replacing long-term incentive plans as the default model for executive remuneration with a less complex system based on a basic salary and a much smaller restricted share award.
- CEO pay should also be linked to non-financial measures of performance, such as employee well-being and investment in workforce training and development.



Investigation into Poverty and Bad Work

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. When compared to other countries, the capital is the eighth largest economy in Europe, and bigger than Norway or Sweden.²

London is also the beating heart of the national economy. Its net contribution to the Exchequer in 2017/18 was around £34.3bn.³

But the capital 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) in poverty (after accounting for housing costs).⁴ That includes 700,000 children.⁵ 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).⁶ Roughly half a million children find themselves in this state.⁷

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).⁸

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".⁹

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 a half times levels recorded in 2009-10 (3,673).¹⁰

² London and the UK: A DECLARATION OF INTERDEPENDENCE, August 2019.

³ Ibid

⁴ Department for Work and Pensions, Households Below Average Income, 2016/17.

⁵ GLA Intelligence

⁶ Ibid

⁷ Ibid

⁸ A new measure of poverty for the UK: The final report of the Social Metrics Commission, September 2018.

⁹ Office of the High Commissioner for Human Rights (UN Human Rights), 2018.

¹⁰ Figures from CHAIN - Combined Homelessness and Information Network.



The human tragedy of poverty isn't just limited to a lack of income though. Official figures paint an equally grim picture on food poverty. The recent Survey of Londoners shows food insecurity is widespread, with 1.5 million adults and 400,000 children having low or very low food security. And the majority of adults suffering from food insecurity work.

The levels of food hunger are so high now, that parents and even teachers, regularly forgo meals to ensure their kids can eat. There have also been reports of children as young as 12, regularly scavenging in bins for food in north London.¹¹

In the last year alone, the capital has also seen 166,512 emergency food parcels handed out.¹² That's a 74.1% increase from just five years ago.¹³ As one charity CEO running a food bank service in south London said to us, "people are coming to us absolutely struggling".

Food Poverty in London

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".

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. 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.¹⁴

Childcare costs are also 27% higher in London than the rest of the UK.¹⁵ Unsurprisingly then, 40% of unemployed mothers say unaffordable childcare is a barrier to them getting into work.¹⁶ 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).¹⁷ And the average cost of household goods is 12% higher in the city than the rest of the UK.¹⁸

¹¹ 'British children so hungry they eat loo paper and scavenge in bins, says charity'. The Mirror, August 2019.

¹² End of Year Stats, The Trussell Trust, 2019

¹³ Ibid

¹⁴ New Policy Institute & Trust for London, London's Poverty Profile 2017.

¹⁵ Resolution Foundation, London Stalling, 2018.

¹⁶ IPPR, The future of childcare in London, 2017.

¹⁷ Deutsche Bank, Mapping the World's Prices, 2017.

¹⁸ Resolution Foundation, London Stalling, 2018.



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 2010,¹⁹ despite the city's population increasing by almost 1 million people. One key area that has borne the brunt of cuts, are youth services. London has seen the loss of 104 youth centres and projects along with 562 youth worker posts since 2011/12.²⁰

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 2015/16.²¹

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 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.²²

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; the highest in the UK.²³

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. We were told one of the most severe consequences of the rollout of UC has been to push countless people into rent arrears and eviction risk. The borough has recently said 80% of council tenants who were claiming UC were behind on their rent with average arrears of £1,245.²⁴

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.

¹⁹ London Councils, 2017.

²⁰ London's lost youth services 2019, research by Sian Berry.

²¹ Centre for Responsible Credit, The decline of crisis and community care support in England: why a new approach is needed, 2017.

²² London: Working for Everyone? SMF, 2019

²³ Ibid

²⁴ London Borough of Tower Hamlets, Written evidence to the Work and pensions Select Committee (UCR0243', June 2018.



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.

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.²⁵

Low pay reality in London

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".

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.²⁶

We are currently on course to reach 60% by 2020, which will equate to a minimum wage of around £8.60 an hour. The government have though committed to using the minimum wage to achieve the 'ultimate objective of ending low pay in the UK' by the mid 2020s, by reaching a level worth two thirds of median earnings (66%).²⁷

But this is a national target. And according to Resolution Foundation analysis, if we achieve a pay floor at the level of 66% of median earnings, it still won't have ended low pay in London. That is because the "bite" of this minimum wage would only be equivalent to 49% of hourly median earnings in London.²⁸

In other words, under the government's 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.²⁹

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 one in five London jobs paid below the real London living wage³⁰ (a rate based on the cost of living); poverty pay has become a poverty trap.

²⁵ New Policy Institute & Trust for London, London's Poverty Profile 2017.

²⁶ Peabody Index, 2019.

²⁷ Chancellor's speech at the Conservative Party Conference, September 2019.

²⁸ Low Pay Britain 2019 - Resolution Foundation.

²⁹ Trust for London 2017.

³⁰ SKILLS FOR LONDONERS: A CALL FOR ACTION, September 2019.



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.³¹

The capital has also seen a large proliferation of insecure work, such as zero-hour or short-term contracts, and bogus self-employment. 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.

Tony, a security guard from Southall, summed up what this precarious existence feels like, "Being on a zero-hour contact 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".³²

During 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 job market. The official statistics also paint a worrying state of affairs. 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.³³ London also has the lowest levels of adult literacy of any region and lower levels of IT skills than the national average.³⁴

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.³⁵

Progression isn't just about skills. It's about opportunities as well. London's job 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.³⁶

As we explained, a lack of work is a big problem for the city. But so is over-employment, with full-time UK workers clocking in an average of 42.5 hours a week, one of the highest levels in Europe.³⁷

³¹ Ibid

³² Living Hours Report by LWF & NEF, 2019

³³ An Employment and Skills Action Plan for London, London First, 2018.

³⁴ Ibid

³⁵ GLA 2017

³⁶ IPPR 2016

³⁷ How to achieve shorter working hours, Lord Skidelsky and assisted by Rachel Kay, September 2019.



A recent survey ranked the UK 24 out of 25 comparator economies for work-life balance, finding that three in five employees work longer hours than they would like to.³⁸

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.³⁹ 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)⁴⁰. 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.⁴¹

Overworking can hugely affect organisational productivity, happiness, and overall levels of well-being and health. Official figures show that nationally 15.4 million working days were lost to work-related stress, depression or anxiety in 2017/18, with workload cited as the biggest cause.⁴²

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,⁴³ with one in two people (51%) saying that work commitments are a barrier to them volunteering.⁴⁴

One solution to managing demanding work schedules is flexible working. But only a minority fully benefit from this opportunity. The recently published Chartered Institute of Personnel and Development (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 Institute for Fiscal Studies, annual wages were still lower than a decade ago, with those in their 20s and 30s most affected. And a recent Social Market Foundation report found that "while wage inequality has decreased across the UK as a whole since the financial crisis, it has increased in London".⁴⁵

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'. 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.

³⁸ UK Working Lives Survey 2019.

³⁹ ONS: Labour market economic commentary, August 2018.

⁴⁰ TUC analysis, 2019.

⁴¹ University of the West of England, 2018.

⁴² Work related stress depression or anxiety statistics in Great Britain, HSE, 2018.

⁴³ ONS figures, 2017.

⁴⁴ Community Life Survey, DCMS, 2018.

⁴⁵ London: Working for Everyone? SMF, 2019.



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.



London 2030 Vision - A City of Good Work for All

What is good work?

Several organisations have sought to define the concept of good work. They include the CIPD and RSA/Carnegie Institute. The London Mayor has also established a new accreditation system for employers of good work.

And earlier this year, the Institute for the Future of Work, published its Good Work Charter, which defined what quality work looks like in an age of great technology.⁴⁶

Using their framework and our extensive community-based research during 2019, we believe efforts to create good work for everyone in London by the end of the next decade, should be focused around **four key principles**.

Good Work Principles

- 1. Fair pay:** Good work means ending low pay and guaranteeing everyone a real living wage. It also means creating a culture for more equal pay and reward in organisations. London must keep working towards becoming a high wage, high skill economy for all.
- 2. Autonomy:** Having autonomy and control at work is crucial to happiness. Empowered work means flexible working must become the norm wherever practical, not the exception. It also means workers being able to organise for better working pay and conditions, such as through collective bargaining. Finally, autonomy entails a labour market that is fully inclusive and free from barriers which exclude disabled people.
- 3. Well-being:** All Londoners should enjoy work-life balance, which means tackling the double challenges of not having enough hours and overwork. The goal for the city should be a 32-hour week by 2030, without compromising pay. Well-being should also be hardwired into budgetary and policy decisions across London government.
- 4. Learning:** Working should always feel like an opportunity for personal development. Londoners must have guaranteed opportunities to learn and train throughout their lives. In an increasingly tech driven economy, the intensity of learning should mirror the intensity of change taking place within the workplace.

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

Creating a London where everyone can enjoy decent work is no small task. The capital has faced an extremely challenging financial situation in the last decade, with boroughs facing a 63% reduction in their core funding from 2010, despite the city's population increasing by almost 1 million people.⁴⁷

⁴⁶ Earlier this year, the Institute for the Future of Work, published its Good Work Charter, which draws together national and local sources to provide a framework for policy orientation to promote good work in an age of great technology.

⁴⁷ London Councils, 2017.



National government will therefore have a key role in helping to deliver this agenda and must equip the Mayor and local authorities with the necessary financial capacity and powers.

London 2030 Vision

This is our London 2030 Vision and plan for achieving it.

Ending Low Pay

In 2016 the government introduced the National Living Wage (NLW). This has been a positive development and reduced levels of low pay across the country. However, despite being badged as a 'living wage', it is simply a higher minimum wage for those aged 25 and above. And with in-work poverty at record rates in the capital, bolder action is needed.

The government have recently declared an ambition to raise the NLW to 66% of median earnings (around £10.50) by 2024.⁴⁸ This is a welcome announcement and could pull more people out of working poverty across the country. But as we explained earlier, median earnings are far higher in the capital. That means reaching a NLW at the level of 66% of UK median earnings by the middle of the next decade, would only be equivalent to 49% of hourly median earnings in the capital. So low pay would still be prevalent.

That is why the government should take immediate steps to legislate for a real living wage based on the actual cost of living. This wage should also apply to all workers, regardless of their age.

The new real living wage should be independently calculated and updated each year by a Living Pay Commission. This new pay setting body would be modelled on the consensus building Low Pay Commission, which includes representatives from business, unions, civil society, and academia.

With the country gripped by a low pay crisis, the government should move swiftly in introducing this new real living wage over a three-year period.

If we fail to create a real living wage in the next few years, the city risks abandoning an entire generation to in-work poverty. London is also in danger of falling behind its rivals such as New York, who recently introduced a \$15 an hour minimum wage, equivalent to £12.02.

The benefits to our economy and wider society of a real living wage for all, are significant. A guaranteed real living wage would pull 905,000 Londoners out of low pay.⁴⁹

Smaller businesses who might struggle to make the transition, could be offered temporary subsidies from savings accrued to the exchequer as a result of higher tax receipts and lower spending on in-work tax credits resulting from the higher mandatory pay floor.

Hundreds of thousands of Londoners are also not getting the hours they need and deserve. That is why employers in the capital should sign up to the Living Wage Foundation's 'Living

⁴⁸ Chancellor's speech at the Conservative Party Conference, September 2019.

⁴⁹ Low Pay Britain 2019 - Resolution Foundation.



Hours' campaign, which calls for a right to notice of shifts of at least 4 weeks and a guaranteed minimum of 16 hours a week, unless the worker requests otherwise.

A 32-Hour Week for All by 2030

Good work should enable you to have a good life. But for too many people, that better life is sacrificed at the altar of a long working week. Full time UK workers do on average 42.5 hours a week, one of the highest levels in Europe (only Austria and Greece work more).⁵⁰

Yet the evidence shows working such long hours is detrimental to both workers and the economy. And with 77% of London's businesses⁵¹ and nearly 80% of millennials⁵² supporting a four-day week, the big question now is – how do we get to a 32-hour week by 2030?

Collective bargaining and increasing statutory holiday entitlements for workers will make a positive difference to reducing working hours. But these approaches on their own will only go so far. Only 13.2% of workers in the private sector are union members⁵³ and 40% of employees just take half of their holiday entitlement.⁵⁴ And the TUC recently found over a million workers are not getting any paid holiday. The pressure from one's workload is one of the most cited reasons for not using statutory holiday.

For a more meaningful and permanent impact in reducing working hours, the focus should be on boosting productivity and helping businesses to redesign jobs and structure working practices around a shorter 32-hour week.

Businesses operate in different ways, and some will find the transition to a shorter working week more challenging than others. Adopting a tailored and consensual approach, with the right incentives and support, will be crucial.

There are a number of ideas that can help achieve this.

Jobs Guarantee

First, tackling labour market exclusion with a Jobs Guarantee based on a shorter working week.

This would see employers creating thousands of one-year long job placements anchored around a 32-hour week for London's most marginalised groups. There will be a particular focus on disabled people, out of work single parents, young people, the long-term unemployed, and those who have been struggling with homelessness. All job placements will pay a real living wage based on the cost of living.

The government would incentivise the creation of these placements by covering the salary costs for host organisations and supporting recruitment of participants. It would be an entirely voluntary scheme (for employers and individuals), with organisations able to apply for funding if they clearly demonstrate these jobs placements are "additional", target the

⁵⁰ How to achieve shorter working hours, Lord Skidelsky and assisted by Rachel Kay, September 2019.

⁵¹ YouGov, September 2019.

⁵² The Meaning of Work, Indeed, June 2019.

⁵³ Trade Union Membership: Statistical Bulletin, BEIS, May 2019.

⁵⁴ Glassdoor Survey, May 2018.



most excluded groups within the labour market, and ensure good work-life balance for participants.

Whilst jobs can be hosted in any sector, there will be a strong focus on industries and roles with high growth and high wage potential. Employers will also be expected to allow participants to co-design some elements of their placements, particularly for disabled people, ensuring it's tailored as much as possible to their skills and career goals.

National government should provide the funding for this scheme based on regular assessments of labour market exclusion within the capital. But if London had powers to introduce a tourism levy on overnight stays, this could be used to pay for thousands of job placements each year.

To recruit host organisations and to develop high quality job placements, a new city-wide employer brokerage service will need to be created. There already exists an ecosystem across the public and voluntary sector which supports the most excluded groups into the labour market. The Job Guarantee brokerage service would be embedded within these existing pre-employment programmes, advice services, and specialist support services delivered by disabled people, to ensure the placements form part of natural step in moving people into good work. Though individuals will still be able to self-refer.

The Job Guarantee is designed to provide a backstop against long-term unemployment and an invaluable opportunity for thousands of marginalised Londoners to gain professional experience. It builds on the successful Future Jobs Fund, which evaluations showed had a net benefit to participants, employers, and society.

We heard countless times in our investigation from people across the city, that they "couldn't get a job, as they didn't have experience, but can't get experience, because they don't have a job". This intervention aims to break that catch 22 situation.

It will also allow employers to design real living wage paying jobs around a shorter working week and to test and assess their impact. And with thousands of placements taking place each year, this will have a significant impact in encouraging employers to permanently adopt and roll out a shorter working week across their organisations.

Mayor's Good Work Fund

London government should also establish a dedicated Mayor's Good Work Fund (GWF), that provides help to employers who wish to improve business practices, redesign jobs into good ones, and introduce a shorter working week for their staff without cutting pay.

A key focus of the £50 million a year fund would be on supporting businesses to make investments and changes to increase productivity, as London has only seen real productivity growth of 0.3% on average per year between 2010 and 2017.⁵⁵

As part of the criteria for qualifying for support, businesses would be required to seek accreditation with the Mayor's Good Work Standard.

⁵⁵ Developing the evidence base for London's Local Industrial Strategy - Interim report, GLA Economics, August 2019.



A recent study by Henley Business School, found hundreds of UK employers who had moved to a four-day week were now collectively saving £92 billion each year, with over 60% seeing productivity increase.

This fund is designed to help other firms across the capital similarly benefit from improving their working practices and reducing working hours. For example, a business would be able to apply for funding to help develop a shorter working week pilot and measure its impact.

It also aims to support the development of a 'place-based' approach to reducing working hours, helping local authorities to develop trials by involving key anchor institutions such as schools and popular local employers.

Forest Gate Community School is currently piloting reduced working week schedules for teachers and students. In this case, the GWF could support other employers in the area to similarly test a shorter working week, with the effect being to create a more sustainable community led approach to reducing long hours.

Creating good work will increase productivity and wages, and the overall strength of our economy. That's why national government should fund the creation of this scheme as part of a wider network of regional and local good work funds across the UK.

Alternatively, if London was given greater tax raising powers, it could finance the GWF through a levy on overnight stays.

Paid Leave for Learning

Every Londoner should be a learner for life. In a rapidly changing world of work, adaptability, resilience, and skill levels, will be crucial to professional success as well as that of the wider economy. For this reason, we believe the government should introduce a new right to paid time off work to undertake learning and training.

Currently employees at large firms only have a 'right to request' time off for training, which can easily be rejected by the employer, or if not, only approved on the basis it is done unpaid. Employees at SMEs have no such right to request.

And according to the Learning & Work Institute, participation in lifelong learning is only 37%, its lowest ever level. The most commonly cited barrier to engaging in learning is work or other time pressures

This new statutory right would guarantee four days of paid leave each year (based on a worker doing full-time hours) for any evidenced learning and training undertaken. It will help the lowest earners with the poorest skills improve their life chances, as they are currently the least likely to partake and benefit from lifelong learning.⁵⁶

Businesses will also benefit. Not only will they be able to upskill their workforce, but paid learning leave will help them restructure their operations for a shorter working week in a way that harnesses productivity.

⁵⁶ The adult skills gap: is falling investment in UK adults stalling social mobility? Social Mobility Commission, January 2019.



A City of Good Businesses

London is the engine for prosperity in the UK. Last year, over 216,000 new businesses were started. But becoming an entrepreneur is risky and costly, with many in the early stages not even taking a salary.

Supporting good business models from the outset, will only help the development of good working opportunities. Our recommendation is that London government introduce an Entrepreneurs' Income (EI), to ensure all Londoners have the opportunity to launch their own enterprises. Initially, we propose providing up to 5,000 grants each year, to individuals looking to start their own enterprises.

The one off £10,000 payment would be used to partly cover entrepreneurs' salary costs in the first few months or as an investment in their business. Each entrepreneur would have to apply with a fully registered company (or social enterprise) and costed business plan. Payments would be staggered (unless if an investment).

Good work requires good employers, so those applying for the EI would also be required to embed the Mayor's Good Work Standard within their business models. This will ensure as their enterprise grows and they recruit staff, their future employees should naturally benefit from well-designed workplaces and quality jobs.

The world faces an existential challenge from climate change. And the Mayor has declared a climate emergency. London must therefore move as fast possible to becoming a net zero emissions city. To foster an enterprise culture that supports this ambition, the Mayor and councils should work together to provide a business rate discount for organisations that are or move to carbon neutral status.

Prosperity & Well-Being

A shorter working week is linked to a wider agenda of moving government away from measuring economic success through the lens of GDP alone. Well-being should have equal importance.

In 2010, the then UK prime minister declared "It's time we admitted that there's more to life than money and it's time we focused not just on GDP but on GWB – general wellbeing."⁵⁷ In the same year, the Office for National Statistics began collecting and measuring well-being data. And Bhutan and the UAE both measure levels of happiness.

But the government of New Zealand has gone further, and recently introduced an entire budget which prioritised well-being indicators, such as child poverty and mental health. Their ministers have also been instructed to design policies that increase well-being.

We call on leaders across all tiers of government to follow their example and ensure their budgets and policies are measurably and meaningfully anchored around well-being as well as growth. National government should also ensure well-being is at the heart of major long-term economic plans, such as spending reviews.

⁵⁷ Guardian article - David Cameron aims to make happiness the new GDP, November 2010.



Flexible Working for All

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 2010.⁵⁸

We believe there should be a default presumption of being able to work flexibly in any given job from day one of employment, wherever practical. 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.

Flexible working will also be vital to making London carbon neutral by 2030. Research by jobs site Monster shows that if we double the number of people able to work flexibly, there would be 374,931 fewer cars on the capital's roads by 2025.

A London Employment and Skills System Fit for the Tech Age

We fully endorse the Mayor's call for greater devolution and funding, to create a holistic skills and employment system for London. This also includes powers to raise money.⁵⁹

A devolved skills and employment system for the city would mean full devolution of the Adult Education Budget and 16-18 year old skills provision, with a return to pre-austerity levels of funding (including reintroducing the Educational Maintenance Allowance for 16-18 year olds to help them focus on learning).

It would also include the devolution of careers support and of the capital's non-levy allocation (levy contributions not spent by the contributing employer). The goal would be to create a London Apprenticeship Service.

Additionally, greater powers and funding should be given to help Londoners learn emergent skills. This would be supported with continued devolution of capital funding to invest in new facilities and technologies and support further education providers to repair London's further education estate.

There should also be devolution of traineeships, and of London's share of the UK Shared Prosperity Fund and Immigration Skills Charge. As the Mayor has set out, government should also commit to establish a 'local first' approach to employment support services with a much greater role for the charitable and voluntary sector.

Leaving No Young Person Behind

In the past seven years, London has seen over 562 youth worker posts and 104 youth services disappear.⁶⁰ That is despite evidence showing these services help the lives of the most vulnerable young people and have a big impact in 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

⁵⁸ CIPD, Megatrends: Flexible Working, January 2019.

⁵⁹ SKILLS FOR LONDONERS: A CALL FOR ACTION, September 2019.

⁶⁰ London's lost youth services 2019, research by Sian Berry.



summer months. Between 2016-2020, the government has earmarked £1.26bn for this programme.

This is a huge sum of money, yet its impact, is highly questionable. For instance, 88% of eligible young individuals didn't participate one year⁶¹ and £10m of places have gone unfilled.⁶²

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 could fund up to 11,000 youth worker posts in the country.⁶³

More Equal Pay for All

More equal pay is essential for people feeling that work is fairly and justly rewarded. More use of collective bargaining in parts of the economy can play a key role in achieving this. But greater transparency and accountability will also be crucial.

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 CEO pay in relation to the average worker. Firms also have to report on their gender pay gap. We welcome these recent developments.

The government has consulted on introducing ethnicity pay gap reporting. To date, it has not indicated whether they will be introduced. It is our view they should be as soon as feasible, along with disabled persons pay gap assessments.

Once this has been introduced, the GLA should use the data to produce an annual London Pay Audit, to capture how much progress is being made in the capital towards reducing pay gaps and better 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 assessments through their procurement powers. For instance, ensuring tenders incentivise bidding organisations to link pay increases from the top to the bottom of organisations (including bonuses). Importantly, this should also include remuneration through shares. Other criteria could also involve firms having to provide opportunities for employee ownership and worker voice on boards.

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

We also support their idea of replacing long-term incentive plans 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

⁶¹ Guardian article - David Cameron's flagship youth scheme to be rebranded for up to £10m, May 2019.

⁶² NAO, January 2017.

⁶³ Based on NCS spending levels between 2016-2020 (£1.26bn) and paying youth workers a full-time real living wage.



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

