

# AGENDA

**Meeting Economy Committee**

**Date Tuesday 2 March 2021**

**Time 10.00 am**

**Place Virtual Meeting**

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## Members of the Committee

Léonie Cooper AM (Chair)  
Shaun Bailey AM (Deputy Chairman)  
Unmesh Desai AM

Susan Hall AM  
Murad Qureshi AM  
Caroline Russell AM

A meeting of the Committee has been called by the Chair of the Committee to deal with the business listed below.

Ed Williams, Executive Director of Secretariat  
Monday 22 February 2021

[Note: This meeting has been called in accordance with the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020. These regulations permit formal London Assembly meetings to be held on a virtual basis, with Assembly Members participating remotely, subject to certain conditions. The regulations apply notwithstanding any other legislation, current or pre-existing Standing Orders or any other rules of the Authority governing Assembly meetings, and remain valid until 7 May 2021. The meeting will be broadcast live via the web-link set out above. The regulations may be viewed [here](#).]

## Further Information

If you have questions, would like further information about the meeting or require special facilities please contact: Lauren Harvey, Senior Committee Officer; Telephone: 020 7983 4383; Email: [lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk)

For media enquiries please contact: Louise Young, External Communications Officer; Telephone; 020 7983 4067; Email: [louise.young@london.gov.uk](mailto:louise.young@london.gov.uk). If you have any questions about individual items please contact the author whose details are at the end of the report.

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Certificate Number: FS 80233

**Agenda  
Economy Committee  
Tuesday 2 March 2021**

**1 Apologies for Absence and Chair's Announcements**

To receive any apologies for absence and any announcements from the Chair.

**2 Declarations of Interests** (Pages 1 - 4)

Report of the Executive Director of Secretariat

Contact: Lauren Harvey, [lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk), 020 7983 4383

**The Committee is recommended to:**

- (a) Note the list of offices held by Assembly Members, as set out in the table at Agenda Item 2, as disclosable pecuniary interests;**
- (b) Note the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s); and**
- (c) Note the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at Agenda Item 2) and to note any necessary action taken by the Member(s) following such declaration(s).**

**3 Minutes** (Pages 5 - 46)

**The Committee is recommended to confirm the minutes of the meeting of the Committee held on 20 January 2021 to be signed by the Chair as a correct record.**

**4 Summary List of Actions** (Pages 47 - 50)

Report of the Executive Director of Secretariat

Contact: Lauren Harvey, [lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk), 020 7983 4383

**The Committee is recommended to note the completed and outstanding actions arising from previous meetings of the Committee.**

## **5 Action Taken Under Delegated Authority** (Pages 51 - 68)

Report of the Executive Director of Secretariat

Contact: Lauren Harvey, [lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk), 020 7983 4383

**The Committee is recommended to note the recent action taken by the Chair of the Economy Committee under delegated authority, in consultation with party Group Lead Members, namely to agree:**

- (a) The Committee's letter to the Mayor as an output for the meeting on the changing nature of work after COVID-19, as attached at Appendix 1; and**
- (b) The Committee's letters to London Councils, the Government and London borough Leaders requesting additional information on Universal Basic Income, as attached at Appendices 2-6.**

## **6 Mayor's Responses to Committee Outputs** (Pages 69 - 84)

Report of the Executive Director of Secretariat

Contact: Lauren Harvey, [lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk), 020 7983 4383

**The Committee is recommended to:**

- (a) Note the response from the Mayor to its report, *Low pay and in-work poverty*, as attached at Appendix 1.**
- (b) Note the response from the Mayor to its report, *Has the Golden Goose become a Turkey? London's Christmas economy and COVID-19*, as attached at Appendix 2.**

## **7 Referred Motion and Universal Basic Income** (Pages 85 - 88)

Report of the Executive Director of Secretariat

Contact: Lauren Harvey, [lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk), 020 7983 4393

**The Committee is recommended to:**

- (a) Note the report as background to putting questions to invited guests, and note the subsequent discussion.**
- (b) Consider the motion referred to it by the London Assembly at its meeting on 5 November 2020.**

## **8 Review of the Mayoral Term** (Pages 89 - 90)

Report of the Executive Director of Secretariat

Contact: Dan Tattersall, [daniel.tattersall@london.gov.uk](mailto:daniel.tattersall@london.gov.uk); 07783 805825

**The Committee is recommended to:**

- (a) Note the report as background to putting questions to invited guests, and note the subsequent discussion; and**
- (b) Delegate authority to the Chair, in consultation with party Group Lead Members, to agree any output from the meeting.**

## **9 Date of Next Meeting**

The London Assembly's Annual Meeting, due to take place on 14 May 2021, will decide which Committees to establish for the 2021/22 Assembly Year and a timetable of meetings for those Committees.

## **10 Any Other Business the Chair Considers Urgent**

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<b>Subject: Declarations of Interests</b>	
<b>Report to: Economy Committee</b>	
<b>Report of: Executive Director of Secretariat</b>	<b>Date: 2 March 2021</b>
<b>This report will be considered in public</b>	

## 1. Summary

- 1.1 This report sets out details of offices held by Assembly Members for noting as disclosable pecuniary interests and requires additional relevant declarations relating to disclosable pecuniary interests, and gifts and hospitality to be made.

## 2. Recommendations

- 2.1 **That the list of offices held by Assembly Members, as set out in the table below, be noted as disclosable pecuniary interests<sup>1</sup>;**
- 2.2 **That the declaration by any Member(s) of any disclosable pecuniary interests in specific items listed on the agenda and the necessary action taken by the Member(s) regarding withdrawal following such declaration(s) be noted; and**
- 2.3 **That the declaration by any Member(s) of any other interests deemed to be relevant (including any interests arising from gifts and hospitality received which are not at the time of the meeting reflected on the Authority's register of gifts and hospitality, and noting also the advice from the GLA's Monitoring Officer set out at below) and any necessary action taken by the Member(s) following such declaration(s) be noted.**

## 3. Issues for Consideration

- 3.1 Relevant offices held by Assembly Members are listed in the table overleaf:

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<sup>1</sup> The Monitoring Officer advises that: Paragraph 10 of the Code of Conduct will only preclude a Member from participating in any matter to be considered or being considered at, for example, a meeting of the Assembly, where the Member has a direct Disclosable Pecuniary Interest in that particular matter. The effect of this is that the 'matter to be considered, or being considered' must be about the Member's interest. So, by way of example, if an Assembly Member is also a councillor of London Borough X, that Assembly Member will be precluded from participating in an Assembly meeting where the Assembly is to consider a matter about the Member's role / employment as a councillor of London Borough X; the Member will not be precluded from participating in a meeting where the Assembly is to consider a matter about an activity or decision of London Borough X.

<b>Member</b>	<b>Interest</b>
Tony Arbour AM	
Jennette Arnold OBE AM	
Gareth Bacon AM MP	Member of Parliament, Orpington; Member, LB Bexley
Shaun Bailey AM	
Siân Berry AM	Member, LB Camden
Andrew Boff AM	Congress of Local and Regional Authorities (Council of Europe)
Léonie Cooper AM	Member, LB Wandsworth
Unmesh Desai AM	
Tony Devenish AM	Member, City of Westminster
Andrew Dismore AM	
Len Duvall AM	
Florence Eshalomi AM MP	Member of Parliament, Vauxhall
Nicky Gavron AM	
Susan Hall AM	Member, LB Harrow
David Kurten AM	
Joanne McCartney AM	Deputy Mayor
Dr Alison Moore AM	Member, LB Barnet
Steve O'Connell AM	Member, LB Croydon
Caroline Pidgeon MBE AM	
Keith Prince AM	
Murad Qureshi AM	
Caroline Russell AM	Member, LB Islington
Dr Onkar Sahota AM	
Navin Shah AM	
Peter Whittle AM	

[Note: LB - London Borough]

3.2 Paragraph 10 of the GLA's Code of Conduct, which reflects the relevant provisions of the Localism Act 2011, provides that:

- where an Assembly Member has a Disclosable Pecuniary Interest in any matter to be considered or being considered or at
  - (i) a meeting of the Assembly and any of its committees or sub-committees; or
  - (ii) any formal meeting held by the Mayor in connection with the exercise of the Authority's functions
- they must disclose that interest to the meeting (or, if it is a sensitive interest, disclose the fact that they have a sensitive interest to the meeting); and
- must not (i) participate, or participate any further, in any discussion of the matter at the meeting; or (ii) participate in any vote, or further vote, taken on the matter at the meeting

UNLESS

- they have obtained a dispensation from the GLA's Monitoring Officer (in accordance with section 2 of the Procedure for registration and declarations of interests, gifts and hospitality – Appendix 5 to the Code).

3.3 Failure to comply with the above requirements, without reasonable excuse, is a criminal offence; as is knowingly or recklessly providing information about your interests that is false or misleading.



- 3.4 In addition, the Monitoring Officer has advised Assembly Members to continue to apply the test that was previously applied to help determine whether a pecuniary / prejudicial interest was arising - namely, that Members rely on a reasonable estimation of whether a member of the public, with knowledge of the relevant facts, could, with justification, regard the matter as so significant that it would be likely to prejudice the Member's judgement of the public interest.
- 3.5 Members should then exercise their judgement as to whether or not, in view of their interests and the interests of others close to them, they should participate in any given discussions and/or decisions business of within and by the GLA. It remains the responsibility of individual Members to make further declarations about their actual or apparent interests at formal meetings noting also that a Member's failure to disclose relevant interest(s) has become a potential criminal offence.
- 3.6 Members are also required, where considering a matter which relates to or is likely to affect a person from whom they have received a gift or hospitality with an estimated value of at least £50 within the previous three years or from the date of election to the London Assembly, whichever is the later, to disclose the existence and nature of that interest at any meeting of the Authority which they attend at which that business is considered.
- 3.7 The obligation to declare any gift or hospitality at a meeting is discharged, subject to the proviso set out below, by registering gifts and hospitality received on the Authority's on-line database. The on-line database may be viewed here:  
<https://www.london.gov.uk/mayor-assembly/gifts-and-hospitality>.
- 3.8 If any gift or hospitality received by a Member is not set out on the on-line database at the time of the meeting, and under consideration is a matter which relates to or is likely to affect a person from whom a Member has received a gift or hospitality with an estimated value of at least £50, Members are asked to disclose these at the meeting, either at the declarations of interest agenda item or when the interest becomes apparent.
- 3.9 It is for Members to decide, in light of the particular circumstances, whether their receipt of a gift or hospitality, could, on a reasonable estimation of a member of the public with knowledge of the relevant facts, with justification, be regarded as so significant that it would be likely to prejudice the Member's judgement of the public interest. Where receipt of a gift or hospitality could be so regarded, the Member must exercise their judgement as to whether or not, they should participate in any given discussions and/or decisions business of within and by the GLA.

## 4. Legal Implications

- 4.1 The legal implications are as set out in the body of this report.

## 5. Financial Implications

- 5.1 There are no financial implications arising directly from this report.

<b>Local Government (Access to Information) Act 1985</b>	
List of Background Papers: None	
Contact Officer:	Lauren Harvey, Senior Committee Officer
Telephone:	020 7983 4383
E-mail:	<a href="mailto:lauren.harvey@london.gov.uk">lauren.harvey@london.gov.uk</a>

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# MINUTES

**Meeting: Economy Committee**  
**Date: Wednesday 20 January 2021**  
**Time: 10.00 am**  
**Place: Virtual Meeting**

Copies of the minutes may be found at:

[www.london.gov.uk/mayor-assembly/london-assembly/economy](http://www.london.gov.uk/mayor-assembly/london-assembly/economy)

**Present:**

Léonie Cooper AM (Chair)  
Shaun Bailey AM (Deputy Chairman)  
Susan Hall AM  
Dr Alison Moore AM  
Murad Qureshi AM  
Caroline Russell AM

*Observers*

Siân Berry AM  
Caroline Pidgeon MBE AM

## **1 Apologies for Absence and Chair's Announcements (Item 1)**

- 1.1 The Chair explained that, in accordance with Standing Order 8.2, Siân Berry AM and Caroline Pigeon MBE AM had been invited to attend the meeting as observers and participate in the discussion with invited guests at Item 6.
- 1.2 In accordance with Government regulations, the meeting was being held on a virtual basis, with Assembly Members and guests participating remotely.
- 1.3 The Clerk read a roll-call of Assembly Members who were participating. Apologies for absence were received from Unmesh Desai AM, for whom Dr Alison Moore AM attended as a substitute.

## **2 Declarations of Interests (Item 2)**

2.1 The Committee received the report of the Executive Director of Secretariat.

2.2 **Resolved:**

- (a) That the list of offices held by Assembly Members, as set out in the table at Agenda Item 2, be noted as disclosable pecuniary interests.**
- (b) That it be noted that the following Members declared non-pecuniary interests, for reasons of transparency, in relation to Agenda Item 8, Models for Economic Recovery: Co-operatives and Universal Basic Income (UBI):**
  - (i) Murad Qureshi AM and Caroline Russell AM had signed a Cross Party Parliamentary and Local Government letter to the Chancellor of the Exchequer in support of UBI trials;**
  - (ii) Léonie Cooper AM, Murad Qureshi AM and Dr Alison Moore AM were members of the Co-operative party and sat as Labour and Co-operative Assembly Members; and**
  - (iii) Dr Alison Moore was a member of the North London Credit Union.**

## **3 Minutes (Item 3)**

3.1 **Resolved:**

**That the minutes of the meeting held on 15 December 2020 be signed by the Chair as a correct record.**

## **4 Summary List of Actions (Item 4)**

4.1 The Committee received the report of the Executive Director of Secretariat.

4.2 **Resolved:**

**That the completed and outstanding actions arising from previous meetings of the Committee be noted.**

## 5 Action Taken Under Delegated Authority (Item 5)

5.1 The Committee received the report of the Executive Director of Secretariat.

5.2 **Resolved:**

**That the recent action taken by the Chair of the Economy Committee under delegated authority, in consultation with party Group Lead Members, namely to agree the Committee's report, *Has the Golden Goose become a Turkey? London's Christmas Economy and COVID-19*, be noted.**

## 6 Models for Economic Recovery: Cooperatives and Universal Basic Income (Item 6)

6.1 The Committee received the report of the Executive Director of Secretariat as background to putting questions to invited guests on the role of co-operatives and Universal Basic Income (UBI) in London's economic recovery from COVID-19.

6.2 The Chair explained that, in accordance with Standing Order 2.2D, the agenda items would be taken in a different order to assist with the conduct of business. At the conclusion of the first discussion on co-operatives, the Committee would begin Item 7: Referred Motion, before returning to Item 6 to hold a discussion with the second panel of guests on UBI.

6.3 The Chair welcomed the first panel of guests to the meeting:

- Jessica Jacobs, representative from Co-ops for London; and
- Seema Malhotra, Labour and Co-operative Party Member of Parliament for Feltham and Heston.

6.4 A transcript of the discussion is attached at **Appendix 1**.

6.5 At the conclusion of the discussion, the Chair thanked the guests for their answers.

## **7 Referred Motion (Item 7)**

7.1 The Committee received the report of the Executive Director of Secretariat.

7.2 The Chair explained that at the London Assembly (Plenary) meeting on 5 November 2020, the Assembly agreed to refer the following motion to the Economy Committee for consideration under Standing Order 3.13:

**“This Assembly notes that:**

- **Financial security is critical to a stable and thriving society.**
- **According to Trust for London close to a third of Londoners live in poverty, even before the coronavirus crisis our city had the highest poverty rates in the UK.**
- **A Universal Basic Income (UBI) could help alleviate poverty, opening the door to opportunities that might otherwise be out of reach, and liberate people from the anxiety of job insecurity through a monthly income regardless of employment status, wealth, or marital status.**
- **The existence of a UBI must be in addition to targeted welfare payments to those who have additional needs - such as for housing, for single parents, or for expenses incurred due to disabilities.**
- **A network of UBI Labs have been set up and works with local authorities across the UK developing UBI proposals to address problems such as poverty, inequality, discrimination and environmental damage, long-term and immediately, in relation to coronavirus.**
- **There are many potential benefits to a UBI including:**
  - **More flexible workforce and greater freedom to change jobs;**
  - **Supporting a caring economy to value unpaid work;**
  - **Removing the negative impacts of benefit sanctions and conditionality; and**
  - **Enabling greater opportunities for people to work in community and cultural activities or to train or reskill in areas that will be needed to transition to a lower-carbon economy**
- **The current crisis has increased the risk of poverty for many Londoners. This is the right time to trial Universal Basic Income.**
- **520 elected representatives from every part of the UK have recently written to the Chancellor asking him to support pilots of Universal Basic Income in England, Wales, Scotland and Northern Ireland.**

**This Assembly calls on the Mayor to:**

- **Write to the government calling for a fully evaluated basic income pilot in the city; and**
- **Work with local authorities to help test UBI in London.”**

7.3 In accordance with Standing Order 3.14, the mover of the referred motion, Siân Berry AM, was invited to explain the motion.

7.4 The Chair then invited the seconder of the referred motion, Caroline Pidgeon MBE AM, to speak.

## **8 Models for Economic Recovery: Cooperatives and Universal Basic Income (Item 6 continued)**

8.1 The Chair welcomed the second panel of guests to the meeting:

- Daniel Mermelstein, representative from UBI Lab London; and
- Ellen Clifford, representative from Disabled People Against Cuts.

8.2 A transcript of the discussion is attached at **Appendix 2**.

8.3 At the conclusion of the discussion, the Chair thanked the guests for their contribution to the meeting.

8.4 **Resolved:**

- (a) That the report and discussion be noted; and**
- (b) That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output from the discussion.**

## **9 Referred Motion (Item 7 continued)**

9.1 Following the discussion with invited guests, Members debated the referred motion.

9.2 At the conclusion of the debate, a vote was taken on a proposal from the Chair to:

- Defer the consideration of the referred motion to a future meeting of the Economy Committee, where additional scrutiny on UBI would take place; and
- Write to the Government and London Councils seeking additional information to contribute to the Committee’s investigation.

9.3 With three votes being cast in favour, and three votes being cast against, the Chair used their second casting vote under Standing Order 2.6B and the proposal was agreed.

9.4 **Resolved:**

**(a) That consideration of the referred motion be deferred to a future meeting of the Economy Committee; and**

**(b) That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree letters to the Government and London Councils seeking additional information to contribute to the Committee's investigation on UBI.**

## **10 Economy Committee Work Programme (Item 8)**

10.1 The Committee received the report of the Executive Director of Secretariat.

10.2 **Resolved:**

**That the work programme for the remainder of the 2020/21 Assembly year be noted.**

## **11 Date of Next Meeting (Item 9)**

11.1 The date of the next meeting of the Committee was confirmed as Tuesday, 2 March 2020 at 10.00am.

## **12 Any Other Business the Chair Considers Urgent (Item 10)**

12.1 There were no items of business that the Chair considered to be urgent.

## **13 Close of Meeting**

13.1 The meeting ended at 1.00pm.



Greater London Authority  
Economy Committee  
Wednesday 20 January 2021

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Chair

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Date

**Contact Officer:** Lauren Harvey, Senior Committee Officer; Telephone: 020 7983 4383;  
Email: [lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk)

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## Economy Committee – 20 January 2021

### Item 6 – Models for Economic Recovery: Co-operatives

**Léonie Cooper AM (Chair):** Welcome to the first of our guests, Jessica Jacobs. Jessica, you are very welcome here today. You are from Co-ops for London and you particularly focus on housing co-operatives, I believe. I am very happy if you want to say a couple of words about Co-ops for London and then we have some specific questions that we would like to put to you.

I am going to start with my first question because you might then want to expand on what Co-ops for London does. What would you say are some of the main benefits associated with co-operatives, considering the perspectives of customers, workers and the wider community? I would like it if you can broaden that out beyond housing co-operatives.

For full disclosure, I started my working life working for a housing co-operative, but that was a few years ago now.

**Jessica Jacobs (Co-ops for London):** Thank you. I live in a housing co-operative. Spoiler alert. Co-ops for London grew out of a reaction to the 2016 Housing Act, which saw quite sleepy co-operatives all over the United Kingdom (UK) suddenly thrust into the potential of having our homes being put under threat by pay-to-stay and also rent increases. That galvanised a lot of people into organising and becoming a bit more active. It grew out of another group called the London Co-operative Housing Group.

After that initial threat from the 2016 Act subsided – and in the end, co-operatives were not particularly involved in all of those changes to tenancies, and then of course some of it did not really happen anyway – we grew Co-ops for London out of a general sense that we needed to keep in contact. We discovered that housing co-operatives were very fragmented groups of people all over the UK, and particularly all over London, that did not have very good networks at a grassroots member level. Although we had representative organisations, those representative organisations, when it came down to it, did not really step up to the fight. We did not really feel protected. It is very much a grassroots organisation and it has carried on as an informal network where we can communicate our concerns. We have found so many similarities.

Out of that, we also wrote and published a report, *Co-operate not Speculate*, which was trying to grow people's awareness of housing co-operatives because not so much was known about them, and to talk about the benefits and challenges of living in a housing co-operative.

There are just over 300 housing co-operatives in London currently. One of the outputs, which is on our website now, is that we have formulated a community land trust to start developing more housing co-operatives. They are all over London. Most of them grew at about the same time in the last housing crisis in London in the late 1970s and early 1980s when there were lots of derelict unmanaged properties by local councils. At that point, the local community became something that was useful to local councils in that those groups could take over the properties and start managing them and doing them up themselves.

That was a 40-years-on reflection on housing co-operatives now. I know Léonie [Cooper AM] was asking me to talk a little bit more about housing co-operatives in general and I am quite happy to that because through the networks we do connect up with all sorts of co-operatives – food co-operatives, workers co-operatives – and try to create support for everybody.

**Léonie Cooper AM (Chair):** Jessica, if I can interrupt you, you glancingly referred to food co-operatives and workers co-operatives. Assume that none of us know anything at all about co-operatives. Some of the people listening through the webcast may know nothing about co-operatives. Could you give us some idea of the breadth of things that people manage on a co-operative basis? That would be really helpful. The one thing that most people will know is that shop called the Co-op, but beyond that there may be many people who do not know about food co-operatives, workers co-operatives or anything like that, or indeed how they work. Could you unpack that slightly? Thank you.

**Jessica Jacobs (Co-ops for London):** I can certainly try to do that. When we are talking about co-operatives, one of the most interesting things we found when we got together was that there is general goodwill towards the word 'co-operative'. It is partly thanks to the fact that on every high street you have it. You might even see in other countries petrol stations named that. The brand 'co-op', C-O dash O-P or all one word, has a lot of goodwill towards it. Not many people understand what it actually means but, generally speaking, if you ask people if they like co-operatives, they will say that they sound really good because the word has such positive associations.

They come in all sorts of formats. There are principles and values that I can read out to you, if I can get them in a minute. They are all based on concern for the community, on education and training, on developing communities and on managing things yourself, really. There are different origins. One is the Rochester Pioneers. Another one is coming out of Scotland as a result of communities facing potential poverty and starting to organise, collectivise, bulk-buy products and then sell them without making a profit for the local community. Most of the co-operative movement came out of that.

There is also the Co-operative Party, as we know, which also has that brand, although it is less well known. A shockingly small number of people understand that there is a Co-operative Party within the Labour Party because it is not always displayed openly. There are all sorts of debates within the Co-operative Party about whether that name should be there. In the broadest sense, a co-operative is a group of people who work together for the greater good of that group of people.

One of the issues with co-operatives is that when it says, "concern for community", which is one of the principles and values, how far does that concern go? Sometimes co-operatives can get to the point where they look after only their own community, and then people outside of that community cannot benefit. The issue of membership of that co-operative is one of the key challenges that co-operatives face. One of the challenges that a lot of housing co-operatives face is how they can expand and be of benefit to the wider community, not just to their own members.

Workers co-operatives develop very differently and are very much based on producing a product, and that is why Co-op shops are very different to housing co-operatives. The only point of a housing co-operative is to make sure that the people who live in the housing co-operative have somewhere to live. They do not really do much else.

**Léonie Cooper AM (Chair):** That is a really interesting point you raised there about the issue about where the benefit ends. My second question to you is: what do you think are the disadvantages - indeed, the costs or the risks - associated with co-operatives, again considering the perspectives of customers, workers and the wider community? You were touching very much there on the wider community and the exclusion from benefits of the wider community that could be seen to happen.

I certainly know that one of the issues that has arisen with housing co-operatives is how you get to become a member of a housing co-operative and how exclusive it is. Is it just a friends-of-friends type of situation and is

that rather discriminatory? That is an issue that does come up from time to time. It would be good to hear your thoughts on those aspects.

**Jessica Jacobs (Representative, Co-ops for London):** Very much so. One of the things you can say if you look at housing co-operatives and then you look at a Co-op shop is that membership of a housing co-operative is everything. It is where you live. It governs every part of your home life. Without that active membership, your home is at threat. If you are a member of the Co-op shop, all you need to do is show your loyalty card, which is what a lot of supermarkets do anyway, and you might get a dividend. Then you might vote on some obscure people when you have no idea who they are, and you never really find out. That is about the limit of your membership. One of the things about membership is what it entails, and then how you get that membership.

One of the problems with housing co-operatives is that they can provide so much more, and they give so much more to people, and they support the person from the beginning. At Co-operatives UK, a general umbrella group for all co-ops especially in London, 90% of all inquiries are about housing co-operatives. Without that introduction and without having somewhere to live, which you are going to discuss with the universal basic income (UBI) - and it is the premise of a universal basic income, that you have something to live on - housing co-ops provide that bottom-line, core hierarchy of need thing, somewhere to live, and not just somewhere to live but a support mechanism of people who will look after you if you need help.

Through the COVID lockdown, for example, in our housing co-op, I live in a flat down the road from the main building. We have a shop and provide people with general supplies. If people are ill, we look after them. We can do that already without having to form a mutual aid group and without having to do anything. It is already established in the way that we operate. We know exactly who is ill, who is not ill, who needs help, who needs supplies. We have a network we can use immediately to support those people.

How we can expand that to support more people depends on assets. Without assets, actual property and homes, that cannot be expanded. One of the pressures on co-ops is that there are no more assets. There is no more property. There is no more land because we live in London. Until Brexit at least, all the land was being taken away for private development.

**Léonie Cooper AM (Chair):** Jessica, can I come in there? Is that quite right? There is more than one form of housing co-operative. You have the housing co-operatives that own buildings and assets, if you like, at the fully mutual end of things, but you have also, at the other end, people in the co-operative only managing the buildings and so you have a tenant management [organisation] (TMO) co-operative. How valuable do you think TMO co-operatives are?

We are all London Assembly Members. We either represent specific boroughs or are London-wide Members. Most boroughs will have a certain range of tenant management co-operatives that manage some of the stock owned by the council. Sometimes they might be in the private sector and have used the right to manage to undertake something and then formed a very small co-operative. Is that not as valuable for those people as the fully mutual complete asset ownership co-operatives? If they are offering that sort of mutual support to each other, is that not quite valuable for them?

**Jessica Jacobs (Co-ops for London):** I never said it was not valuable. The TMOs can be very productive. The main issue is how far away that person who is living in that home is from the person they need to contact in order to get something changed, done or reported, and how good the communication is between the person who lives there and the person on the end of the phone or email, and what the response rate is.

In a fully mutual housing co-operative, as you mentioned, which is the co-operative I live in, we have our own housing manager. We have a committee. We decide who that housing manager is. We employ that housing manager. Then we have oversight of the maintenance costs. It is more or less everything involved, and we save a lot of money that way. We spend very little money on gardens, for example, which is the major service charge at most properties, because people look after the gardens themselves. The most active group in our community is the garden working party, especially in lockdown.

The question is: what is the connection? It is the same with a co-operative shop or any kind of organisation. What is the connection between the individual and the person who is managing something, and how good is that connection? TMOs can be so vast sometimes that they can be TMOs only in name, as we have seen in Grenfell, where they are not actually TMOs at all, or they can be places like Leatherhall where they have to be re-elected every five years and have to get evaluation and feedback. Their performance is based on how good their connection is with the local community they are serving. All of that will work if it has a really good connection.

**Léonie Cooper AM (Chair):** You are saying that it is the distance between the services and who makes the decisions. The shorter that distance is, the more involved people are. You think that that is preferable. You have mentioned Grenfell. The Kensington and Chelsea TMO (KCTMO) is unique. I do not know of any other local authority that has set something up and run it on that basis. Most TMOs are smaller than that. Would that be fair?

**Jessica Jacobs (Co-ops for London):** Some of them can manage 2,000 properties or more. They can be really quite large. When you get a vehicle like that, it depends how it is used. Anything can be slightly abused and turned into something else if there is a disconnect and if there is not genuine consultation with the community. We have seen that with all sorts of community-led initiatives unless there is a real sense of consultation that people believe in. Consultation can be used as a means to impose things on people rather than genuinely find answers to things.

**Léonie Cooper AM (Chair):** You are talking about size being quite important here and making it very local. We have things like Greenwich Leisure Ltd (GLL), which is a staff mutual that is large and supplies services all over London, or the John Lewis Partnership, which is also a staff mutual, or indeed the Co-operative shops, which are absolutely huge and there are masses of them all over the country. I have no idea how many there are specifically in London, but they certainly seem to be scattered absolutely everywhere. There are larger supermarkets and then more localised smaller ones.

You were not quite saying that the KCTMO was a sham co-operative because that would probably be a bit cruel, but do you think these larger organisations continue to enshrine co-operative principles in the way you have suggested even though they do have considerable scale? I know that the Co-operative supermarkets have farms as well, so they perhaps have different employment practices and different supply chain arrangements. I do not know whether you can unpack some of that for us as well.

**Jessica Jacobs (Co-ops for London):** The general sense from the wider public is that they do have different, fairer arrangements to more profit-oriented organisations - not that they do not want to make a profit. There is a general sense of goodwill amongst people. They believe that John Lewis is a good employer. Therefore, they want to go and shop there. It is the same with the Co-op. From a consumer perspective, it works.

It is always quite fragile. The minute something comes up and there is pressure on the economy, as is happening now, everyone is talking about how John Lewis is changing its values and principles. Then the risk to their reputation is always quite difficult to manage.

It is not that you cannot scale it up, but it is really important to get that sense that you can pick up the phone and talk to somebody or you can email someone. Better Leisure - or GLL - does have a problem with that. It does not have any meaningful engagement with its consumer base and now is in trouble. It is in trouble partly because generally businesses are in trouble, but not everyone gets it right. Just saying it at the bottom of a website is not really enough. We have to do it, too.

**Léonie Cooper AM (Chair):** OK. Just saying you are a co-operative or a staff mutual does not necessarily make you operate in that way.

You started to touch on the area that I would like to move on to next, which is about how co-operatives and staff mutuals in London have been affected by the pandemic. Clearly, the sectors that have been worst impacted by the pandemic have been hospitality, leisure, aviation and retail. GLL, with 'leisure' in its title, has been pretty badly affected in that sense.

I wondered if you could set out a little bit more about how you think co-operatives in London have been affected by the pandemic. You seemed to be saying that there was a resilience in your local area. Perhaps they have been able to exhibit more resilience than some other bodies due to the co-operative structure. Could you explore both the positives and the negatives? That would be really helpful.

**Jessica Jacobs (Co-ops for London):** Yes. I would like to suggest that there is a resilience in a co-operative structure because it is built for that kind of environment. It does not have high risks. It avoids risks in some ways. It does not have pressure on it to grow and make huge profits. All it has to do is survive. Surviving is much easier to do if you are quite modest in your outgoings and you use what you have around you to save money, which is very much part of the co-operative principle. It is quite modest and less flashy. You would not necessarily have to have huge staff bonuses. You do not have to employ £100,000 consultants. You do not have to do any of those things if you set up a housing co-operative. In fact, if you do that, it damages your brand. You have a lot of cost-effective policies and methods that are already built into the process, which makes it much easier to survive things like this.

Plus you have good connections with your community. You know what is going on. You have really good on-the-ground intelligence about your customer base and who you are serving, or you should do if you are a good co-operative. You can be flexible and adapt to the needs as they change. It is a network. It is a grassroots, ground-based network that should adapt and fit into what is going on because it is very much focused on what the community wants. That is really good.

**Léonie Cooper AM (Chair):** You are focusing on the positives. Are there any negatives or disadvantages?

**Jessica Jacobs (Co-ops for London):** Yes, the negative is going back to what you said about size. Sometimes co-operatives can be too small and, when they are too small, they can be dominated by certain groups. My big thing with housing co-operatives in general and the management of them plagues all voluntary organisations, in that there can be a lack of democracy. There are policy and governance issues where things are not written down properly, and then one committee to the next keeps changing their minds.

Plus there is the power of no. It is much easier to stop something than it is to do something. If you get a group of people, you can have just one person standing up and saying no and that is it and nothing ever

happens. There is a lot of stasis. People will say no not because they disagree with what is going on but because they are fearful or want to conserve and keep everything as it is, or because they just do not like that person. It is a kneejerk reaction to say, “No, I do not like that”. There is the power of the disaffected, as we can see with [former United States President Donald] Trump and as we can see with Brexit. The power of saying no is something that a lot of people who feel left behind in society do like to exert sometimes.

**Léonie Cooper AM (Chair):** Can we stick to co-operatives? I do not want to bring in [the United States of] America or Brexit.

**Jessica Jacobs (Co-ops for London):** It is just because today is Inauguration Day.

**Léonie Cooper AM (Chair):** I know. Let us try to stay on topic.

**Jessica Jacobs (Co-ops for London):** Because it is very human-based, that human behavioural element needs to be managed inside co-operatives. There need to be checks and balances, governance and rigorous policy formulation to avoid that, which involves investing in training and education so that you can manage those sorts of things, but they work. Those, I would say, are some of the challenges.

Another challenge is that, although we are a registered social landlord (RSL) and we take people, when we tried to negotiate with a local development next to us in order to become a partner and build something in a local development, Camden Council said, “You are not big enough and we only work with big housing associations”. They are on their list of preferred partners for planning. Planning law and development does not take into account smaller groups of people right now, despite the Localism Act and despite the community-led housing legislation. None of the local councils are set up, or want to be set up – their power of no – to start negotiating with local community-led housing groups.

This is a real problem for development for housing co-ops, and other co-operatives as well. When we want to develop in a development, we want to set up other co-operatives, too. It is the whole package. You do not just live somewhere. You need to be able to afford to buy something in the local shop and you need to work somewhere. Living and working, especially in a post-COVID context, is much more enmeshed than it ever was before. People are now in their living rooms, but later we are possibly going to be walking down the road to work rather than driving, because that sort of commuting is not very efficient. Housing co-operatives, workers co-operatives and business co-operatives need to work together a lot more and need to take on, or just be part of the conversation. When you have planning conversations with local councils, they do not want to let people like us in. It is really frustrating when we have so much to offer.

**Léonie Cooper AM (Chair):** We have considered that through the London Assembly’s Housing Committee and we formed a cross-party consensus that as well as having these panels of large RSLs - and Assembly Member Boff was particularly forthright on the matter - we should make sure that there are small and medium organisations that can develop and should also be included on panels, or perhaps have an extra panel. That is slightly a side matter to our main discussion today, but we have considered that, just for your information.

We are going to move on. Thank you, Jessica. That has been very helpful. We might come back to you, but I am now going to move on from my opening questioning to Assembly Member Shaun Bailey.

I would like to say that we have now also been joined by Seema Malhotra MP, who is the Labour and Co-operative Member of Parliament (MP) for Feltham and Heston and has recently produced a new pamphlet



about having a Co-operative Commission for London to assist with recovery from COVID, which I am sure will come up during the discussion.

**Shaun Bailey AM (Deputy Chairman):** Thank you, Chair. Good morning, Seema. It is very good to see you and thank you for attending. I am very excited to speak about co-ops because there is something there. I really like the idea of community development. If you come from a smaller community, a co-operative can offer some introductions into things - management, etc - that normal corporate goings probably would not.

In view of that, what role will co-operatives play in London's recovery from COVID-19? The pandemic has left us with a potentially big economic downturn. Can you detail for us some of the opportunities for co-operatives to help the recovery in that situation?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** Thank you very much. It is a pleasure to join you today. I am delighted to be able to speak about the report and some of this work.

I want to make a small point about the discussion that has gone on, because it is true that co-ops have also been hit quite hard during the pandemic in the way that other organisations have. One in two co-ops report cashflow problems in the UK.

What was interesting is that some of the research at the European level has shown that co-ops have been good at surviving because of the partnership, mutual support and interconnection that is there within communities. That makes a very big difference.

It is in that context that the role of co-operatives in the recovery is an idea, in a sense, whose time has come once again. If we look at what has happened during COVID, the community response has been unprecedented. We probably all have examples that we can cite from our own local areas. If we take one co-op, the London Mutual Credit Union, it was offering support loans of around £500 to National Health Service (NHS) and key workers early on. What was making a difference was having organisations that were on the same side and feeling connected to the community.

There is an opportunity for the revival of co-operative principles and values both in terms of real job creation and business opportunities, and also how we work together in a post-COVID climate.

Jessica Jacobs mentioned how, after the pandemic, people's preferences in terms of work are likely to change. We will not see a wholesale return to people commuting into central London. People have developed connections with their communities, often where they have been volunteering as well. Co-operative businesses can also provide a way to build back better and think innovatively about services on the ground that engage the local community in that recovery, not just for those who receive those services but for those who help with the delivery and the ownership of those services, too.

Research also shows that co-ops can be more resilient at times of crisis. They boost productivity. There is this very powerful idea about how they can be part of helping businesses that might be struggling. For example, businesses may question how they are going to continue in future with new ways in which they might come together and employees being able to take over some of that support and ownership. The survival of businesses post-COVID is an area where co-ops can play a big part, and there are jobs then that they can create as we start to come out of the crisis.

**Léonie Cooper AM (Chair):** Can I press you slightly on the issue of the '15-minute city'? It is a concept that has been talked about in local authorities, in this Committee and also London Councils has been talking about that a lot. You were talking about more locally based activities. Do you think that the concept of the '15-minute city' is something that local co-operatives can contribute to and how might that be rolled out?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** It is a very important idea and concept. Hounslow, in its recovery plan and thinking post-COVID, has also been talking about the '15-minute city'.

What is important is recognising how people have come together during this time. Every local authority had a community hub that was helping with the delivery of local food, medicines and supplies, but it needs to be thinking that goes further than that, because alongside the health crisis we have the economic crisis. If we want to come out of the recovery in a way that sees people back in work, and also communities being built and remaining strong, that is the place where co-operative models have a very big part to play. They will contribute as well to the enhancing of social capital, how we build and strengthen our communities, how we maintain that community's shared resilience that started to be built, and how we empower citizens.

There is a real sense, if you listen to what is being talked about today with Louise Casey and if you look at how people feel that their world has been broken by COVID, that this is not going to be a time when we are going to see recovery quickly, and people wanting to travel long distances. People have become used to wanting to be part of a local community and having solutions to their needs in the local community, too.

This will see us having a new way of empowering citizens in the recovery, working closely with local authorities - and this is part of our recommendations - to enable the advice that can contribute to the growth of co-ops and for communities to come together to develop local solutions. That will improve outcomes for people within the existing resources.

I will share one example of this that we are working on with some local residents, inspired by some of this work. We are working with the Somali community and particularly Somali women on how we can help support them to find work that could be done within the community alongside the childcare needs and the teaching of kids at home. That blended learning is going to be with us for some time. What was interesting was the barrier that emerged in the discussions around childcare, because women are doing so much more. When we talk about how the pandemic is hitting women harder, these are the real-life stories. Discussions are starting to go on around whether we could see perhaps co-operative childcare models, where the children come together both to create the work and the jobs through new childcare solutions in which they are employed and, in doing that, to enable other women to be able to go out and do the work and increased hours that they want to do.

That is an example of a shared solution, working in partnership with other organisations, taking the best advice from what works in the co-op sector elsewhere, and enabling people to be able to be in work and increase their incomes.

**Léonie Cooper AM (Chair):** That is one example that you have given. I see that Shaun is re-joining us now. These are the perils of working from home and modern technology when it does not completely work.

I wondered if you could unpack that and give maybe some more examples. Jessica [Jacobs] might want to come back in here as well. In which sectors do you think co-operatives could deliver the most immediate gains for the economic recovery? Would you be thinking more in terms of housing, which we were just discussing with Jessica, or leisure - we have also been touching on GLL and Enable, which are two big staff mutuals - or

energy, which is something the Mayor has already supported through a lot of community energy co-operatives, finance, or even retail? Could you unpack that slightly and talk about where the best and immediate contributions could be made in terms of the economic recovery? That would be really helpful.

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** This is a very useful area because, perhaps if the Co-operative Commission for London were to be set up and take some of this forward as well as part of the wider economic development strategy, it would need to focus on areas that are, firstly, issues in the economy as a whole. You have talked about housing and the co-ops have had a very long history in supporting new housing models that have engaged communities in the management of those small communities as well. That is a very fruitful area and should be part of our mix much more in our housing.

In energy as well, co-ops have had a very good history, and in finance with credit unions. The finance sector is an area where, when we look at the increased strain on household finances, we see the feeling of distance between people and their banking institutions, and the numbers who feel unable to be supported when they have needs for their own family finances, or to invest in some small projects to improve their homes. Also, we have seen during the pandemic people not moving but seeking to develop home improvements.

There are also other areas. We should also look at where co-ops can be part of the mainstream economic development. We are seeing the rise of technology and its impact on our communities. Outlandish is one co-op, as an example, in north London that is looking at how to develop new apps and technology to improve business productivity or new ways in which we are going to improve people's quality of life. There are those mainstream areas. We could be looking at the impact of climate change on new solutions. There could be ways in which the co-op model is a different way to a normal limited company of people coming together to provide entrepreneurial solutions that are sustainable and are at a community level. One of the things that will be important is how we look to the sustainability of businesses, because co-ops are considerably more sustainable when you look at the statistics over a five-year period than other businesses.

I would say that we can also learn quite a lot from countries abroad where co-ops are greater, whether it is Belgium, where community energy is bigger. There is a fiscal environment that helps to support that. Alongside what we do, there are also the arguments that could be made around fiscal measures at a national level to incentivise and support co-ops playing a part in every area of our industrial strategy, too.

**Léonie Cooper AM (Chair):** You have mentioned the national picture and fiscal measures and the range of areas that co-operatives could assist in the economic recovery. How would you see the Co-operative Commission for London assisting with making that a reality as we start to recover economically? What would be the benefits of having a Co-operative Commission for London?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** The Co-operative Commission for London could provide a very useful context and analysis that is very tailored to London. We have seen other regions and nations in different times and contexts being able to set out what would be right for them for the way their public institutions work alongside the private sector and the wider economic context.

What would be very helpful for a Mayor-led Co-operative Commission for London is to be able to think about how best to develop the leadership skills around co-ops. One of the things that we have heard so much during the roundtables as part of this work is about how it is not always clear what decisions you would make, how you would go about setting a co-op, how you would go about leading a co-op and how that is different. That might be in terms of the ways you choose to incorporate the legal implications of that, the way you might be

regulated or how you might be financed. Those sources of information, advice and expertise will be very important.

How can we make sure that we develop the leadership for co-operatives within the context we have? What would that mean for local authorities? Should there be an expert who can help guide people who may want to set up their businesses, or maybe change their businesses in light of the consequences and impact of COVID. In the past we have seen local authorities do more around co-operative agency support, but whilst we have seen in the pandemic local authorities working with local businesses to provide grants, providing advice and support has not really been there.

Then how do we ensure that there are skills and a culture shift? If people have the skills, the know-how and the networks, which are also sources of advice and mentoring that make a big difference, what do we need to do culturally? How do we join up what is there already with so many good seeds and opportunities with Co-operatives UK and Hive support as well? It is not at scale and it is not reaching all parts of London. How do we have a solution that is fit for London, scales up and takes the voice of Londoners? How do we develop, take from the best, learn from the best and have a solution that is sustainable and London-wide?

**Léonie Cooper AM (Chair):** You have led very nicely into the next area of questioning that we want to pursue.

**Shaun Bailey AM (Deputy Chairman):** You have talked about how co-ops can help, and how they look like they will help with what some people consider - I do not - the new norm, with us losing our commuter numbers, etc. That is not going to materialise.

What are the challenges with having co-ops fill that space and do something new? Of course, co-ops have faced problems around scale and most things in London need to be done at a very large scale. Our real power in London is our financial system. How can a co-op fit into that and provide some of the services that more traditional banks deliver? I do not know if they can. It would be interesting to hear what you say about that.

I am particularly fond of credit unions. They have a real place in the community, for anything from teaching our young people how to save and what to save, to giving better interest rates on loans. Of course, they have not been very popular.

What are the challenges? What could the Mayor do? What could we all do to help that situation grow in London?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** You highlight and pinpoint a very important issue, which is how difficult it can be to scale. If I can pick up on your point about the credit unions, I highlight again the London Mutual Credit Union, which is perhaps the exemplar in how it has grown and sustained what it does, and is now pushing the boundaries of what credit unions can do.

Credit unions are different because they are owned by their members, not shareholders, and that does enable them to be focused on financial wellbeing and affordability and to be close to the community. The example I mentioned about how they had effectively provided a free overdraft for NHS workers and key workers at the start of the pandemic was a more proactive way in which it responded to the challenges being faced by their members. It was able to be in that closer dialogue in a way that perhaps smaller building societies and early banks may have been more inclined to do.

They do tend to make high-quality finance accessible at rates that are realistic and fair. When we look also at the confidence and trust that people have in financial services, which have been impacted in the last ten to 15 years, credit unions can play a part in that.

We do need to have a capacity-building plan, which is part of how we think about scale. We also need to have the understanding, skills and knowledge on the legal implications and accountancy. Accountancy for credit unions and co-ops can be slightly different, and not all accountants are as equally confident or trained. How do we build professional services infrastructure as well as we need to build capacity and skills? The need is there and the opportunity is there, but the capacity to deliver is not.

In terms of what the Mayor can do, the direction of travel we have seen is incredibly positive. I know the Mayor has been working - you may also have had experience of some of this - with Co-operatives UK and looking at ways in which there can be more work as part of London's recovery programme to look at financial inclusion and the social economy. I know there has been an application submitted to the Ownership Hub initiative from Co-operatives UK and the Employee Ownership Association working with City Hall. If successful, that would see London becoming a demonstrator site for a range of support to increase employee and worker ownership.

Those initiatives are really important because it is through that partnership, where the institutions and industries will be supporting and looking to change, that we will be able to see some of those ideas come out into our local communities, which is what we want to see, but they have to be backed up with support, advice, mentoring and networking, which we have not seen at high-street level for far too long. That is why the support to scale and the direction that can come out from the Co-operative Commission for London, with recommendations that can then advise the Mayor and City Hall on what could happen, is the right next step.

**Shaun Bailey AM (Deputy Chairman):** The challenge seems to be that business can achieve much of what you have just said in many individual little pockets, like chambers of commerce and big businesses doing it all themselves. It seems like you are saying that for mutuals and co-ops to take the next step, they need to be nursed through that point, which seems to add another cost. I personally think the cost will be worth it because the outcome could have a great social impact.

Who owns that piece of work? Where does it sit? Are there several organisations involved in that or are we still seeking one organisation to pull all those threads together? Which model is more realistic?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** It is going to be important that the Co-operative Commission for London is established by City Hall. My sense, having thought about this and looked at how the recovery work is happening, is that you need a central place that can convene all of those different voices and those different interests. There are some very good initiatives, like I mentioned the Hive project that is supported by the Co-operative Bank and Co-operatives UK. That does provide some support, advice and also 12 days of mentoring, etc.

There are lessons from other places. For example, Wales has had since 1982 a Welsh Co-operative Centre. It did a review seven or eight years ago. Scotland had Co-operative Development Scotland in 2004. The Greater Manchester Combined Authority had its commission as well.

What has been interesting is how they have looked at local ways in which they can embed and think about the capacity to develop co-ops, and where there can be that contribution. They are places that have had different histories as the co-op movement has developed over the last 140 years or so.

I quote what Derek Walker, Chief Executive of the Wales Co-operative Centre, said:

*“The Welsh Commission on Co-operatives and Mutuals provided excellent advice about how to grow the number of co-operative and mutuals businesses to help build a fairer economy in Wales. A similar approach could create a step change in London too. This proposal is perfectly timed to assist London’s economic recovery.”*

I mention that because --

**Léonie Cooper AM (Chair):** You are freezing again, Seema.

**Shaun Bailey AM (Deputy Chairman):** You are back.

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** I will just make this last point. There would need to be implementation of the recommendations and that space also needs to be owned. City Hall, with the Mayor and with the Assembly and perhaps through your Committee, would be the right place to own the progress on the implementation of the recommendations from such a commission.

Manchester saw 42 recommendations that were adopted by the Greater Manchester Mayor. What that does is provide that leadership and that certainty that this is part of our economic development strategy, how it is going to be embedded, what guidance might go to local authorities for what part they can play, and indeed what could be a contribution from chambers of commerce because they should adapt to support co-operative models of enterprise, too.

As well, the London Mayor and City Hall now have the adult education budget. Further education and skills development to support entrepreneurship could go alongside other skills development. Could we see a greater focus also on how to support the setup and development of co-ops? It is a strand of entrepreneurship. It is a type of community entrepreneurship and one that is right for our city.

**Shaun Bailey AM (Deputy Chairman):** You are correct particularly on this idea of community entrepreneurship. That should be developed. We absolutely need to embed it in how we speak about business in particular. The goal going forward should be that co-operatives are not spoken about as a separate strange business model, but that anybody setting up in business thinks about doing the co-op model and it is top and centre.

Having it owned by City Hall rather than the Mayor is better because City Hall is better at collective work and the politics does not get in the way as much. We also need to involve our larger business environment. As businesses in London recover from the COVID pandemic, traditional businesspeople as we see them may well be more interested in the co-op model and that needs to be displayed to them. This thing about getting it together and centralising it is important.

The last thing I would say, before I go back to the Chair, is that we need to do more to elevate the normality of co-ops and the starting place is with credit unions. Communities now are - and always have been - ripe for credit unions, but people do not speak about them enough. I speak to young people all the time and it is often the first time they have even heard of credit unions. We need to make it more part of our general vernacular in London - ‘credit union’ - so that people start there and then move into co-ops. Chair, back to you because I know you are pressed for time.

**Léonie Cooper AM (Chair):** OK. Seema, you may wish to comment on some of those additional points from Assembly Member Bailey there, but I am going to bring in Assembly Member Dr Alison Moore. Alison is going to ask you a couple of questions and so, if you want to pick up some of the threads from Shaun when you are answering, do feel free to do that. Over to you, Alison, for some further questions to Seema.

**Dr Alison Moore AM:** Thank you very much. I have a couple of questions, some elements of which you have already commented on because of the way the discussion has flowed. I will try my best to ask them in a way that elicits additional information.

Before I do, for the Committee's section in terms of declarations, it has occurred to me that I ought to declare that I am a member of a longstanding credit union, the North London Credit Union, which grew out of a local credit union that was developed 25 years ago in my local area but progressively amalgamated with a number of other credit unions to widen its reach, its offer, its sustainability and whatever. That is an interesting story.

I guess, as a natural co-operator, I have encountered co-ops from a small one on a Greek island, which was a set of farmers' wives marketing their honey and local crafts, to the large dairy co-operative in New Zealand. There really are, across the world and across Britain, all sorts of examples that you can draw from.

We have a variety of sizes and roles of existing co-ops in London. What else could the Mayor do to help support those existing co-ops and to encourage the expansion of co-operatives across the city? I have in mind the comments from the Adam Smith Institute about co-operatives being very good at filling gaps, but less effective at taking up new areas. I am not sure that is correct. There is a real role within London for a strategic look. I would like your comments on that, if I might.

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** Thank you. That is a very important addition to the discussion. In a sense, you can set the scope and tone and culture by making those sorts of assumptions at the start of the strategy. We should be thinking more widely than co-ops being there to plug the gaps that are left. If there are gaps that are left, you almost imply that they fill in the failure spaces, which they should not be seen as doing.

In a sense, they provide a different way of providing solutions. If you look at, for example, a Co-op supermarket, it is an embedded part of how many supermarkets we do have that are competitive in that space and provide a different way in which employees and customers own that endeavour. You can see how you can have co-ops much more embedded within how our markets work in all sectors and provide a different offer, which can sometimes set a different standard as well.

If you look at the finance sector, which has also been talked about - and it was very interesting to hear about your experience of a credit union, too - in a sense, they do operate in some spaces where there has been market failure and where the larger finance institutions are not responding to people's everyday needs in a flexible way, particularly for those who may be on lower incomes.

Credit unions can also be there for everybody to be a member. Just as we found through the pandemic with the 2.7 million who have been on Universal Credit, which is unprecedented in terms of those who are first claimants, you never know when you might need to draw on some support. They are about community resilience and working together.

I see no ceiling for how co-ops and similar endeavours can play a part. The reason why I say that is, if you look at perhaps John Lewis, the resilience that co-ops have shown suggests that many of our older co-ops are even older than the largest public limited companies as well. They have survived for 150 or 200 years. That is

because they have had sustainable ways in which they have set up and have taken on board where they need to adapt --

**Léonie Cooper AM (Chair):** We lost you very slightly there again.

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** With the way our national economy works, as well as the culture and community of London, the way in which new technologies bring places closer together as well, the way in which we have learned to work from home and in a sense are all together and do not notice distance in the way we used to, co-operatives combined with supportive legislation, combined with embedding in strategies and real vision, can make a very big difference. I very much hope that the Co-operative Commission for London, if it can be launched, will be able to take that advice and input to help inspire what some of that vision can be.

I want to make one comment as well on some of the closing remarks from Assembly Member Shaun Bailey. What is important to see is that this does not always work quickly. There are stories from other places where they start and they build over time. The direction of travel the Mayor has demonstrated, which I am sure you have seen as well, is about working with Co-operatives UK and starting to look at the capital's high streets and civic centres and growing London's social economy with community businesses.

Some of those aspirations are really important as part of the groundwork on which we need to build, but in the spirit of co-operation, it needs to be from the bottom up. Local authorities will be able to be enablers and supporters in their areas. The Mayor and the work of City Hall will really need to be enablers across London to make sure that we do get that scale and that we do make the most of existing resources.

I would make this point: there are some who might require additional resources, but part of what can really happen is making better use and more effective use of existing resources and existing places of offer.

**Dr Alison Moore AM:** My next question would have been about the Co-operative Commission. I was going to ask you why it would be so important, and you can give me any additional information there if you would like to.

What plays in my mind is that you talk about local authorities and there will be a variety of views across local authorities. They will come with a different ethos in approaching the whole concept of co-operatives. Some will be more supportive than others.

Do you think that the Commission would have a role in terms of setting that overarching aspiration, but also encouraging and opening up those opportunities for people right across London and ensuring it is inclusive across the whole piece?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** I very much hope so. The reason is that this conversation is really about communities and about people. People being empowered; people having a voice; people prospering and having prosperity shared across our communities; people being part of developing local solutions and part of how we deliver them.

This, therefore, has to be a debate that brings people on board with what co-operatives can deliver. When that starts to be seen, that can shift cultures, which is one of the points I made earlier.

I would like this to be something that is led by the Mayor in London - but in a very enabling sort of way - and I would like to see one person with a designated lead responsibility for promoting the co-ops and mutuals within



each relevant agency. That includes the London Growth Hub. It would include local authorities. It should include any institutions or bodies set up that might help with the London recovery work.

Also, I would go further. When you think about the touch points that people have, we should have an integrated strategy that reaches there, too. I have also suggested - and I believe it is vital - that when we look at national employment recovery programmes, work coaches, who are the main point of contact in the Department for Work and Pensions (DWP) Jobcentres for people who are seeking work or increasing work, are trained in how people can get advice on being part of setting up co-ops. They should be seen as a different way of perhaps setting up an enterprise or being involved in productive economic activity, and social activity with it. That is the combined effect of co-ops. They have social development as well as economic development.

Reaching out and seeing that in practice will shift the mindsets of local authorities and other institutions that have not had that experience and seen the benefits. With a little bit of investment of priorities - because there do not necessarily need to be many additional people - that might grow with scale, but then that will also see its own returns in helping to support that. That is what I would like to see. The Co-operative Commission for London should be able to inform, as much as to then get ideas, and then help produce a strategy that will be accepted and championed across London as well as owned by the Mayor.

**Dr Alison Moore AM:** That is a really helpful perspective because, as Shaun Bailey [AM] mentioned earlier, you referred to the '15-minute economy' that is being talked about and also the challenge we face around reshaping our town centres. There are quite a lot of opportunities, potentially, there in that context.

A final question from me is about how co-ops could be more effectively embedded within the mayoral economic recovery plans. I have in mind, for example, the adult education budget, which you talked about earlier. I remember being in a meeting a number of years ago where there was a co-operative somewhere in the Midlands that enabled small businesses and microbusinesses to have apprentices because it took up quite a lot of the load of the paperwork and the organisational element, allowing those small businesses to access apprenticeships and discharge that issue around the Apprenticeship Levy.

That seemed like quite a creative way of approaching it. How else do you think it could be effectively embedded in that economic recovery plan?

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** You make a very good point about the different sizes and scales of co-ops and therefore needing different solutions and strategies to ensure that they are included in opportunities. Very large co-ops will have very different challenges from very small co-ops. In a sense, they have been parallel stories to other companies large and small. In sectors where they have been more hit by the pandemic, as an example, co-ops have suffered alongside other businesses. In sectors like food, they have done well. A lot of co-ops are in the food sector.

Your point about ensuring there are opportunities is right. There are apprenticeships. It could also be a space for kickstart opportunities when organisations meet the criteria. I have seen in my local area a desire to reach out to schools as well to become kickstart partners, too.

The Mayor of London has established the £70 million Good Growth Fund. That has already started --

**Léonie Cooper AM (Chair):** Oh dear, we have just lost Seema again. "Good Growth" were her final words.

**Seema Malhotra MP (Labour and Co-operative Party MP for Feltham and Heston):** Let me try this. Let us try this last one. The Good Growth Fund is also an important part of supporting the best practice in innovative regenerations that it is designed to do. It is about saying that Londoners should be able to participate in their local communities and have a say in what happens.

The place-based strategy as part of that is absolutely right because co-ops are very much about embedding what you do and how it happens in your place. We do not talk about place-based strategies enough. That is why that fund and what it delivers will be, perhaps, a way in which other areas can learn from how we develop place-based responses.

If we want places like our high streets and hyperlocal community places to be diverse and accessible and for people to be able to walk to the services they need, rather than take two buses, that is an example of where we can look to how we develop and deliver those solutions in partnership with local people.

If local authorities think about embedding co-operative solutions as part of their recovery plans, they will see them being more sustainable because that is how people will want to work over the next year or two. I do agree there will be some recovery and people will re-establish business-as-usual once the pandemic is over, but there will be a legacy of people wanting to work a bit more at home, spend a bit more time with their families, and spend a bit more time with their communities.

**Dr Alison Moore AM:** That comes back to how it is not one-size-fits-all and there are real opportunities in terms of how we grow a sustainable future for London. Thank you very much for that. I will pass back to the Chair.

**Léonie Cooper AM (Chair):** Thank you very much, Assembly Member Alison Moore, for undertaking those questions.

Assembly Member Susan Hall, you indicated earlier on that you wanted to ask something towards the end of this section on co-operatives. Do you still want to come in?

**Susan Hall AM:** I did. I was going to have a real go about the Mayor's London Power situation, which has been a disaster. As we are running so late, I will give that up and we can go to the next section. Thank you.

**Léonie Cooper AM (Chair):** OK. That is a jolly good thing because, also, it is not a co-operative and so I would have found it quite difficult to bring that into the discussion. If you had wanted to talk about his funding for community energy co-operatives, then that would be more on topic.

Can I thank both Jessica Jacobs and also Seema Malhotra MP for joining us this morning? We normally make recommendations. We are a cross-party committee. If we get our recommendations out in time - and we are proceeding towards an election shortly - then we will be putting those recommendations before all of the potential mayoral candidates, and would hope that those would be considered so that any initiatives around co-operatives are picked up by any future mayor coming in. Thank you very much for joining us today and sparing the time.

## Economy Committee – 20 January 2021

### Item 6 – Models for Economic Recovery: Universal Basic Income

**Léonie Cooper AM (Chair):** At this point I am also going to now welcome our guests, who are Ellen Clifford [Disabled People Against Cuts] and Daniel Mermelstein [UBI Lab London]. They can introduce themselves when they are first questioned. Over to you, Shaun, without further ado, for you to kick off the questioning on Universal Basic Income (UBI).

**Shaun Bailey AM (Deputy Chairman):** Good morning, Ellen and Daniel, it is very nice to see you. Thank you for attending. I am a Member on the Committee who is going to need some convincing. Also, I am open-minded. I am going to need some teaching on this. A cursory read around UBI shows there are lots and lots of different opinions, lots of different models, and, to my mind - you may have an opinion on this - not a very conclusive answer, which puts me in a very particular place when it comes to, "Should we do this in London? Should we vote for it?" etc. Let me start by saying: what would the potential benefits of UBI be for London and Londoners? I will start with Daniel.

**Daniel Mermelstein (UBI Lab London):** Thank you very much, first of all, for having me here. I really appreciate the opportunity. I am from an organisation called UBI Lab London, which is part of a network of UBI Labs that have been set up around the country, all over the place. I am representing them today. The biggest impact for Londoners from the country as a whole, if we were to ever implement UBI across the country, is around poverty and inequality. A properly implemented UBI scheme would have a significant impact on reducing levels of poverty and inequality in London and in the country.

Just to give you one example, there is some modelling work that has been done by the Citizen's Basic Income Trust and the London School of Economics and Political Science by a guy called Malcolm Torry [Director of the Citizen's Basic Income Trust] modelling the tax and benefits system. His UBI proposal would lead to reductions in child poverty that are modelled to be about 40%, which is a big, significant number that would have a transformational impact on lots and lots of the most disadvantaged people.

Similarly, in terms of poverty reduction and inequality reduction, that model suggests that the bottom 10% of the income distribution in the country would see their disposable income raised by about 30% while the top 10% would see their income reduced by about 6%. It is a big redistribution --

**Shaun Bailey AM (Deputy Chairman):** I will ask you an additional question: at what level of payment was this 40%? For instance, this uplift, was it 5,000, 10,000?

**Daniel Mermelstein (UBI Lab London):** The model suggests that a level - and we can go into more detail about that - but it is important to say that there are lots of different UBI schemes. There are lots of different ways of setting all these levels. There are lots of different ways to potentially pay for it. It is important to, as far as possible, talk about specific schemes if we can. In this case, this scheme is saying you can give every adult in the country a basic income of around £65 to £70 a week. Therefore, that is about £4,000 a year. It will be a bit less for children, maybe a bit more for people who are already retired. It would require small changes to the tax and benefit system, some small increase in income tax, some changes to the allowances. But fundamentally it is around £4,000 a year. You would not have to necessarily change any of the means-tested benefits, and you would achieve these modelled reductions in poverty and inequality.

I guess the point to make is that you do not necessarily have to change means-tested benefits, but what this would do, the modelling suggests, is it would lift lots of people out of means-testing and out of the welfare system, if you like. Then recognise, as Siân Berry [AM] was saying before, there are some problems that are very specific. For example, in London, housing costs are different to other parts of the country, therefore people need extra help with housing costs. Again - we are going to talk about this later - there are issues of disability. People who have disabilities need more help. There will always be people who need more help and UBI is not the solution to all the problems, but what we have here is a scheme where you can achieve significant levels of poverty reduction, significant levels of inequality reduction, without having to make massive changes to either the taxes for people or necessarily means-tested benefits.

**Shaun Bailey AM (Deputy Chairman):** An uncharitable estimation of what you have just said would be that you are just adding a huge sum of money to the welfare bill. If that is the case and we wanted to do that, would it not be better to just do it through our current welfare system because (a) it is up and running, and (b) it would be fairer because you would get more bang for your buck? That is an assumption I am making. Why would we not do that? My worry with UBI is the social and economic effect. Maybe Ellen wants to come back. I can see you nodding a lot there, Ellen.

What is the social and economic effect of giving people this sum of money? Is it fair if you are giving it to everyone? Some need it less, some need more. Some people are just going to invest it because they do not need the money. Other people will be buying fundamentals. All of these things are what is swirling around in my head, and I present it in this manner because Siân [Berry AM], who is a very active Member of the Assembly, wants us to vote on it. I am trying to get to a point where I can vote on it. Please, Ellen, come back on any point of what I have just said.

**Ellen Clifford (Disabled People Against Cuts):** Thank you very much. I am Ellen Clifford and I am here representing Disabled People Against Cuts, which is a disabled people-led campaign covering England, Wales and Scotland. I am also co-chair of the Experts by Experience Commission on Social Security, which is a Trust for London funded project looking at alternatives for the current social security system from the perspective of benefit claimants ourselves.

We really welcome consideration of new and innovative alternatives to the current social security system. Our members have been hit very badly by the changes that have taken place since 2010. The social security system has really shown itself not adequate to meet the additional demands placed on it by the pandemic. But, with the greatest respect to Members of the Assembly who are in favour of a UBI, the organisations I represent do not think that the introduction of a UBI is the answer and we would stress the need to proceed with caution. We recommend that disabled people and benefit claimants are involved at all stages of discussion on this and agree with the Chair that this is a subject that demands reflective discussion because it is very, very complex.

The great danger with replacing a complex targeted social security system, such as we have in the UK, with a universal system is that the most disadvantaged in society, including disabled people and lower-income deciles, will lose out. That is something that was stressed throughout the final report from the Scotland Citizen's Basic Income. Last year they concluded their feasibility study into conducting pilots in Scotland. The final report from that concluded that they cannot carry on with pilots because they do not have the powers between Scottish Government and Scottish local authorities, but it also stresses throughout the report that they have to be absolutely sure before they carry out any pilots that no participants who are from what they call vulnerable groups, or the lowest income groups in society, would be financially worse off through participation in it.

As you have said, Assembly Member Bailey, there are so many different permutations of a UBI, depending on the level that you are going to pay it at, how you are going to afford that, what changes are made to the tax

system - for example, abolishing personal allowance or increasing tax - and which existing benefits it is going to replace. What the Scottish feasibility study found is very little consensus on the type of UBI that people are in favour of.

When people talk about the need for changes to the social security system, for introduction of a UBI, they often talk about the particular difficulties that disabled benefit claimants have faced over the past few years, but I do not think there is any group in favour of a UBI in Britain who is proposing a model of a UBI that would replace all disability benefits. It is generally agreed that you would retain a separate system of disability benefits, also a separate system for housing benefits, alongside the introduction of a UBI. That is a cause for concern for disabled people because all of the problems with disability benefit assessments could therefore foreseeably continue alongside the introduction of a UBI. Indeed, we would be very concerned that the introduction of a UBI would take precedence in terms of people's efforts and that our problems would continue while people are pursuing this new idea.

A lot of disabled people who are in favour of the idea are not aware that the idea is that disability benefits and all the problems that we have with going through those assessments would continue alongside it. A lot of people have the illusion that they would just receive all of their disability benefits unconditionally. We need to educate people about what a UBI would really mean.

I just want to finish on this: that as a way of relieving poverty, I think there are far more cost-effective direct methods than introducing a UBI. By way of illustrating that point, I would like to invite the Committee to consider two examples from Scotland. First is the Scottish pilot feasibility study. They concluded that they cannot carry out pilots at the moment but did recommend that at some point in the future a three-year pilot with a year's preparation beforehand should take place. They estimated that would cost a total of around £186 million, from which it is likely that no more than around 3,000 to 4,000 people will be lifted out of poverty.

Meanwhile, we have the Scottish Child Payment, which is being implemented now, this year, using the existing social security infrastructure, which will cost an estimated £180 million and by 2023/24 is estimated to lift around 30,000 children out of poverty. Therefore, that is a far more effective use of money, particularly when we are looking at financial hardship now caused by the pandemic. We need to be thinking strategically about long-term options.

As well as looking at a UBI, the organisations I represent are very interested in the question of what we are calling a guaranteed decent income (GDI), which would be a minimum guaranteed income set at the standards that have been devised by the Joseph Rowntree Foundation. We would invite any work that is going on to model, conduct feasibility studies or carry out pilots on UBI, to also be looking at a GDI.

**Shaun Bailey AM (Deputy Chairman):** Ellen, thank you so much for that. That neatly brings me on - I will come back to you, Daniel, so you can address any points - to my second question. Does a UBI represent a realistic solution for the economic issues in London such as wealth inequality, unemployment and social mobility? My worry is I come and came from a very poor community, and our guiding light was ambition; the fact that we would pursue work. Our parents were on it, let us get to school, let us get educated. Would this rob us of some of that urgency? I do not know.

Ellen very eloquently talked about far more effective ways to spend these types of monies, because there is no way this sum of money would not affect what we spend on other types of benefits. If you look at one study, it talked about a £6,000 UBI costing some £200 billion. That would definitely affect the landscape, of course, if you were going to spend that money, and it also points to a far more efficient way to spend that money. For

me, there are a lot of unanswered questions to the effectiveness of UBI and that is before you get on to the cost, but please let me know if you think it represents something realistic that could happen in London.

**Daniel Mermelstein (UBI Lab London):** It is definitely realistic. Let us make that point very clear. It is definitely realistic. You are talking about two things, you are talking about the cost and you are talking about the effectiveness, the value. In terms of the cost, again going back to that same scheme I was talking about, one of the underlying assumptions of the modelling was that it had to be revenue neutral. Therefore, the net cost of the scheme I was talking about is less than £2 billion. It was built into the model that it had to be revenue neutral because we all know that things have to be economically feasible, but they also have to be politically feasible. You have to be able to sell it. You are not going to sell something that comes with a price-tag of £200 billion or some huge number.

Some of those huge numbers, I do not want to go into that too much but some of the numbers are slightly disingenuous in the sense that people say, "Well, a basic income, if we are going to pay everyone £4,000, then in that case you multiply £4,000 by 70 million people", and you always come up with a huge number, right? But that is the gross cost of a scheme, it is not the net cost. One key thing about basic income is that basic income is a change to the benefits and the tax system. Therefore, some of the people who are getting it, because it is a universal payment, are also going to be paying it back through the tax system. Therefore, there is a gross cost and there is a net cost. Often people who are against basic income tend to focus on the gross cost because it is a big number and then it sounds very scary. Therefore, what I would say to you is it is definitely realistic and it is definitely feasible. It can be done, and it can be done, as was modelled in here, cost-neutral.

The other point you are making is even more important and it is also the point that Ellen made, which is absolutely crucial, which is about value. We are paying some money, but what are we getting for it? This is where the whole thing about the pilots comes in and is super important, because the modelling can only take you so far. What we are saying here is, OK, let us do a pilot - and we can talk later, if you like, about the possible structure of a pilot - but let us do a pilot where we are going to test it on a large enough number of people that we can then say: we paid this amount of money, what are we getting back for it? What is the value that we are getting? What are the things we can measure that tell us that spending this amount of money, whether it be £2 billion or even £20 billion, is good value for money, ie does it have a disincentive for work or not? Does it encourage work?

We contend, and there is plenty of evidence to back us, that basic income is not a disincentive to work. The current welfare system is a massive disincentive to work because every time you get benefits, anything you do to change your circumstances changes your benefits. In that, I totally agree with Ellen about the precarity of all this stuff. From an individual's point of view, it is very rational, once you are on benefits, not to do anything that jeopardises your benefits because you are going to have to reapply, or they are going to take them away. Doing anything means getting a little bit of extra work. A universal payment will never disincentivise more work because you are never going to lose it. We can measure that.

We can measure the impact on people's health and wellbeing of having a guaranteed income. These are things that over a large enough cohort can be measured. If you are having a huge number of people whose mental health has improved, or whose physical health has improved because their diet is better and they are not using the health services much because they are not as stressed and they are not as ill, that is a huge saving. These are things we can measure and this is why we are calling for pilots. We are saying, yes, this is a big thing. Yes, this is a complex thing. Yes, this is a potentially big change. Let us try it. Let us test it. Let us do some proper measuring and let us decide whether the cost gives us good value. We think it does.

**Shaun Bailey AM (Deputy Chairman):** Thank you, Daniel. Just before I bring Ellen in, of course there have been many pilots that have studied all of those things and have come up as either inconclusive or they have said it is not worth it. We are not starting from zero. We have benefit systems, for all their vagaries, strengths and weaknesses, but they are there. I accept your point about how we measure the total cost and all those things are very important. I hear some of your arguments, but for me you are talking about measuring all the positives. You would also have to measure all the negatives.

**Daniel Mermelstein (UBI Lab London):** Absolutely.

**Shaun Bailey AM (Deputy Chairman):** A disincentive to work. Because the current benefit system, there is a strong disincentive to work, I get that, but it is a level of income where you might think, “You know what, forget it, I will not do anything here”. Then you have one section of the population keeping another section socially frozen. That, from my background, personally worries me. Ellen, please make a contribution.

**Ellen Clifford (Disabled People Against Cuts):** Firstly, just to note that a basic income pilot in its purest form has never been tested in any developed country, but also to stress the limitations of pilots. One issue is that where people are in favour of pilots, it tends to be in order to prove that a basic income would not act as a disincentive to employment. I do not think it would. The evidence I know with benefit claimants is that once you remove conditionality and sanctions that helps people to look for work because currently those are counterproductive in pushing people further from the labour market in my experience.

But what pilots will not show is the wider impacts that would have on, for example, the tax system or in terms of spending on public services nationally. Disabled people are very concerned about the crisis in funding in social care. We think that is a priority for public spending. They are also concerned about the levels of benefits they are currently paid being very low. There is a document by the Organisation for Economic Co-operation and Development which is advocating for the introduction of UBIs, but it points out that in the UK, because our benefits are paid at a level so far below a guaranteed minimum income, it would not be possible to afford a revenue-neutral basic income at any level that would really make a difference to people’s lives.

I have a couple of figures. Universal Credit has been uprated by £20 a week. We would argue that needs to be made permanent beyond April [2021] and is a higher priority than looking into possibilities for a UBI. But even with that £20 a week uprating, Universal Credit now makes up 43.4% of a minimum income standard, just 43.4% with the £20 uprating. That uprating has not been applied to legacy benefits, which many disabled people are on. Therefore, the benefits disabled people currently receive represent 33.9% of the minimum income standard. What we would like to see is a more targeted approach to increasing benefit levels as a way of pulling people out of poverty instead of looking at universal payments.

**Shaun Bailey AM (Deputy Chairman):** Chair, I will stop there because I will end up straying into other people’s questions. I will go back to you. Thank you.

**Léonie Cooper AM (Chair):** Thank you very much, Shaun. That is very helpful. That is a good start there and really helpful contributions from our guests. We are now going to move on. Susan, you are going to pick up from Shaun and carry on with the questioning.

**Susan Hall AM:** Yes, I am. There are a couple of things, though. Daniel, you said that the current benefit system disincentivises work, but before COVID the UK had record employment figures.

**Daniel Mermelstein (UBI Lab London):** I am not sure those things are necessarily mutually exclusive. You can have lots of employment, but I guess the point I was trying to make is that for those people who are on benefits, there is a benefits trap in there. Essentially, when you try to get out, if you try to move slowly out of benefits, you are being disincentivised because for every pound of income you earn, in effect, by removing benefits and taxing your income, you are being taxed at a higher rate than all of us are. The marginal rate of tax for someone coming out of benefits is enormous. From an individual's perspective it is quite rational to say, "I would rather not get some work". That is a terrible position to find yourself in, when your efforts to better yourself come up against a system that is going against it. I guess that is the point I was trying to make. Obviously, if our society were prosperous then more people are employed, but that does not mean that those who are not are not being disincentivised from working.

**Susan Hall AM:** OK, well, I hear what you say. Nevertheless, we were doing so well with employment before COVID. I accept things are different now, but who could foresee COVID? My next question is: what are the main drawbacks and challenges to implementing UBI? Before you answer that, it is the affordability of this that is quite astonishing. There is about 66.5 million people living in this country and you think they should all be given a minimum of £4,000?

**Daniel Mermelstein (UBI Lab London):** Yes, but again, just to make the point that --

**Susan Hall AM:** No, that is what you were saying.

**Daniel Mermelstein (UBI Lab London):** Yes, absolutely. That is exactly right. The issue here is everyone will get it --

**Susan Hall AM:** No, I get that.

**Daniel Mermelstein (UBI Lab London):** -- and some people will pay it back. If you do the numbers, if you are going down the numbers in the model, then I would like to encourage you to look at the modelling because essentially that is what it is saying. It uses a tool called EUROMOD, which is a standard tool for modelling the tax and benefits system. It uses data from surveys about people's incomes. They do the model and they say, if we do these things, we remove some tax allowances, if we increase income tax by a small amount, we can pay this amount of money. It will be almost, as I have said, revenue-neutral or cost-neutral. Now, I guess when you get into the --

**Susan Hall AM:** You would never persuade me of that, Daniel. You will never persuade me of that.

**Daniel Mermelstein (UBI Lab London):** I would love to sit down with you and go through the paper because it is just the numbers and this is not --

**Susan Hall AM:** It is not just the numbers. It is unaffordable. You just work out £4,000 per person of a population of around 66.5 million is astonishing figures. It was said, I think by you - no, it might have been by Ellen, because she made some really good points, plus housing benefits, plus a lot of other benefits - that before we look at anything, we absolutely should be looking at disabled benefits. I am with her 100% on that.

Looking at this particular thing, it is the affordability again. If you look to taxing people that can afford it more and start stripping money out of that element of people, you will have lots of businesspeople literally leave, in which case the burden of tax will go on to middle earners far more. I know everybody wishes there was a money tree but this is unaffordable. It really is unaffordable. Look at the pilot that you did in Finland. It was unaffordable. I would be happy - not now - to sit down and discuss this with you because I was hoping



you would come up with something that I could really buy into, but the affordability of this I do not believe is there.

But if we take the money out of this, if I go back to my proper questions or the Chair will tell me off, what, other than this massive financial issue, are the main drawbacks and challenges for implementing UBI in London?

**Léonie Cooper AM (Chair):** I am not going to tell you off, but can you keep away from the subject of pilots? We have some subsequent questions on pilots. That is probably aimed more at Daniel than at you, Susan. Answer Susan's questions, but we will talk about pilots in a bit more detail in a minute.

**Daniel Mermelstein (UBI Lab London):** Implementing change on this scale is hard, obviously. Implementing change on any scale of this size would be hard, any kind of change. In some ways it is an easy thing to think about, but in practice it could be logistically hard to implement. Obviously, that would be unavoidable.

Again, obviously I am not going to stray into the thing about pilots but the whole point about experimenting is trying to find answers to a lot of these questions. We can foresee some of the logistical challenges, but what would be the unintended consequence of some of these things? Unintended consequences can be good as well as bad. We might see things that we think, "Wow, we did not expect this, but this is great". There will be logistical challenges.

Again, what would be the cost? If you do it in a small scale you can start to predict the cost. Therefore, we would not have to have religious arguments about whether it is affordable or not affordable, we would just see it in the numbers and then everyone could make a call. Otherwise, it becomes more an ideological argument than a practical argument. A lot of these things are important and that is why we want to try these things out. No one is under any illusion that making big changes to the tax and benefit system is easy. It never is.

But, as Siân Berry [AM] said at the beginning, we are faced with an unprecedented situation here where all of the gaps and all of the holes and all of the inequalities of our society have been laid completely bare. The pandemic has showed us how immensely interrelated we all are. It is OK for me to have 100 masks and 100 bottles of sanitiser, but for me it would be better to have one of each and have 99 other people around me each have one. It would be safer for me in that respect. The pandemic has thrown all these things open and it has thrown all these challenges and, in a way, this is the moment, as Siân [Berry AM] said, to be bold because this is a moment of greatest peril.

**Susan Hall AM:** First of all, affordability is certainly not a religious argument. It is one of the most important ones. You cannot put a system in that nobody can afford. By your figures, I honestly do not think we could afford them. You obviously think that is one of the main problems. Will UBI be sufficient to replace the current benefit system in the UK?

**Daniel Mermelstein (UBI Lab London):** I do not think anyone is suggesting that we should replace the benefit system and that is fine. As I said at the beginning, a lot of people need extra help for their different circumstances. No one is saying that UBI is some kind of magic bullet solution to every problem.

I would like to make one point about affordability, which is that if someone had said a year ago, that the UK Government would, in effect, take over paying the salaries of literally tens of millions of people, everyone would have said it was unaffordable. This is exactly what they are doing with the furlough system. Therefore, in a way, another thing that the pandemic has shown is that big crises can present big opportunities as well

and force people to think differently. Things that were thought unthinkable a year ago, like in effect socialising the salaries of vast numbers of people, are now things that we accept.

**Susan Hall AM:** Yes, I accept the furlough system is unaffordable in terms. It has only been put in, in order to save people, as it has done. The Government has done incredibly well on that part. But we know there is an end to it because it certainly is not affordable going forward indefinitely, as I absolutely think that the system of yours would do. The furlough system was brought in, in a dire emergency. Thank god Rishi Sunak [MP, Chancellor of the Exchequer] had the foresight to do that because it has saved lots of businesses, which hopefully will bring us out. If you do not have people working and making money, taxation is the only way you are ever going to pay for anything like this, although the burden on taxation from this system would be extreme. How could negative impacts on people with higher needs be avoided? If you could refer back to some of Ellen's really good points, how could that be avoided?

**Daniel Mermelstein (UBI Lab London):** In the basic income movement there is clear acceptance that there are some people who have different needs and have higher needs and have different circumstances. As part of the UBI Lab network there is a UBI Lab Disability, which is run by people with disabilities who are very conscious of all these issues. There have been proposals like the one from the Centre for Welfare Reform, which is called UBI Plus, which specifically addresses some of these issues about how you can have a system of universal basic income that takes into account the additional needs of people with disabilities.

There are some other very structural problems that we face, like housing costs, which are extremely high in London and less high in other parts of the country. A UBI could not solve that problem, but people within the UBI movement have made proposals that again are sensible proposals about how you can address some of these issues. How can you use UBI as part of the solution to a lot of these very, very structural issues like housing or like disability? Clearly there are people who have more needs and those needs should be addressed.

**Susan Hall AM:** They absolutely, certainly should. Ellen, have you got anything you want to add to this from your perspective? You did very eloquently talk about it in the beginning. Is there anything else you would like to add to that?

**Ellen Clifford (Disabled People Against Cuts):** Our concern really is that, for the basic income movement, disability always seems to be seen as an add-on. It is kind of like, "People over there will deal with that", without a full understanding of the complexities of the disability benefit system and the additional costs that disabled people require. We would feel much more comfortable if that was taken on as more of a central issue within questions of how a basic income could work.

Just on average, research by Scope showed that on average disabled people have additional expenditure of about £584 per month. With the current Disability Living Allowance and Personal Independence Payments, we would like to see the eligibility for that widen, because there are a lot of disabled people who do need their extra costs covered but who cannot access it at the moment. Our fear is that trying to afford universal payments for everyone will then detract from things like being able to widen eligibility for disability benefits to all those people who need them.

I take the point Daniel makes that some people would be paying it back, but then to our mind then it is just an exercise in shuffling money around, which will take a lot of resources away from a more targeted approach we prefer to see in social security.

**Susan Hall AM:** Yes, I completely agree. Chair, I will leave it there because I know time is running on. Thank you, Daniel and Ellen, thank you.

**Caroline Russell AM:** Thank you, Chair. I just want to pick up on something that Susan [Hall AM] was raising about cost and net cost. Am I right in my understanding of what you were saying, Daniel, that UBI is given to everyone, but obviously if you are earning above a certain threshold then you will end up paying that money back in tax? Therefore, that is what makes the net cost much less than the cost of multiplying £4,000 by 70 million people?

**Daniel Mermelstein (UBI Lab London):** Yes, that is right.

**Caroline Russell AM:** Thank you. I just wanted to clarify that. My first question is: how could UBI help with the economic recovery from the pandemic?

**Daniel Mermelstein (UBI Lab London):** The key issue at the moment is how you get out of the current situation. We think that putting even small amounts of money in the hands of lots of people is a transformational thing. People go out and spend the money. Especially - and this is something that is well known - people who are poorer tend to spend extra money they have been given more readily than people who are richer, because people who are richer are able to maybe save it or do other things with it. People who are poorer tend to spend it in the economy. That is one immediate way of kickstarting an economy, to put money in the pockets of lots of people.

The other thing - and this is very interesting - is that UBI could be a huge motor for entrepreneurship, particularly in a place like London where there are lots and lots of small businesses. In fact, in the whole of the UK, 95% of all businesses employ fewer than ten people. Therefore, small businesses are going to be the motor of the economy.

Interestingly, in the United States last year there was almost a sort of micro-experiment in what would happen with UBI because they sent this cheque, \$1,200, to everyone in the country. They sent tens of millions of cheques out and people got this money. Within a couple of months there was this huge spike in business creation. Even publications like *The Economist*, who are no fans of state transfers or cash handouts, had to accept that this had a massive impact in the rate of business creation because it gave people the opportunity of taking a risk and creating their own business. They had a bit of money in their pocket to take that risk.

We think this is huge. If you can do that and if you can put even small amounts of money regularly in the pockets of lots of people, it will give people the incentive to then go and do something with that money, particularly create business, create enterprise. This is the thing that ultimately is going to lead to an economic recovery, lots of people creating small businesses, maybe employing a couple of people, maybe just employing themselves, and having that cushion. In the UBI movement we like to call it a floor, a floor of economic security. You know you are never going to fall below that floor. That is, psychologically and practically, of huge importance. In answer to your question, those two things are particularly important.

**Caroline Russell AM:** Another of the things that we have all learned in the pandemic is that our health and our family circumstances can change on a sixpence. People have found that suddenly they are unable to work. We are seeing people unable to, or struggling to, work while doing home schooling just at the moment. There are also people who find themselves with huge caring responsibilities for people who are experiencing long-term impacts from having had coronavirus.

I just wondered, Ellen, did you want to contribute on the issue of how UBI might help?

**Ellen Clifford (Disabled People Against Cuts):** I would just suggest that the impact of £76 a week might be less than Daniel is suggesting. For people who are on benefits, that amount would be taken back, it would be deducted from their benefits. Then for wealthier people they would then be paying it back through the tax changes. Therefore, it would not be everyone that would have it as extra money. I am not sure that £76 per week is enough to be that transformative. That is less than the current lowest weekly amount on Universal Credit.

There is one other concern that we have for the lowest-paid workers, whether there could be the potential impact of encouraging less scrupulous employers to drive wages down further and whether this could be used effectively to subsidise wages. That is a general economic concern that critics of UBI have.

**Caroline Russell AM:** Obviously, one would hope that laws around a Living Wage and at least --

**Ellen Clifford (Disabled People Against Cuts):** We would welcome those being strengthened, for sure.

**Daniel Mermelstein (UBI Lab London):** Can I make a point on that, though? I do disagree with that. One of the things that certainly contributes to keeping wages low is that most people do not have a choice about what kind of job they can accept. If the choice is between taking a low-paid job and starving, I do not think that is a choice. You take whatever job is available. Knowing that you have this floor of economic security is something that is powerful psychologically, and that would mean that you are able to refuse work that is dangerous, badly paid, or demeaning in ways that I do not think, currently, a lot of people are in a position to do.

Therefore, even at low levels, having a basic income, knowing that something is unconditional and non-withdrawable, is big. It is important. It is important in people's minds as well as in the economy as a whole. Employers will know that people will reject jobs. I think that the opposite would be true; that you would struggle to fill jobs that are unsafe or badly paid and therefore you would have to raise wages.

Again, going back to the issue, a lot of this unfortunately is a bit hypothetical. We should be trying this out. We should be finding a way to try this out so we can say for sure whether this is real or not.

**Caroline Russell AM:** Yes. Can I just check, the way that UBI Labs propose trials, this is not necessarily instead of benefits, it is like an emergency payment?

**Daniel Mermelstein (UBI Lab London):** Part of the challenge with doing a proper UBI trial is that a proper UBI trial would require primary legislation. That is why the motion that was put forward to the Assembly was calling on the Government to enable trials. Enabling trials means passing legislation that allows the Department for Work and Pensions (DWP) and [Her Majesty's] Revenue and Customs (HMRC) to make changes to the tax and benefits system, to make changes to people's tax codes and things, so that you can give people money without it impacting their eligibility for other benefits. At the moment, given the situation right now, if someone decided to give someone else money that would count as their income and they would probably get hit on their benefit somewhere else. Therefore, in order to enable trials, you have to pass legislation and you have to do this. This is a very centralised country in terms of decision-making. That would have to be done in Parliament.

**Ellen Clifford (Disabled People Against Cuts):** I just want to add that looking at the Scotland report is really useful for that. They decided that they are not able to undertake pilots because it would require new legislation to devolve responsibilities, or there would need to be, as Daniel says, a lot of co-operation with the

DWP and with HMRC. In order to trial it properly, you would need to be reducing people's benefits while giving them the basic income, which, because of those interfaces with the DWP and HMRC, it is not currently possible to do.

**Caroline Russell AM:** Yes, which is why the motion is asking to talk to the Government about it. Can you just outline precisely, Daniel, how you would see a UBI pilot work in London?

**Daniel Mermelstein (UBI Lab London):** The Scottish feasibility report is excellent and I would encourage anyone who is interested in this to have a good look at it, even just reading the executive summary. They went to a lot of trouble, they spoke to a lot of people, they did some original research, they looked at all the different aspects and it is a very comprehensive thing. Because it is in a UK context, even though it is ostensibly for Scotland, it has a lot of lessons for the rest of the UK. That is point number one.

It does point the way to some of the characteristics of a pilot that you would probably want to have. For example, there is this idea of a saturation pilot. What you want to do, in order to be able to measure the sort of community-type impacts, is to have a good enough number of people in a community who are all getting the basic income. That is the idea of a saturation pilot, to have people in the same community, a big enough number of them. The Scottish feasibility report talks about numbers from about 3,000 to 6,000 people. That is the smallest number that you could have that could take part in a saturation pilot. That would give you an opportunity to do the sorts of measurements that would give you enough information to really understand what the impacts - not just on an individual, but on a community - are of having a basic income pilot. That is important, the number, and the idea of a saturation pilot.

The other thing is what kind of level you set the basic income at. One of the suggestions in the Scottish report is around what you get from Universal Credit. Another one is a more generous sum of money. Again, this would have to be decided, but these are the numbers you are talking about.

Then the other crucial part of it is how long. Again, in order to be able to measure community-wide impacts and also an individual impact, you would have to do a two to three-year pilot, minimum. Plus it would take at least a year to set it all up because, again, it takes time for the sense of having a regular income to take hold and how people then psychologically start to act differently if they were having this regular income, this floor of economic security that no one has ever had.

All of these things put together start to point the way to how you do a pilot. I think it is crucial, given that London is so big and diverse, but it also has local government, the boroughs. Doing it in boroughs would be a great way of doing it because then you can compare different boroughs and the outcomes in different places. I think those are the general parameters of how you would run a pilot.

**Caroline Russell AM:** OK. Do you have any thoughts - I am sure Susan [Hall AM] would want me to ask this question - on how a pilot might be funded? Is this sort of a government project to see whether treating the whole process of benefit payments in a completely different way actually would have overall benefit to the community? Are you suggesting this is a Government-funded thing?

**Daniel Mermelstein (UBI Lab London):** Yes, given the sums involved and given the state of local government finances, I think everyone senses that, and this is a pilot that would give information about something for the whole of the nation. The assumption is that this would have to be funded by the Government, yes.

**Caroline Russell AM:** Well, the Government is funding all sorts of things at the moment. This is a different way of doing things and it would certainly be a bit cheaper than furlough, I suspect. Trials have been mentioned and referred to and we have the Scottish report, which obviously gives some very helpful information. Are there any other trials anywhere else in Europe or anywhere else in the world that you think it would be useful for us to be aware of that might have relevance for a London pilot?

**Daniel Mermelstein (UBI Lab London):** Ellen [Clifford] mentioned that there has never been a true UBI pilot anywhere in the world, I do not think. What there have been are attempts at something. For example, the one that has gathered a lot of headlines recently is the pilot in Finland, but the pilot in Finland was very much targeted at a specific cohort of people, which is the unemployed. That has its own issues and it draws its own conclusions. A lot of the conclusions were about: how does this pilot, targeting this type of people, affect their chances of employment? A lot of it was about their wellbeing - their mental wellbeing, their physical wellbeing - and whether it has any negative impacts on accessing the jobs market. At least it is a pilot in a European country with a similar type of benefit system to the UK, for example. That is helpful and some of the conclusions were very encouraging about access to the labour market, about people's wellbeing, their sense of their own self within society and all of these things that we consider to be useful.

There are other cash transfer pilots in other parts of the world that are more akin to a basic income in that they are just giving a significant number of people money, in places like Kenya, Uganda or India where they give people with low incomes cash over sustained periods of time and then they measure the impact of those. The issue with those is, yes, it is cash transfer, but it is in a very different kind of scenario where people are a lot poorer and there are fewer safety nets.

One of the more interesting ones, where it has been going on for longer and been under the radar, is the Alaska Permanent Fund. In Alaska in the 1970s when they discovered oil, they had a bit of a moment of clarity, of insight, which was in effect that the riches of the oil discovery did not just belong to the people who happened to find it in the 1970s. They were not just going to blow it on big infrastructure projects. What they would do was put that money, that revenue, in a fund, and then every year they would write a cheque and would give people a share in the profits of the fund. The Alaska Permanent Fund has been up and running since the early 1980s and every year every resident of Alaska gets a cheque for \$2,000 or \$3,000, depending on how well the fund did, just because they are residents of Alaska. It is unconditional and non-withdrawable and it has all the characteristics of a basic income except that it is not very regular. It is only once a year and they do not exactly know how much it is, the amount of money.

**Caroline Russell AM:** Ellen, did you want to come in?

**Ellen Clifford (Disabled People Against Cuts):** Yes, I just wanted to say that also with the Alaskan fund it does not get taken back through taxation and people's benefits are not reduced as a result of receiving that fund. It would be great if there was a similar oil fund that we could just all draw on here, but the reality is that paying out a basic income would mean changes to the current taxation system.

**Daniel Mermelstein (UBI Lab London):** Yes, I am talking about this in the context simply of Caroline [Russell AM] asking me about the different ways in which this has been tried. Because it has been going on for so long, they have been able to measure to some degree what impact it has on the population. Does it reduce their availability for work or does it reduce their stress levels, all of these things? Again, these are positive outcomes.

Things have been tried. Nothing has ever been tried which would be a full-on basic income. Again, in the context of London, if we think about what London is in the world, sending a signal that says, "We are at the

forefront of something as transformational as this because we are going to try this out in one of the major world cities”, that would be a huge thing, apart from anything else.

**Caroline Russell AM:** It certainly would. I am just thinking, did we not have Enterprise Allowance in the 1980s? That had some characteristics of this.

**Daniel Mermelstein (UBI Lab London):** That is right and this was, again, a Conservative Government in the early 1980s. The Thatcher Government introduced this Enterprise Allowance, which basically gave people money if they set up their own business. There was a quote I was reading earlier from, I think it is, the comedian Alan Davies, who said that the Enterprise Allowance saved him when he was a jobbing artist, and in a way, it seems so obvious. He said:

*“If you were on the dole, you got £26 a week and you weren’t allowed to work. If you were on the Enterprise Allowance Scheme, you got £40 and you could work.”*

That is the difference between, in a way if you like, the current welfare system where you get £20 week but you cannot work because they will penalise you, or a kind of UBI where you are saying, “Here’s £40 a week. See what you can do with it”. He says that is the thing that sort of -- and it was not just him. There are more examples of people, particularly artists and people who have more uncertain income, who benefitted from this and it was a Conservative Government programme.

**Caroline Russell AM:** Thank you. Finally, I am just wanting to move on to London local authorities, how they might be able to help with trialling UBI, what support they might need to do it and whether micro pilots might play a part in what local authorities are able to do.

**Daniel Mermelstein (UBI Lab London):** Yes. In the UBI Lab movement we have worked very hard to try to work with local authorities, again to ask for these pilots, because we think that basic income in a way is a grassroots initiative. The thing that local authorities can do is not only when it comes to the logistics of administering and running a pilot because they have the wherewithal and the infrastructure to do that, but also - and this is a key thing - creating the networks and building the support that is required for a basic income pilot. They have the networks of people. We have been asking to call for the creation of working groups that involve stakeholders in the community, who would all have to come together to make a pilot a success. We think this is a big, big job and they have a big part to play, the local authorities, in making a success of pilots in the administration, in the data-gathering, and in just building the networks of support that would make this a success.

It is worth pointing out, as you said, that there is also this idea of the smaller micro pilots, local micro pilots. I am excited because I live in north London and there is some idea of doing a micro pilot around the area where I live, which I think is an amazing stroke of luck for me. The idea is you can still measure some impacts and do that thing at a very micro level, and those are exciting ideas.

**Caroline Russell AM:** The micro pilot around you, is that being funded by central Government or is that being funded by some kind of grant? How does that work?

**Daniel Mermelstein (UBI Lab London):** No, this is in the very early stages, but the idea is to fund it by some kind of benefactor or donor. This is very much outside of, if you like, the local authority or the Government arena, but the principle is the same. You could fund these micro pilots and do these. The key thing about all of this is you can do that. Everything has its pros and its cons. Doing a pilot is better than not doing anything, but it is not the same as doing it in the whole country. Doing a micro pilot is better than not

doing anything, but is not as good as doing a pilot. There is a limit to the things you can measure and there is a limit to the things you can deduce from it, but it is still a way of understanding what the real-life impacts and outcomes of this would be.

**Caroline Russell AM:** Yes, thank you. Ellen?

**Ellen Clifford (Disabled People Against Cuts):** Sorry. Our caveat with it is that the smaller the pilot, the less it is going to tell us about potential impacts on the wider tax and welfare landscape and about impacts on additional funding pressures on public services nationally. Yes, that is the problem for us with smaller pilots. We would stress that if there are going to be pilots looking at UBI, as I said before, we would really like a pilot, as well, looking at minimum income standards that are means-tested rather than universal. I think with the two rates that they recommended in Scotland being looked at in pilots, they were recommending that a pilot looks at both a lower level payment, which is the equivalent of roughly a Jobseeker's Allowance amount, and then another pilot with a higher amount, roughly at the level of the minimum income standard. We would want a third one, which was looking at a minimum income standard that is means-tested rather than universal.

It is quite, for want of a better word, exciting, the kind of potential with the London Recovery work for looking at solutions for some of these issues. I am involved in the London Recovery Board through my role on the Equality, Diversity and Inclusion Advisory Group. One of the missions is around a robust safety net, and that recovery work is in partnership with local authorities. It is going to be really great to look at what work can be taken forward, exploring the role of local authorities in terms of better social security options.

**Caroline Russell AM:** Yes. Thank you. I will hand back to the Chair.

**Léonie Cooper AM (Chair):** Thank you. I am not actually sure that we have managed to nail down whether or not we think London local authorities are currently in a position to implement UBI or, indeed, what support they might require. I am also not quite clear whether or not a pilot would be assessing the impact in terms of the tax landscape where people might be contributing more, as well as what the benefits might be. I am sort of posing that. I think that is still there as a bit of a question. I am not sure with our two very excellent guests whether they can answer that question about London local authorities because you are not actually representing London local authorities.

**Murad Qureshi AM:** I will try to sweep up as quickly and as effectively as I can do. Can I just return to something? I have spent most of this session listening to possibly all the reasons why we should not have a pilot. It sounds incredibly complex and it makes me return to the idea that it should be 'one size fits all'. Could I ask Daniel? Would a 'one size fits all' UBI be appropriate across the country or should we expect different types in different regions?

**Daniel Mermelstein (UBI Lab London):** I think UBI is UBI. In a way, it is about 'one size fits all'. It is about saying we should have a basic income across the country. Obviously, from the point of view of the UBI Lab Network and the UBI movement, of course we want it in the whole country, and we do not want it to be set at different levels for different regions because then it is another sort of weird form of means-testing, if you like. Definitely, if UBI is UBI, then it has to be one UBI. Now the question is: what UBI? Within a UBI, as we said earlier, there are a lot of different schemes and, therefore, what the scheme should be, what the level should be, what it pays for and all of that stuff is up for debate. That is why, in a way, we think the way forward is to pilot it or to try it because it is a way of getting to those answers.

**Murad Qureshi AM:** OK. No, it is just that one of the instances around the world, which I do not think we have referred to, is in Spain. Last May, they put a million families on their equivalent of a basic level of income



that has cost them €3.5 billion. Are we any the wiser of the success or not of this? Has that actually delivered the results? One million households, that is a huge.

**Daniel Mermelstein (UBI Lab London):** Yes. I guess the issue there is that the moment you say it is a million households, it is not universal. It is a form of welfare and we have forms of welfare and they have forms of welfare. If you say it is a million households, you have to define “Who is the household who goes into the programme or does not go into the programme?” It is a means-tested -- it is a way of getting money out to people and I am absolutely sure it has helped the people who got the money, but it is not really a UBI experiment because it is not universal. The key thing about UBI has to be about universality, about unconditionality and about regularity. The moment you say there are a million households in this, another 25 million households who do not get it, then what you are talking about is it is another means-tested welfare programme. It is difficult to then answer that question.

**Murad Qureshi AM:** OK. The most recent example is what is happening in [the United States of] America. The Senate has approved about a \$1 trillion budget for not \$600 but \$2,000 and, if anything, the argument there was “How much should go?” I have got to confess, actually [former President] Trump got this one bloody right actually, \$2,000. If you are going to give something, \$2,000 is probably the appropriate level. That is likely to be replicated, is it not, under [President] Biden? Is that not where the Americans are going essentially, without them realising possibly?

**Daniel Mermelstein (UBI Lab London):** Well, maybe. There are a lot of issues happening there that I am not qualified to talk about. Again, it is universal, so that is great. It is a significant amount of money that people are going to receive. The issue with that one is that it is not regular. The thing about UBI is it is about regularity as well. It is not just about sending people a cheque once. It is a “We are going to support you, rain or shine, day in, day out for the rest of everyone’s lives”, and regular payments is absolutely key.

**Murad Qureshi AM:** OK. I suspect that it will be more regular than we realise if I am reading what --

**Daniel Mermelstein (UBI Lab London):** Perhaps, yes.

**Murad Qureshi AM:** -- the Federal Reserve and [President] Biden are saying, certainly to get Americans through the pandemic crisis that they face more severely than we do.

The other thought is that was the appeal for me when I signed up to that petition. I did not envisage it would get any more complicated than that, quite honestly. I do think one of the things we do need to investigate is whether our colleagues in local government, particularly in London, in these particular circumstances, have the capacity to take on board delivering such commitment. I just wondered - and I think this is the final point - whether you have any more thoughts on that.

**Daniel Mermelstein (UBI Lab London):** Yes.

**Murad Qureshi AM:** At the moment, they will be hard-pushed to find the income to do that. It would certainly have to be a transfer, I would have thought, from central Government, and it would be the terms of those funds. Daniel, is that how you think our local authorities could run it?

**Daniel Mermelstein (UBI Lab London):** To answer the previous question about whether local London authorities are equipped at the moment, the answer is no, first because they do not have the legal powers. Again, this has to go through central Government and this is why we have been pushing so hard for people to lobby central Government to make the changes that are required to make pilots even a possibility.

Once you have got over that hurdle, then you have to say, “Yes, a local authority could deliver it”. They have the wherewithal in terms of the bodies on the ground and the infrastructure, but, clearly, they are not going to have the money, and perhaps they will need extra support. This is a national effort in a way, in that respect. Local authorities need to be given the legal framework and the funding to run these trials, but we think they are the right kind of unit to run a trial, particularly in a place like London, which is so densely populated and has different local authorities. It would be an ideal place to try some of these things out and say, “Well, does it provide the benefits that all of us on this side are saying it provides? Does it create unintended consequences that no one has thought about but are good or are bad?” Then, “Does it provide the value? Is it, in a way, a valuable thing to do?”

**Ellen Clifford (Disabled People Against Cuts):** Yes, obviously I agree with Daniel that local authorities absolutely do not have the ability to do that now. I just want to stress though that, for us, the question of trialling a UBI is some place in the future, after we have secured central Government commitment to it. In the meantime, I would really emphasise the need to make sure that Londoners who are struggling under the current climate are able to access financial hardship support now. We are very concerned about what will happen in April [2021] when the £20 a week uprating of Universal Credit is due to end. I know that has made a huge difference to families and we are really worried about that, which is coming very imminently.

**Léonie Cooper AM (Chair):** It is also, Ellen, slightly outside of the scope of this discussion.

**Ellen Clifford (Disabled People Against Cuts):** Sorry.

**Léonie Cooper AM (Chair):** In the sense that I mentioned something else being outside the scope of the discussion earlier on, that is also outside of the scope of the discussion of UBI, if you do not mind.

**Murad Qureshi AM:** Indeed. Just one last point. If there were transfers from the Government on this front, we are talking about legislation and what have you. I think there is a far easier route and it is the Bank of England. Actually, they pumped out more money than the Chancellor [of the Exchequer, The Rt Hon Rishi Sunak MP] has, or than people imagine and it is through printing money, quantitative easing. Most of that, I think, has been keeping the financial sector happy. Is there a means of tapping into that, avoiding all these obstacles, and direct payments as they are making anyway, Daniel?

**Daniel Mermelstein (UBI Lab London):** No.

**Murad Qureshi AM:** No?

**Daniel Mermelstein (UBI Lab London):** I do not think so, because I think we are talking about two slightly different things.

**Murad Qureshi AM:** OK.

**Daniel Mermelstein (UBI Lab London):** One is how you pay for it, and you are right, quantitative easing or printing money or however you want to call it is one way of paying for it. Another way of paying for it could be to invent some other tax, another way. There are different ways of paying for it. I think that the one that is scrutinised and modelled most is changes to the tax and benefits system, the rates of income tax and the various different kind of tax and benefits system issues. It is the easiest one to model because it is already there and that is its purpose. The purpose of the tax and benefits system is to tax some people and give

money to other people in the form of benefits or in the form of education, the NHS, whatever, and so that is the one that is being modelled most.

**Léonie Cooper AM (Chair):** I am going to have to draw you to a close because we have only got ten minutes left of our complete amount of time. We do need to make a decision about what we are going to do with the referred motion and we have also got a couple of other items that we need to conclude on the agenda.

Daniel, I would like to thank you enormously for your contribution and, Ellen, also for yours. That has been really, really helpful in the discussion, which I think has been much more useful really than the very brief debate that we had in the [London Assembly] Plenary in the Chamber, as it were.

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## Subject: Summary List of Actions

Report to: Economy Committee

Report of: Executive Director of Secretariat

Date: 2 March 2021

This report will be considered in public

### 1. Summary

- 1.1 This report sets out details of actions arising from previous meetings of the Economy Committee.

### 2. Recommendation

- 2.1 **That the Committee notes the completed and outstanding actions arising from previous meetings of the Committee.**

#### Actions Arising from the Committee meeting on 20 January 2021

Minute Item	Topic	Status	For Action
6.	<p><b>Models for Economic Recovery: Cooperatives and Universal Basic Income</b></p> <p>That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output from the discussion.</p>	Closed. See actions below.	
7.	<p><b>Referred Motion</b></p> <p>That consideration of the referred motion be deferred to a future meeting of the Economy Committee.</p> <p>That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree letters to HM Treasury and London Councils seeking additional information to contribute to the Committee's investigation on UBI.</p>	<p>Completed. See <b>Agenda Item 7.</b></p> <p>Completed. See <b>Agenda Item 5.</b></p>	

## Actions Arising from the Committee meeting on 15 December 2020

Minute Item	Topic	Status	For Action
5.	<p><b>The Changing Nature of Work After COVID-19</b></p> <p>The Deputy Mayor for Planning, Regeneration and Skills agreed to:</p> <ul style="list-style-type: none"> <li>• Provide information on whether any specific assessment had taken place on the potential for London to lose skill and talent as a result of young Londoners choosing to leave the city for cheaper accommodation;</li> <li>• Confirm how many of London's businesses were being helped by City Hall and whether that number had increased from 0.3% since 5 November 2020;</li> <li>• Provide information on what the Mayor had done to encourage the GLA functional bodies to help support young people entering the job market, particularly during the COVID-19 pandemic; and</li> <li>• Inform the Committee if there was any specific information that could be provided on a review of the Mayor's housing policies and strategies in the light of the link between COVID-19 mortality and overcrowded living conditions.</li> </ul> <p>That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output from the discussion.</p>	<p>In progress. A follow-up request was made on 11 February 2021.</p> <p>Completed. See <b>Agenda Item 5.</b></p>	Deputy Mayor for Planning, Regeneration and Skills.

## Actions Arising from the Committee meeting on 8 September 2020

Minute Item	Topic	Status	For Action
6.	<p><b>COVID-19 and the High Street</b></p> <p>That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output from the discussion.</p>	In progress. A report is being prepared.	Senior Policy Adviser.

### Actions arising from the Committee meeting on 12 February 2020

Minute Item	Topic	Status	For Action
5.	<p><b>Food Insecurity</b></p> <p>During the course of the discussion, the Co-Founder and CEO, Olio, agreed to provide the Committee with more information about what their longitudinal model showed.</p> <p>That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output from the discussion.</p>	<p>In progress. Clerk in discussion with Olio.</p> <p>The output for this item is under discussion, in light of the COVID-19 pandemic.</p>	<p>Co-Founder and CEO, Olio.</p> <p>Senior Policy Adviser.</p>

### Actions arising from the Committee meeting on 14 January 2020

Minute Item	Topic	Status	For Action
5.	<p><b>London's Retail Sector – Keeping London's High Streets Open</b></p> <p>That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output from the discussion.</p>	<p>In progress. To be combined with output from 8 September 2020. A report is being prepared.</p>	<p>Senior Policy Adviser.</p>

### 3. Legal Implications

3.1 The Committee has the power to do what is recommended in this report.

### 4. Financial Implications

4.1 There are no financial implications to the GLA arising from this report.

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**List of appendices to this report:**

None.

<b>Local Government (Access to Information) Act 1985</b>	
List of Background Papers: None.	
Contact Officer:	Lauren Harvey, Senior Committee Officer
Telephone:	020 7983 4383
E-mail:	<a href="mailto:lauren.harvey@london.gov.uk">lauren.harvey@london.gov.uk</a>



# Subject: Action Taken Under Delegated Authority

**Report to: Economy Committee**

**Report of: Executive Director of Secretariat**

**Date: 2 March 2021**

**This report will be considered in public**

## 1. Summary

- 1.1 This report sets out recent action taken by the Chair of the Economy Committee under delegated authority.

## 2. Recommendation

- 2.1 **That the Committee notes the actions taken by the Chair of the Economy Committee under delegated authority, in consultation with party Group Lead Members, namely to agree:**
- (a) **The Committee's letter to the Mayor as an output for the meeting on the changing nature of work after COVID-19, as attached at Appendix 1; and**
  - (b) **The Committee's letters to London Councils, the Government and London borough Leaders requesting additional information on Universal Basic Income, as attached at Appendices 2-6.**

## 3. Background

- 3.1 Under Standing Orders and the Assembly's Scheme of Delegation, certain decisions by Members can be taken under delegated authority. This report details those actions.
- 3.2 At its meeting on 15 December 2020, the Committee held a meeting on the changing nature of work after COVID-19 and resolved:
- That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree any output from the discussion.*
- 3.3 Following that meeting, the Chair consulted party Group Lead Members on the Committee's letter to the Mayor.

3.4 At its meeting on 20 January 2021, the Committee considered a motion referred to it by the London Assembly on Universal Basic Income (UBI) and resolved:

*That authority be delegated to the Chair, in consultation with party Group Lead Members, to agree letters to the Government and London Councils seeking additional information to contribute to the Committee's investigation on UBI.*

3.5 Following that meeting, the Chair consulted party Group Lead Members on the Committee's letters to the following:

- The Rt Hon Steve Barclay MP, Chief Secretary to the Treasury;
- Will Quince MP, Parliamentary Under-Secretary, Department for Work and Pensions; and
- Councillor Georgia Gould, Chair, London Councils.

3.6 In addition to the letters agreed by the Committee at their meeting in January 2021, the Chair consulted party Group Lead Members on letters to the Leaders of the London boroughs of Islington and Richmond upon Thames asking if they would be willing to share with the Committee any subsequent correspondence they have had with the Government following motions being passed in support of UBI trials in their boroughs.

## **4. Issues for Consideration**

4.1 Following consultation, the Chair agreed the Committee's letter to the Mayor, which was sent on 26 January 2021. The letter is attached at **Appendix 1**.

4.2 Following consultation, the Chair agreed the Committee's letters on UBI, which were sent on 19 February 2021, the letters are attached as follows:

- Letter to the Chief Secretary to the Treasury, **Appendix 2**;
- Letter to the Parliamentary Under-Secretary, DWP, **Appendix 3**;
- Letter to the Chair, London Councils, **Appendix 4**;
- Letter to the Leader, London Borough of Richmond upon Thames, **Appendix 5**; and
- Letter to the Leader, London Borough of Islington, **Appendix 6**.

4.3 The Committee is asked to note the letters and the actions taken under delegated authority.

## **5. Legal Implications**

5.1 The Committee has the power to do what is recommended in the report.

## **6. Financial Implications**

6.1 There are no direct financial implications to the Greater London Authority arising from this report.

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**List of appendices to this report:**

Appendix 1 – Letter to the Mayor, dated 26 January 2021

Appendix 2 – Letter to the Chief Secretary to the Treasury, dated 19 February 2021

Appendix 3 – Letter to the Parliamentary Under-Secretary, DWP, dated 19 February 2021

Appendix 4 – Letter to the Chair, London Councils, dated 19 February 2021

Appendix 5 – Letter to the Leader, London Borough of Richmond upon Thames, dated 19 February 2021

Appendix 6 – Letter to the Leader, London Borough of Islington, dated 19 February 2021

**Local Government (Access to Information) Act 1985**

List of Background Papers:

Member Delegated Authority Form: 1258 [Changing Nature of Work After COVID-19]

Member Delegated Authority Form: 1266 [Universal Basic Income]

Contact Officer: Lauren Harvey, Senior Committee Officer

Telephone: 020 7983 4383

E-mail: [lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk)

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**City Hall**

The Queen's Walk

More London

London SE1 2AA

Tel: 020 7983 4000

[www.london.gov.uk](http://www.london.gov.uk)

# LONDON ASSEMBLY



**Leonie Cooper AM**  
**Chair of the Economy Committee**

Sadiq Khan  
Mayor of London  
(Sent by email)

26 January 2021

Dear Sadiq,

I am writing to you as Chair of the London Assembly Economy Committee on the current economic issues facing our city. London's economy and industries are at a critical juncture. With vaccines being rolled out there is hope at the end of a very challenging year for many, and a return to some kind of normality is on the horizon. However, a low Christmas trading period has left many retail and hospitality businesses in a perilous position during a very testing time, and now with a third national lockdown to add to the mix, the chance of a January recovery has been stifled.

The Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme are scheduled to run until the end of April 2021. The unprecedented levels of support provided through these schemes have been a lifeline for businesses and employees, but many are worried about a cliff-edge end to support. Additionally, as much as 10 per cent of the UK's workforce may have fallen through the cracks in receiving full support from these government measures, for a variety of reasons such as being newly self-employed, or missing a period of work used to calculate average income due to maternity, paternity or adoption leave.<sup>1</sup>

With millions of Londoners approaching nearly a full year working from home, the hard-hit businesses that rely on London's commercial centres continue to suffer. Normal working habits are unlikely to ever resume, and home-working Londoners are looking for support to ensure that employment standards remain high and the benefits of office-based working are not lost.

With all of these issues coming together, nearly all Londoners have in one way or another been impacted heavily by the changes to London's economy. Our Committee wants to highlight these issues to you following our investigations with businesses, community leaders and Londoners, because you have the power to help those struggling as the leader of our city.

### **London's labour market**

London's labour market is on a knife-edge. Unemployment rates rose in the capital across 2020, and in the three months to October, London witnessed the largest quarterly rise in London's unemployment since 1992 (when the data started being collected in this way).<sup>2</sup> The number of Universal Credit claimants has risen at a far higher rate in London than the rest of the country (167 per cent increase between March 2020 and November 2020 compared to 115 per cent increase across the UK).<sup>3</sup> The latest figures show that 430,000 Londoners are furloughed under the Coronavirus Job Retention Scheme – 10 per cent of those Londoners who are employed.<sup>4</sup> In addition, 465,000 Londoners have made claims under the Self-Employed Income Support Scheme.<sup>5</sup> That means at least 885,000 Londoners are relying on Government support throughout COVID-19, nearly 10 per cent of London's total population. Whilst the support delivered through these schemes has been a much needed lifeline to those most impacted by the pandemic, both the Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme are currently set to draw to a close at the end of April, and many Londoners and London businesses are concerned about what will happen if this support ends suddenly, whilst the return to normal levels of economic activity are more gradual.

**Recommendation:** It is absolutely vital that, as Mayor of London, you are ensuring that our city is prepared for the transition out of this most difficult period of lockdown and other restrictions. The Economy Committee therefore requests that you write to the Government to establish joint working on this issue, and then provide us with details of how you and the Government are working together to ensure that this transition towards a fully opened economy will be managed over the coming months to protect jobs and save businesses in London. In particular, we would like to know what support will be given to the Central Activity Zone, whether there will be ongoing support in terms of Business Rates and rent, and how employees will be supported in specific sectors such as culture and creative, retail and hospitality, which have been hardest hit and are so essential to London and the UK's recovery.

### **London's retail, hospitality and culture businesses**

We know that the Christmas trading period is pivotal to the year-round success of London's high streets. London's streets in the run up to Christmas are usually filled with festive cheer, meaning that the trading done in December can help businesses throughout the quiet month of January. Yet, unsurprisingly, footfall on the London's high streets was significantly reduced between the end of November 2020 and the start of January 2021, compared to the equivalent period last year, due to the Tier 4 and lockdown restrictions. For the Greater London region, this reduction amounted to 39.3 per cent, and in the heart of the city footfall was down 57.8 per cent.<sup>6</sup> This was a further blow to businesses who already had to work through an extremely challenging year.

In December, the Economy Committee published a [report](#) that highlighted the impact that COVID-19 would have on London's Christmas Economy.<sup>7</sup> In a survey, our Committee found that 4 in 5 Londoners planned to do their Christmas shopping online, bringing further evidence of reduced footfall to London's high streets for December.<sup>8</sup> Our Committee recommended that the Mayor needed to help

businesses to get trading online – and the footfall figures emphasise just how important that is. As well as retail, our Committee also explored how reliant the hospitality and culture sectors are on the Christmas trading period to get them through the rest of the year. With these businesses largely closed throughout the Christmas period, and now closed until the current lockdown measures are eased (which could be possibly until the end of March, or even May) it is vital that these businesses receive the support needed to survive, so that Londoners and visitors to the City can continue to enjoy our city’s world-famous cultural attractions and hospitality venues when they are able to re-open.

Significant proportions of London’s retail and hospitality businesses, especially in the city’s commercial centres, rely on office workers and commuters. Londoners are currently advised to work from home when possible and the return to offices is likely to be a staggered process, with social distancing maintained for a period of time. Additionally, many businesses are reducing their office presence in the city, opting for a mix of home- and office-based working, going forwards. This will have a continued impact on the retail and hospitality businesses in the commercial areas of the city.

**Recommendation:** The Committee recommends that the Mayor updates his plans to support and advocate for London’s retail, hospitality and culture businesses and, in particular, adapts these plans to take account of the unprecedentedly low 2020 Christmas trading period.

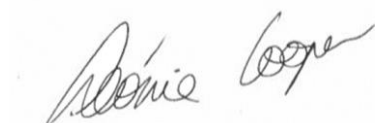
### **London’s homeworkers**

This anticipated fundamental shift to greater homeworking has implications for London’s employees too, with consequences for social interaction, training, and employers’ health and safety responsibilities. In our December meeting, we heard from the Trades Union Congress that there are concerns over the practices of some employers with regard to the support they are offering their employees whilst working from home.

**Recommendation:** Our Committee recommends that, in light of the increase in working from home, the Mayor reviews the Good Work Standard<sup>9</sup> – the benchmark for good employment practice in London. This review should assess whether the Good Work Standard captures the true nature of work in London in 2021 or now needs updating to account for major changes to employment arrangements and considers adding new recommendations to ensure the best employment practices cover these new employment arrangements.

We would be grateful to receive your response to this letter by 23 February 2021. Please send your response by email to the Economy Committee’s Clerk, Lauren Harvey ([lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk)).

Yours,



**Leonie Cooper AM**  
**Chair of the Economy Committee**

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- <sup>1</sup> [Who is Excluded?](#), ExcludedUK, 2020
  - <sup>2</sup> [Labour market update for London – December 2020](#), London Datastore, 15 December 2020
  - <sup>3</sup> [Labour market update for London – December 2020](#), London Datastore, 15 December 2020
  - <sup>4</sup> [Coronavirus Job Retention Scheme statistics: December 2020](#), Gov.uk, 24 December 2020
  - <sup>5</sup> [Self-Employment Income Support Scheme statistics: November 2020](#), Gov.uk, 25 November 2020
  - <sup>6</sup> BRC-Shoppertrak Footfall Monitor, December 2020
  - <sup>7</sup> [4 in 5 Londoners plan to do Christmas shopping online](#), London Assembly Economy Committee, 15 December 2020
  - <sup>8</sup> [4 in 5 Londoners plan to do Christmas shopping online](#), London Assembly Economy Committee, 15 December 2020
  - <sup>9</sup> [What is the Mayor's Good Work Standard?](#), Greater London Authority



# LONDON ASSEMBLY

**City Hall**

The Queen's Walk  
More London  
London SE1 2AA  
Tel: 020 7983 4000  
[www.london.gov.uk](http://www.london.gov.uk)



**Leonie Cooper AM**  
**Chair of the Economy Committee**

Rt Hon Steve Barclay MP  
Chief Secretary to the Treasury  
(Sent by email)

19 February 2021

Dear Minister,

The London Assembly Economy Committee is exploring the potential role for Universal Basic Income (UBI) in London's economic recovery from COVID-19. This follows a motion being brought to the full Assembly in November and referred to the Economy Committee for in-depth consideration. The motion asks the Assembly to call on the Mayor to write to the Government calling for a fully evaluated basic income in the city, and for him to work with local authorities to help test UBI in London. The Committee has not yet voted on this motion, and is gathering further information before making that decision.

Our Committee is interested to examine the viability of calling for a pilot in London and the support that would need to be extended by relevant bodies for a pilot to be carried out. To that end we would be interested to understand the Treasury's position in supporting a UBI pilot. We are aware, from a recent debate in the House of Commons,<sup>1</sup> that the Treasury's current position is that UBI would not constitute an improvement to current welfare arrangements. However, in the exceptional circumstance of a post-pandemic recovery, the Economy Committee would be interested to learn whether there is appetite within your department to support a pilot in conjunction with a London borough so as to gain a deeper understanding of the impact and feasibility of UBI.

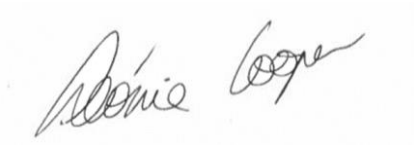
**Would the Treasury be willing to provide the financial support required to assist a London borough council in order to run an effective UBI pilot? If not, why not?**

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<sup>1</sup> [Universal Basic Income](#), Volume 685: debated on Tuesday 1 December 2020

I would be grateful to receive a response to our findings and recommendations by 26 February 2021.  
Please send your response by email to the Committee's clerk Lauren Harvey  
([Lauren.Harvey@london.gov.uk](mailto:Lauren.Harvey@london.gov.uk)).

Yours,

A handwritten signature in black ink, appearing to read 'Leonie Cooper', is centered on the page. The signature is written in a cursive style.

**Leonie Cooper AM**  
**Chair of the Economy Committee**

# LONDON ASSEMBLY

**City Hall**

The Queen's Walk

More London

London SE1 2AA

Tel: 020 7983 4000

[www.london.gov.uk](http://www.london.gov.uk)**Leonie Cooper AM**  
**Chair of the Economy Committee**

Will Quince MP  
Parliamentary Under-Secretary (Department for Work and Pensions)  
(Sent by email)

19 February 2021

Dear Minister,

The London Assembly Economy Committee is exploring the potential role for Universal Basic Income (UBI) in London's economic recovery from COVID-19. This follows a motion being brought to the full Assembly in November and referred to the Economy Committee for in-depth consideration. The motion asks the Assembly to call on the Mayor to write to the Government calling for a fully evaluated basic income in the city, and for him to work with local authorities to help test UBI in London. The Committee has not yet voted on this motion, and is gathering further information before making that decision.

Our Committee is interested to examine the viability of calling for a pilot in London and the support that would need to be extended by relevant bodies for a pilot to be carried out. To that end we would be interested to understand the Department for Work and Pensions' (DWP) current position in supporting a UBI pilot. We are aware, from your contributions in the House of Commons<sup>1</sup> that the DWP's view is that UBI would not constitute an improvement to current welfare arrangements. However, in the exceptional circumstances of a post-pandemic recovery, the Economy Committee would be interested to learn whether there is any appetite within your department to support a UBI pilot in conjunction with a London borough so as to gain a deeper understanding of impact and feasibility of UBI.

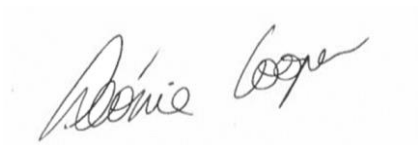
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<sup>1</sup> [Universal Basic Income](#), Volume 682: debated on Tuesday 13 October 2020

**Would the DWP be willing to make the temporary amendments to the welfare system in a specific locality that would be required for an effective UBI pilot to be implemented? If not, why not?**

I would be grateful to receive a response to our findings and recommendations by 26 February 2021. Please send your response by email to the Committee's clerk Lauren Harvey ([Lauren.Harvey@london.gov.uk](mailto:Lauren.Harvey@london.gov.uk)).

Yours,

A handwritten signature in blue ink that reads "Leonie Cooper". The signature is written in a cursive style and is positioned above the printed name and title.

**Leonie Cooper AM**  
**Chair of the Economy Committee**

# LONDON ASSEMBLY

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[www.london.gov.uk](http://www.london.gov.uk)**Leonie Cooper AM**  
**Chair of the Economy Committee**

Cllr Georgia Gould  
Chair of London Councils  
(Sent by email)

19 February 2021

Dear Cllr Gould,

The London Assembly Economy Committee is exploring the potential role for Universal Basic Income (UBI) in London's economic recovery from COVID-19. This follows a motion being brought to the full Assembly in November and referred to the Economy Committee for in-depth consideration. The motion asks the Assembly to call on the Mayor to write to the Government calling for a fully evaluated basic income in the city, and for him to work with local authorities to help test UBI in London. The Committee has not yet voted on this motion, and is gathering further information before making that decision.

Our Committee is interested to examine the viability of calling for a pilot in London and the support that would need to be extended by relevant bodies for a pilot to be carried out. To that end, I would be very grateful if you were able to outline London Councils' willingness or unwillingness to support a pilot in London. We are aware, through correspondence with London Councils in January this year, that you do not have an organisational position on UBI and whether it offers an alternative to current welfare arrangements. However, in the exceptional circumstance of a post-pandemic recovery, we would like to know London Councils' views on UBI pilots, and whether you would be interested in supporting a pilot in order to gain a deeper understanding of the impact and feasibility of UBI. We would also be interested to hear any concerns you would have with supporting a pilot. Specifically, the Committee would be interested in knowing the answer to the following questions:

- Is London Councils supportive of UBI pilots to gather further information about the viability and effect of UBI?

- To what extent would you, as an organisation, be willing to be involved in providing support for the running and monitoring of a pilot in a London borough, if one was to take place?
- What concerns would you, as an organisation, have about supporting a UBI pilot in London?
- We know that a UBI pilot would require support from Government – primarily the Treasury for financial support and the Department for Work and Pensions to make temporary amendments to welfare arrangements. Would you anticipate any further support being required from additional sources to assist with the effective running of a pilot?
- Is carrying out a pilot feasible at the current time, given the effect of the pandemic on a wide range of organisations and services, including local authorities?

I would be grateful to receive a response to our findings and recommendations by 26 February 2021. Please send your response by email to the Committee's clerk Lauren Harvey ([Lauren.Harvey@london.gov.uk](mailto:Lauren.Harvey@london.gov.uk)).

Yours,

A handwritten signature in black ink, appearing to read 'Leonie Cooper', is written over a light blue rectangular background.

**Leonie Cooper AM**  
**Chair of the Economy Committee**

# LONDON ASSEMBLY

**City Hall**

The Queen's Walk

More London

London SE1 2AA

Tel: 020 7983 4000

[www.london.gov.uk](http://www.london.gov.uk)**Leonie Cooper AM**  
**Chair of the Economy Committee**

Cllr Gareth Roberts  
Council Leader of London Borough of Richmond upon Thames  
(Sent by email)

19 February 2021

Dear Cllr Roberts,

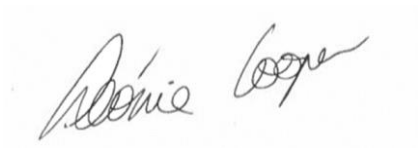
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Our Committee is interested to examine the viability of calling for a pilot in London and the support that would need to be extended by relevant bodies for a pilot to be carried out. The Committee is aware that, in January 2021, Richmond Council passed a motion calling on the Government to support a trial of UBI in your borough.

In order to help the Committee understand in greater detail the Government's position in supporting UBI trials in London, we would be very grateful if you were able to provide to us any subsequent correspondence your council has had with the Government on this motion.

I would be grateful to receive a response to our findings and recommendations by 26 February 2021. Please send your response by email to the Committee's clerk Lauren Harvey ([Lauren.Harvey@london.gov.uk](mailto:Lauren.Harvey@london.gov.uk)).

Yours,

A handwritten signature in black ink, appearing to read "Leonie Cooper". The signature is written in a cursive style with a large initial 'L' and 'C'.

**Leonie Cooper AM**  
**Chair of the Economy Committee**



**City Hall**

The Queen's Walk

More London

London SE1 2AA

Tel: 020 7983 4000

[www.london.gov.uk](http://www.london.gov.uk)

# LONDON ASSEMBLY



**Leonie Cooper AM**  
**Chair of the Economy Committee**

Cllr Richard Watts  
Council Leader of Islington London Borough Council  
(Sent by email)

19 February 2021

Dear Cllr Watts,

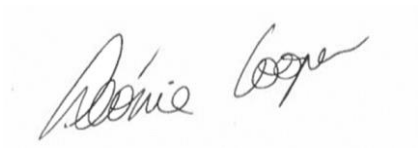
The London Assembly Economy Committee is exploring the potential role for Universal Basic Income (UBI) in London's economic recovery from COVID-19. This follows a motion being brought to the full Assembly in November and referred to the Economy Committee for in-depth consideration. The motion asks the Assembly to call on the Mayor to write to the Government calling for a fully evaluated basic income in the city, and for him to work with local authorities to help test UBI in London. The Committee has not yet voted on this motion, and is gathering further information before making that decision.

Our Committee is interested to examine the viability of calling for a pilot in London and the support that would need to be extended by relevant bodies for a pilot to be carried out. The Committee is aware that, in December 2020, Islington Council passed a motion calling on the Government to support a trial of UBI in your borough.

In order to help the Committee understand in greater detail the Government's position in supporting UBI trials in London, we would be very grateful if you were able to provide to us any subsequent correspondence your council has had with the Government on this motion.

I would be grateful to receive a response to our findings and recommendations by 26 February 2021. Please send your response by email to the Committee's clerk Lauren Harvey ([Lauren.Harvey@london.gov.uk](mailto:Lauren.Harvey@london.gov.uk)).

Yours,

A handwritten signature in black ink, appearing to read "Leonie Cooper". The signature is written in a cursive style with a large initial 'L' and 'C'.

**Leonie Cooper AM**  
**Chair of the Economy Committee**

# Subject: Mayor's Responses to Committee Outputs

**Report to: Economy Committee**

**Report of: Executive Director of Secretariat**

**Date: 2 March 2021**

**This report will be considered in public**

## 1. Summary

1.1 The Committee is asked to note the responses received to its outputs.

## 2. Recommendations

2.1 **That the Committee notes the response from the Mayor to its report, *Low pay and in-work poverty*, as attached at Appendix 1.**

2.2 **That the Committee notes the response from the Mayor to its report, *Has the Golden Goose become a Turkey? London's Christmas economy and COVID-19*, as attached at Appendix 2.**

## 3. Background

3.1 The Economy Committee used its meetings on 7 May 2019 and 18 June 2019 for discussions with invited guests on low pay and in-work poverty and outsourcing and procurement. Following those meetings, the Committee published its report, *Low pay and in-work poverty*. The report made a number of recommendations to the Mayor, as follows:

- The Mayor should include supporting transition back into the labour market as one of the listed priorities in the Skills for Londoners Innovation Fund prospectus for future rounds of funding applications, with a focus on groups at risk of being in low paid work or in in-work poverty.
- The Mayor should provide a commitment and timeframe for establishing a working group tasked with looking into and developing solutions to the challenges present in the low pay sectors of London's economy by March 2020.

- The Mayor should use his convening powers to support London boroughs to develop solutions to low pay and in-work poverty – ideally through a broader adoption of the London Living Wage by March 2020.
- The Mayor should:
  - Direct the GLA to engage in greater cross-agency working (for example to work closely with local authorities, HMRC and so on) to ensure there is a more proactive, intelligence-led approach to enforcement; and as part of this
  - By March 2020, call for local authorities to work more closely with enforcement agencies to enforce Minimum Wage legislation; and
  - By March 2020, write to the Financial Secretary to the Treasury to lobby the national Government to ensure that HMRC has an adequate number of trained staff as a priority.
- The Mayor should:
  - Build upon the employments rights hub and consider how information campaigns could ensure the employments rights hub reaches a wider audience; and
  - Support the Taylor Review’s call for legislation on the rights of workers and use City Hall’s influence to encourage public and business support, before the end of the current mayoral term.
- The Mayor should:
  - Provide an update on the timelines for the feasibility of making London Living Wage accreditation a requirement for businesses in receipt of capital funding from the GLA, TfL, or those whose services are procured by the GLA group by March 2020; and
  - In consultation with representatives from London boroughs, establish a case to offer business rates discounts to London Living Wage accredited businesses across London boroughs. The Mayor should set out a plan to work with London boroughs by March 2020, with a view to have the next Mayoralty present the business case to the Minister for London and HM Treasury by December 2020.
- The Mayor should produce a plan for encouraging more businesses to sign up to the Good Work Standard, as well as how its effectiveness will be measured, by March 2020.

3.2 The Committee’s report can be found on the GLA’s website [here](#).

3.3 The Committee used its meeting on 4 November 2020 to discuss the impact of COVID-19 on London’s Christmas economy. Following that meeting, the Committee published its report, *Has the Golden Goose become a Turkey? London’s Christmas economy and COVID-19*. The report made a number of recommendations to the Mayor, as follows:

- The Mayor should establish a programme that provides practical and financial support to help small and medium-sized enterprises begin trading online or improve their existing online presence, enables businesses to offer click-and-collect services, and he should then track the subsequent growth in the number of businesses that are able to offer these services across the capital.
- The Mayor should lobby for an extension of the reduction in VAT rate to 5% for the hospitality and tourism sector until the end of March 2022.

- The Mayor should create a new responsibility on the Mayoral team, dedicated to advocating for London’s performing arts.
- The Mayor should continue to lobby the Government to reverse the decision to end tax-free international shopping, and update the Committee as to how he is actively engaging with the Government to advocate on this issue.
- The Mayor should update the Committee on the impact so far of the Domestic Tourism Consortium, and how it will be used to promote domestic tourism as an integral part of London’s economic recovery in 2021 and beyond.

3.4 The Committee’s report can be found on the GLA’s website [here](#).

#### **4. Issues for Consideration**

4.1 The Mayor wrote to the Chair responding to the recommendations in the *Low pay and in-work poverty* report on 14 January 2021. The letter is attached at **Appendix 1**.

4.2 The Mayor wrote to the Chair responding to the recommendations in the *London’s Christmas economy and COVID-19* report on 28 January 2021. The letter is attached at **Appendix 2**.

4.3 The Committee is asked to note the responses received.

#### **5. Legal Implications**

5.1 The Committee has the power to do what is recommended in the report.

#### **6. Financial Implications**

6.1 There are no financial implications arising from this report.

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#### **List of appendices to this report:**

Appendix 1 – Response from the Mayor, dated 14 January 2021

Appendix 2 – Response from the Mayor, dated 28 January 2021

<b>Local Government (Access to Information) Act 1985</b>	
List of Background Papers: None	
Contact Officer:	Lauren Harvey, Senior Committee Officer
Telephone:	020 7983 4383
E-mail:	<a href="mailto:lauren.harvey@london.gov.uk">lauren.harvey@london.gov.uk</a>

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**MAYOR OF LONDON****Leonie Cooper AM**

Chair

London Assembly Economy Committee

C/o [Lauren.Harvey@london.gov.uk](mailto:Lauren.Harvey@london.gov.uk)**Our ref:** MGLA020320-4064**Date:** 14 January 2021

Dear Leonie,

I would like to thank the Economy Committee for their investigation and their work to identify recommendations targeted at making a difference to the lives of Londoners. I appreciate your patience while awaiting a reply. I hope you will understand that we have been working under considerable pressure over recent months and it has not been possible to respond as quickly as we would have liked.

I share the Committee's commitment to ensuring that London's economy delivers for all Londoners, and that none of our communities are left behind. Combatting low pay and in-work poverty is fundamental to this.

We are experiencing an unprecedented crisis that has temporarily changed our way of life and is changing the future course of the capital's services, employers and households. It is right that we take stock of our current activities and rapidly respond to the challenges we face.

With this in mind, I have provided in the attached annex an initial response to the Assembly's report. However, work is ongoing to assess the evidence and data on low pay and in-work poverty in the context of coronavirus. I look forward to updating the Committee further in due course.

Yours sincerely,

**Sadiq Khan**

Mayor of London

Att.

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# MAYOR OF LONDON

## Mayor of London's response to the recommendations of the London Assembly's Economy Committee report on low pay and in-work poverty

### Recommendation 1

#### Supporting people to transition back into the labour market

The Mayor should include supporting transition back into the labour market as one of the listed priorities in the Skills for Londoners Innovation Fund prospectus for future rounds of funding applications, with a focus on groups at risk of being in low-paid work or in in-work poverty.

More Londoners are already benefiting from Adult Education Budget (AEB) policy changes the Mayor has made, including fully funding courses for eligible learners earning below the London Living Wage. Proposals are currently being developed for future AEB investment, which will respond to the labour market and Londoners' needs and will recognise the change in circumstances caused by the pandemic.

### Recommendation 2

#### Understand which industries have a high prevalence of low pay in London's economy

The Mayor should provide a commitment and timeframe for establishing a working group tasked with looking into and developing solutions to the challenges present in the low pay sectors of London's economy by March 2020.

London's approach to recovery includes the 'Helping Londoners into Good Work' mission. This is co-led by London Councils and the Greater London Authority (GLA) working with Job Centre Plus, National Careers Service, London boroughs, sub-regional partnerships, London's Further and Higher education and training providers, unions, businesses and civil society. This mission will promote the living wage as a key plank of 'good work' with a focus on sectors that are key to London's recovery. A task and finish group is being convened to further this agenda as a sub-group of the Skills for Londoners Board.

A cross GLA Steering Group has looked at issues of economic fairness (inequality and discrimination) since 2016. This has brought together the Mayor's Office and GLA officers working on policy and delivery to support Low Income Londoners. The London Datastore is used to track data trends, including pages on Economic Fairness which includes a section on pay gaps and pay below the London Living Wage: <https://data.london.gov.uk/economic-fairness/labour-market/>.

This does not include sectoral analysis, but the Living Wage Foundation cover this in their annual report: <https://www.livingwage.org.uk/employee-jobs-paid-below-living-wage-2020>. This describes that in April 2020 the sectors with the highest proportion of jobs paid below the living wage were hospitality, arts, entertainment and recreation and wholesale and retail. However, the fact that the wholesale and retail sector is much larger means that it accounted for the largest number of below Living-Wage jobs (1.3 million).

This data is collected in April, which this year was at the height of the lockdown and when the original furlough scheme was in place. The Living Wage Foundation consider that below living wage rates in these sectors are likely to have been pushed up as a result of furlough and employers who did not 'top up' to the full wage. The ONS has also found it more difficult to get responses

# MAYOR OF LONDON

due to lockdown businesses closures. The GLA team are working with the ONS to understand this better and how to present this data.

Throughout this year the GLA teams have been providing updates on available data trends, including a socio-economic analysis considering household finances and labour market analysis that monitors job support and jobs at risk by median pay rate, see here: <https://data.london.gov.uk/dataset/socio-economic-impact-of-covid-19> and here: <https://data.gov.uk/dataset/76bb4972-b0ec-4c19-bfdc-0859a24aabe4/gla-economics-covid-19-labour-market-analysis>.

More generally, London's employers have shown their commitment to the Living Wage campaign – there are now over 2,000 accredited Living Wage employers in the capital. This means that almost 30% of the living wage employers in the whole country are based in London. But we have further to go. The Mayor has been calling on all the influential employers in London to sign up, including major institutions in London such as councils, hospitals, football clubs and major sporting organisations. Celebrating the participation of key London employers such as Chelsea and Westminster NHS Trust; Guy's and St Thomas' NHS Trust; University of London; Crystal Palace FC; and Tideway joining the movement is another stepping stone for the Mayor's ambitions to make London a fairer city.

City Hall will continue to work closely with the Living Wage Foundation and their campaign for a real Living Wage for Key Workers, many of whom, such as carers and supermarket workers, are often in low pay work. The Foundation has also formalised its area-based living wage campaigns. Living Wage Places has recognised buildings such as International House in Brixton, boroughs such as LB Southwark and cities such as Cardiff. The Mayor's manifesto included a commitment to making London a Living Wage city, and the GLA and City of London are working with the Living Wage Foundation as they formalise their campaign for Making Living Wage City Regions.

### **Recommendation 3**

#### **Encourage the development of high-quality work at the local level**

The Mayor should use his convening powers to support London boroughs to develop solutions to low pay and in-work poverty – ideally through a broader adoption of the London Living Wage by March 2020.

As referenced above, London's approach to recovery includes the 'Helping Londoners into Good Work' mission. This is co-led by London Councils and the GLA working with London boroughs and sub-regional partnerships. This mission has a focus on supporting good work and tackling structural inequalities of low pay and in-work poverty.

Through the Good Work Standard accreditation scheme, the Mayor has been encouraging all employers in London to do more for their employees, particularly on fair pay and working conditions. The London Living Wage is a mandatory requirement to become accredited and the Economic Development team is working closely with the Living Wage Foundation to support employers through both programmes. There are now eight accredited London Boroughs, and the Mayor has encouraged them to work with their supply chains and the business community to promote good work and the London Living Wage. The Good Work Standard also works to combat in-work poverty by modelling best practice in employment terms and conditions, financial wellbeing measures and investment in skills progression.

City Hall is in ongoing dialogue with the Living Wage Foundation about supporting the living wage campaign across the London economy and with London boroughs.

# MAYOR OF LONDON

## **Recommendation 4**

### ***Enforce employer compliance with the National Minimum Wage***

The Mayor should:

- (i) Direct the GLA to engage in greater cross-agency working (for example to work closely with local authorities, HMRC and so on) to ensure there is a more proactive, intelligence-led approach to enforcement; and as part of this
- (ii) By March 2020, call for local authorities to work more closely with enforcement agencies to enforce Minimum Wage legislation
- (iii) By March 2020, write to the Financial Secretary to the Treasury to lobby the national Government to ensure that HMRC has an adequate number of trained staff as a priority.

The Mayor recognises that times are tough for employers but strongly opposes any race to the bottom in terms of pay and workers' rights. The government's own Job Retention Scheme has seen some furloughed staff receiving an income less than the National Living Wage as only 80% of income is maintained. This cannot be right. The Mayor is meeting with central government on how best to support London's workers through the COVID-19 pandemic. Enforcement must be part of the fair recovery.

The Robust Safety Net mission of the London Recovery programme will seek to connect more Londoners experiencing financial hardship with holistic advice and support, including on enforcing their rights if their employers are not complying with the National Minimum Wage.

The Mayor has long advocated for much stronger protections from exploitation, and a much more activist enforcement regime that genuinely roots out bad practice and prosecutes criminal behaviour by employers. London needs a good enforcement regime where employers understand their responsibilities, employees know what their rights are and where relevant authorities are empowered and resourced to proactively enforce non-compliance. This is part of the Mayor's Roadmap to the safe reopening of the economy over the next 12 months following the COVID-19 crisis, with a lobby to fast-track the plan for setting up a Single Enforcement Body, with the powers and resources needed to act as an effective defender of people's rights at work.

The Mayor and his officers will work with Government and continue to feed into the development of a Single Enforcement Body for employment rights, to ensure the system works for London's workforce and is resourced with an adequate number of trained staff.

The Low Income Londoners working group will engage with our expert stakeholders at London Councils and the Employment Law Advice Network on the best way for the Mayor to support a proactive, intelligence-led approach to enforcement. This will include writing to London Councils to further the Director of Labour Market Enforcement's recommendation that there should be further engagement between HMRC and Local Authority inspectors to share information on identifying the signs of non-compliance and the channels for actionable information.

## **Recommendation 5**

### **Ensure workers know their employment rights**

The Mayor should:

- (i) Build upon the employments rights hub and consider how information campaigns could ensure the employments rights hub reaches a wider audience
- (ii) Support the Taylor Review's call for legislation on the rights of workers and use City Hall's influence to encourage public and business support, before the end of the current mayoral term.

# MAYOR OF LONDON

Employment rights are key at this time. The vast majority of employers are doing the right thing, but the Mayor supports Trade Unions in calling out the minority who are not. No one should be penalised for following the government advice or caring for others, and workers should be able to trust that their rights will be enforced if they are being treated unfairly at work.

The Mayor's teams have worked with employment law experts to ensure the Employment Rights Hub now includes information and resources related to "coronavirus and your work", including maternity leave and pay, health and safety, redundancies, whistleblowing and time off from work. The page is being promoted to stakeholders and London's workers. Information is available in 20 languages including Easy Read and is available in video and audio format.

The Taylor Review made a number of useful and important recommendations about both immediate measures and longer-term strategic shifts to help us meet the ambition of all work being good work. City Hall has responded to a number of Good Work Plan consultations and the Mayor has urged the Government to implement these proposals as soon as practically possible.

## **Recommendation 6**

### **Expand employer adoption of the London Living Wage**

The Mayor should:

- (i) Provide an update on the timelines for the feasibility of making London Living Wage accreditation a requirement for businesses in receipt of capital funding from the GLA, TfL, or those whose services are procured by the GLA group by March 2020
- (ii) In consultation with representatives from London boroughs, establish a case to offer business rates discounts to London Living Wage accredited businesses across London boroughs. The Mayor should set out a plan to work with London boroughs by March 2020, with a view to have the next Mayorality present the business case to the Minister for London and HM Treasury by December 2020.

Through the Responsible Procurement Policy and Implementation Plan, work is underway across the GLA Group to ensure goods and services procured deliver social value, and paying the London Living Wage is a key component of this. More recent work addresses applying these same conditions to capital funding over the value of £100k. The Central Responsible Procurement Team are developing guidance for commissioners applying the Responsible Procurement themes where relevant and proportionate. This considers the size of the recipient organisations, the size of the grant and the period of grant delivery. In practice, there are already examples of the Living Wage being made a requirement of capital funding in areas such as the new Affordable Housing grants.

Living Wage Foundation accreditation covers all employees in organisations, not just those staff working on GLA contracts. So, while the GLA requires that all staff working on GLA contracts are paid at least the London Living Wage, full accreditation is something the Mayor strongly encourages because it is the right thing to do.

Any employer paying the living wage makes a difference – they are guaranteeing a wage that covers the cost of living. The Mayor is encouraging all employers who are doing this to pursue accreditation with the Living Wage Foundation. Living Wage accreditation not only guarantees a Living Wage to directly employed staff, but crucially, it includes indirectly employed staff like cleaners, catering staff and security guards. The accreditation badge gives staff and customers the confidence that the organisations are committed to fair pay, and an annual pay rise for staff in line with the cost of living. Finally, accredited employers become part of the Living Wage movement. Once a large employer in an industry signs up it encourages others to follow suit.

# MAYOR OF LONDON

London Councils, business groups and the Mayor are clear on the need for responsibility for business rates to be controlled at a London-level. This will allow local authorities to better respond to local business needs, including incentivising London Living Wage-adoption by offering relief to accredited businesses. Several London boroughs have already introduced discretionary business rates discounts for living wage accredited employers and the Mayor would encourage other boroughs to do the same. The Mayor will continue to consult with representatives from London boroughs on the most practical ways to enact this, within the changing context of wider COVID-19 business support programmes.

## **Recommendation 7**

### **Encourage employers to take up the Good Work Standard**

The Mayor should produce a plan for encouraging more businesses to sign up to the Good Work Standard, as well as how its effectiveness will be measured, by March 2020.

Promoting the Good Work Standard remains as important to the Mayor as ever. So far over 90 employers have become accredited in sectors as diverse as retail, care, finance, government, engineering, design, transport and events. As a result, 210,000 Londoners now work for Good Work Standard employers. The Mayor is in contact with these employers about how they can support his #LondonTogether campaign and share their good practice with others. While this is clearly a difficult time for employers, several have successfully started and completed the accreditation process even during the COVID-19 crisis.

To conclude, the Mayor understands that Londoners are concerned as we face the worst public health crisis for a generation. This requires us all to make unprecedented changes in how we live, travel and work. It is vital for us all to follow the latest advice from the experts, including social distancing and avoiding non-essential use of public transport. This way we can keep the most vulnerable people in our city safe and, ultimately, helps save lives.

The Mayor is hugely grateful to those Londoners who are working tirelessly to nurse and protect people, as well as those keeping London moving at this great time of need. More information for Londoners, businesses and employers can be found on the Coronavirus hub on the City Hall website at: <https://www.london.gov.uk/coronavirus>.

The Mayor and his teams at City Hall continue to speak to business leaders and trade unions to hear their concerns and what needs to be put in place to protect employers and workers. London is the business capital of the world, and, while it is too early to accurately predict the longer-term impacts, with the right support, our employers can recover and continue to power our economy for many decades to come.

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# MAYOR OF LONDON

**Leonie Cooper AM**  
Chair of the Economy Committee  
C/o [lauren.harvey@london.gov.uk](mailto:lauren.harvey@london.gov.uk)

**Our ref:** MGLA141220-1915

**Date:** 28 January 2021

Dear Leonie,

Thank you for sharing the Economy Committee's report on 'London's Christmas economy and COVID-19'.

This was London's toughest Christmas since the war and the whole city will need to pull together to see us through this terrible pandemic. I have been working alongside London's business and local government leaders through the London Transition Board and elsewhere to set out a [Roadmap for the Safe and Full Reopening of London's Economy](#). With the Tier 4 and national lockdown changes, we have been calling for the Government to provide greater financial support to businesses and the self-employed, which continues to be woefully insufficient.

While the recent support offered by the Chancellor is much needed and will help some businesses to survive until spring, it will not be enough to replace income lost over the crucial Christmas trading period. Clearly more help is needed – including an extension to the business rates holiday and the VAT relief scheme, targeted support for night-time economy businesses and more support for those who are self-isolating and the self-employed. Whatever "Tier" London is in as we come out of lockdown, I am urging Ministers to ensure that support for business will continue and will be adequate for the task of supporting those industries who will not be able to get back to pre-COVID levels of turnover for many months to come.

The following sets out some further details of the work we are undertaking and also responds to the recommendations of the Committee:

## **Recommendation 1**

My London Business Hub is currently providing two grant schemes, which small businesses can apply for to invest in online trading and other adaptations for social distanced trading. So far over 400 businesses have applied to the Back to Business Fund, which offers up to £5,000 in match funding towards expanding their operation online or adapting to safe, socially distant trading. In excess of £500,000 has been allocated with a further £1.5m leveraged through crowdfunding.

# MAYOR OF LONDON

Eligible small businesses can also apply for a COVID-19 Recovery Grant (funded by the European Regional Development Fund), which provides grants of between £1,000-£5,000 to access professional, legal, financial or other advice and/or new technology and equipment to address their immediate needs in response to the impact of coronavirus. Over £1.1m of these grants have been awarded to over 370 businesses so far.

My team is also building a free-to-use, searchable online platform and marketplace of technology providers to signpost businesses to the best fit technology solutions for their needs. It will be hosted on the London Business Hub and is aimed at supporting small businesses in sectors, such as retail, hospitality, tourism, health and social care and construction to adopt technology and shift parts of their business online.

## **Recommendations 2 and 4**

In November 2020, alongside London business and government leaders, I wrote to the Prime Minister urging him to extend the VAT reduction for hospitality and tourism businesses currently ending in March this year and to reverse the decision to end the VAT Retail Export scheme at the end of the year. Disappointingly, the Government has been clear it will not be changing the policies in the way that I and businesses have been calling for; despite evidence that suggests these changes will be hugely damaging for London's struggling hospitality and tourism businesses. As part of the Roadmap mentioned above, I will continue to work alongside business leaders and raise their concerns with Ministers.

## **Recommendation 3**

My Deputy Mayor for Culture and Creative Industries, Justine Simons OBE, is my lead for the performing arts sector in London and has been advocating the needs of this sector alongside the wider cultural and creative industries. She has been meeting regularly with representatives from venues across London including the West End and along with my Night Czar, Amy Lamé, has been in dialogue with government officials to make the case for enhanced support for the cultural sector including theatre and performing arts. My Culture team has been supporting the Arts and Culture Strategy Group of the London Transition Board which has performing arts representatives from Society of London Theatres, Music Venues Trust and Outdoor Arts UK amongst others.

I wrote to the Secretary of State for Digital, Culture, Media and Sport in October 2020 outlining my concerns for the sector and the actions that the government must take. I also wrote to the Prime Minister in November and again in December, calling for additional support for culture and business in London. Alongside continued lobbying, my £2.3m Culture at Risk Business Support Fund has provided direct grants to some of London's most vulnerable grassroots music and LGBTQ+ venues, and I have launched a £750m Community Spaces at Risk Fund to support cultural centres and spaces that are valued by local communities. The Roadmap for the Safe and Full Reopening of London's Economy has an action to 'Put in place a plan to support London's freelancers who have been severely impacted by the pandemic' this will include freelancers working in the performing arts.

## **Recommendation 5**

The Domestic Tourism Consortium was a tourism industry-led initiative co-ordinated by London & Partners on behalf of the GLA and designed to address the decline in domestic visitors to London which had been a trend since 2017. The Consortium was to run over two financial years from May



# MAYOR OF LONDON

2019 to March 2021 but was halted in March 2020 due to the COVID-19 pandemic. Its 'Let's Do London' campaign achieved a total audience reach of 134 million (across multiple channels) and total audience engagement of 7.2 million. Since then in response to the pandemic and a decline in consumer confidence and spending, London & Partners launched the city-wide 'Because I'm a Londoner' campaign with an alliance of over 600 London businesses. Evaluation of the campaign shows it successfully achieved a 5% absolute increase in consumer confidence.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Sadiq Khan', with a small '2' written below the name.

**Sadiq Khan**  
Mayor of London

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# Subject: Referred Motion and Universal Basic Income

Report to: Economy Committee

Report of: Executive Director of Secretariat

Date: 2 March 2021

This report will be considered in public

## 1. Summary

- 1.1 This report provides background information in advance of the Economy Committee's follow-up session to further understand Universal Basic Income (UBI). The Committee will also be asked to consider the motion set out, which has been referred to the Committee by the London Assembly.

## 2. Recommendations

- 2.1 **That the Committee notes the report as background to putting questions to invited guests, and notes the subsequent discussion.**
- 2.2 **That the Committee considers the motion referred to it by the London Assembly at its meeting on 5 November 2020.**

## 3. Background

- 3.1 At the London Assembly (Plenary) meeting on 5 November 2020, the Assembly agreed to refer the following motion to the Economy Committee:

**"This Assembly notes that:**

- **Financial security is critical to a stable and thriving society.**
- **According to Trust for London close to a third of Londoners live in poverty, even before the coronavirus crisis our city had the highest poverty rates in the UK.**
- **A Universal Basic Income (UBI) could help alleviate poverty, opening the door to opportunities that might otherwise be out of reach, and liberate people from the anxiety of job insecurity through a monthly income regardless of employment status, wealth, or marital status.**
- **The existence of a UBI must be in addition to targeted welfare payments to those who have additional needs - such as for housing, for single parents, or for expenses incurred due to disabilities.**

- **A network of UBI Labs have been set up and works with local authorities across the UK developing UBI proposals to address problems such as poverty, inequality, discrimination and environmental damage, long-term and immediately, in relation to coronavirus.**
- **There are many potential benefits to a UBI including:**
  - **More flexible workforce and greater freedom to change jobs;**
  - **Supporting a caring economy to value unpaid work;**
  - **Removing the negative impacts of benefit sanctions and conditionality; and**
  - **Enabling greater opportunities for people to work in community and cultural activities or to train or reskill in areas that will be needed to transition to a lower-carbon economy**
- **The current crisis has increased the risk of poverty for many Londoners. This is the right time to trial Universal Basic Income.**
- **520 elected representatives from every part of the UK have recently written to the Chancellor asking him to support pilots of Universal Basic Income in England, Wales, Scotland and Northern Ireland.**

**This Assembly calls on the Mayor to:**

- **Write to the government calling for a fully evaluated basic income pilot in the city; and**
- **Work with local authorities to help test UBI in London.”**

3.2 The Committee held a question and answer session with invited guests on Universal Basic Income at its meeting on 20 January 2021. Following that discussion, the Committee agreed to defer the consideration of the referred motion to a future meeting of the Economy Committee.

## **4. Issues for Consideration**

4.1 The Committee will explore the financial viability of UBI, seek to understand the taxation implications of implementing UBI, and discuss what level of payment UBI may be set at and what support that would offer individuals.

4.2 The Committee is recommended to consider the referred motion.

## **5. Legal Implications**

5.1 The Committee has the power to do what is recommended in this report.

## **6. Financial Implications**

6.1 There are no direct financial implications arising from this report.

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**List of appendices to this report:** None.

<b>Local Government (Access to Information) Act 1985</b>
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List of Background Papers: None.
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Contact Officer:	Lauren Harvey, Senior Committee Officer
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Telephone:	020 7983 4383
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Email:	<a href="mailto:lauren.harvey@london.gov.uk">lauren.harvey@london.gov.uk</a>
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# Subject: Review of the Mayoral Term

**Report to: Economy Committee**

**Report of: Executive Director of Secretariat**

**Date: 2 March 2021**

**This report will be considered in public**

## 1. Summary

- 1.1 This report provides background information for the Economy Committee meeting, where the Mayor's progress on the economic aspects of his manifesto will be assessed.

## 2. Recommendations

- 2.1 **That the Committee notes the report as background to putting questions to invited guests, and notes the subsequent discussion.**
- 2.2 **That the Committee delegates authority to the Chair, in consultation with party Group Lead Members, to agree any output from the meeting.**

## 3. Background

- 3.1 As the extended Mayoral and Assembly term draws to a close, the Economy Committee will seek to understand whether a range of Mayoral manifesto commitments related to business, skills, equality and culture have been achieved, or whether there have been challenges in their delivery.
- 3.2 The Committee will also explore the inevitable impact that COVID-19 has had across these workstreams..

## 4. Issues for Consideration

- 4.1 The Committee will review the Mayor's progress against manifesto commitments in the areas of: business, prosperity and opportunity; Skills for Londoners; a fairer and more equal city; and making the most of arts, culture and creativity.

- 4.2 Members will hold a public meeting with the following invited guests:
- Jules Pipe CBE, Deputy Mayor for Planning, Regeneration and Skills;
  - Rajesh Agrawal, Deputy Mayor for Business;
  - Justine Simons OBE, Deputy Mayor for Culture and the Creative Industries; and
  - Debbie Weekes-Bernard, Deputy Mayor for Social Integration, Social Mobility and Community Engagement.

## 5. Legal Implications

- 5.1 The Committee has the power to do what is recommended in the report.

## 6. Financial Implications

- 6.1 There are no direct financial implications to the GLA arising from this report.

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### List of appendices to this report:

None.

<b>Local Government (Access to Information) Act 1985</b>
List of Background Papers: None
Contact Officer: Dan Tattersall, Senior Policy Adviser Telephone: 07783 805825 E-mail: <a href="mailto:daniel.tattersall@london.gov.uk">daniel.tattersall@london.gov.uk</a>