

March Report 2016

An aerial night photograph of London, showing the city skyline, the River Thames, and the Tower Bridge. The title 'London Fairness Commission' is overlaid in the center. The word 'Fairness' is highlighted with a yellow brushstroke effect.

London **Fairness** Commission

LONDON IS AN EXTRAORDINARY CITY
IN WHICH TO LIVE AND WORK –
VIBRANT, DIVERSE AND ACCEPTING
YET UNCOMPROMISING, DISPARATE AND
TOUGH; CREATIVE, INTELLECTUALLY
CURIOUS AND DISRUPTIVE YET STILL
RELATIVELY SAFE; RICH AND POOR.
A WORLD OF DIFFERENCE IN ONE PLACE;
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AS A CITY, IT IS UNDENIABLY EXCITING.

BUT IS IT 'FAIR'?

Lord Victor Adebawale, Chair of the London Fairness Commission

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FOREWORD



Lord Victor Adebawale,
*Crossbench peer,
Chair of the London Fairness
Commission*

London is an extraordinary city in which to live and work – vibrant, diverse and accepting yet uncompromising, disparate and tough; creative, intellectually curious and disruptive yet still relatively safe; rich and poor. A world of difference in one place; constant, yet always changing. As a city, it is undeniably exciting.

But is it “fair”?

All too often the terms ‘fair’ and ‘fairness’ are used in to justify policy changes or indicate a course of action is in voters’ interest; they are words that seem to have become part of the lexicon of spin. Fairness can be hard to define but we instinctively know what is fair and what is unfair when we experience it. Feeling that you are treated fairly is important if you are to lead a good and happy life and, on a larger scale, it makes for a successful city where people are able to live at ease.

In 2015, a working group was formed - the London Fairness Commission - to enable Londoners to question whether the path their city is taking is a fair one. The Commission has been politically independent and has striven to take a balanced approach to all the issues it has considered.

In this, the Commission’s final report, there are recommendations for the Mayor of London and other people in politics, for civil society, institutions, employers and for Londoners.

Ultimately, it is for Londoners to decide the path their city takes; for Londoners to ‘own’ fairness rather than be told what is fair.

In asking questions about fairness, the London Fairness Commission has considered the complexities and subtleties of life in London, based on evidence gathered from a wide range of sources. We acknowledge the successes of the past, be they through public policy initiatives, personal initiatives, entrepreneurial efforts, design or accidents of history. We also look to the future.

We have received expert testimony, conducted a survey of Londoners,

held focus groups, ‘open space’ events (particularly for the elderly, BME and young Londoners) and held debates. We have tried to hear the many, not just the loudest, voices of Londoners.

People highlighted both the joys and difficulties of life in the Capital. Time and time again, people independently raised the growing gulf between the very wealthy and everyone else. This was not a matter of envy, but a case of people feeling that only the very wealthy could now aspire to what were once ordinary ambitions such as home ownership. The same issues, such as the cost of housing, transport and childcare, were common across different areas of our city and different kinds of people.

It is clear that Londoners’ views about fairness extend beyond the daily problems of life in the city and include questions about equality and ethics. Londoners are not just driven by self-interest but have broader concerns about the future of their city.

Londoners know that if their city’s future direction is not based on a fair deal there would be consequences for all of us. Particularly people who are on low incomes or from minority ethnic backgrounds, will suffer. Young people whose families do not have resources or connections find it hard to get started in life in London, let alone achieve the standard of living to which they may aspire. They are the people less likely to have voices that are heard and are less likely to be courted by politicians. Unfairness affects the poorest and most vulnerable in London: those who struggle to lead a good life, who are often the victims of prejudice and discrimination and have little hope of being able to lift themselves out of poverty. But fairness is not just about the very poorest people in London.

What is clear in this report is that in London, today, people who are living with the effects of unfairness reach across the city and across income brackets.

The comments we heard, key facts and some personal stories are interspersed through this report, as illustrations of our contemporary challenge.

I know a magic wand can’t be waved to improve everything immediately and that significant change can take time, which is why, in part, this Commission has developed the idea of a new ‘Fairness Index’.

Over 125 years ago, Charles Booth mapped poverty and wealth in London. His work, coupled with the work of others, led to social reforms that tackled the effects of poverty from which Britain, not just London, has benefitted. In the spirit of his legacy, I hope the work of this Commission will prove to be innovative, timely and demonstrate foresight.

Whether you agree or disagree with our findings, may I invite you to ask yourself the question ‘Is 21st century London fair?’ as you read this report.

I would like to thank those who have served on this Commission for their hard work, good humour and expert contributions but above all else their commitment to London. I also thank the generosity and vision of our funders and the diligence and carefully eye to detail of the Commission’s Secretariat.

EXECUTIVE SUMMARY

The London Fairness Commission

The London Fairness Commission was established to organise conversations across the city in response to the question of ‘is London a fair city?’. It is the first citywide debate on fairness for over 100 years, since Charles Booth mapped levels of wealth and poverty across London in the 1890s.

The Commission has been chaired by Lord Victor Adebowale and is comprised of expert commissioners from across the worlds of business, research, health and charity. It is an independent Commission, established by Toynbee Hall and My Fair London, with funding from Trust for London, Tudor Trust, London Funders, and City Bridge Trust.

The London Fairness Commission went through three phases. In the first phase, from June to September 2015, the Commissioners asked Londoners to respond to the questions ‘What is fairness?’ ‘Is London fair?’ and ‘How could London be a fairer city?’. We received responses through a digital ‘Call for Ideas’ in partnership with the *Guardian* newspaper, seven evidence-gathering sessions with expert organisations, a survey of two thousand Londoners, and focus groups with young Londoners and business leaders.

The second phase began with the publication of our Interim Report, which outlined the findings from the first phase and began to focus our discussion on issues of housing, income and wealth unfairness in London. To mark the publication of this report we held a *London Evening Standard* sponsored debate at the Guildhall, before holding five ‘open space’ events throughout the autumn. For these we collaborated with the London Voluntary Services Council, Race on the Agenda, London Youth and Age UK London, bringing together hundreds of Londoners to discuss their ideas for building a fairer London.

In the final third phase, from December 2015 to March 2016, the Commissioners began to construct policies that would address the issues of unfairness they had heard in the previous two phases. Under 10 headline areas, the Commissioners agreed a range of specific policy recommendations that form the basis of this, their Final Report.

Our recommendations

There is a clear consensus that London needs to be fairer and that the Capital is at a junction in its history – that measures need to be taken now to address growing issues that threaten the future success of the city.

The London Fairness Commission acknowledges the three largest extra costs to Londoners are for housing, transport and childcare. With that in mind, the Commission have concluded the following key recommendations:

How high? The costs of living in London

- The Mayor of London acts to reduce the cost of living in London as a priority.
- The Mayor should identify how employers can help with childcare costs.
- Aim to reduce or control the average cost of letting agents’ fees and charges.
- Work with banks and the Link consortium to raise awareness about the number of fee-charging cash machines in London areas.
- Tackle debt through community finance.

Time for a higher minimum wage in London?

- A binding London Minimum Wage should be raised to £9.70 an hour.
- The Mayor should either lobby the Government to set a legally binding London Minimum Wage or negotiate for the power to set the figure to be devolved to the Mayor.

Protecting homes for Londoners

- Use the Mayor’s housing funds for quality rented housing for those unable to afford a decent home and urgently pursue moves to generate private investment in rented housing for those earning the least.
- Set ‘affordable rents’ to 30% of household income rather than 80% of market rent.
- Suspend right to buy for five years while supply is increased and provide a portable discount for those who have lived in social housing for 15 years.

A fairer deal for renters

- Encourage longer term tenancies to provide greater stability in the private rental sector.
- Champion mandatory registration of landlords.
- Undertake a review of the enforcement of quality standards in the private rental sector, in order to identify how enforcement can be strengthened and made more effective.

More homes for Londoners

- Seek further devolution of powers to enable the introduction of a tax on land owners of land in London with planning permission, which has not been developed within three years of permission being granted.
- Petition the Government to re-establish dedicated grant funding programmes and support to Local Authorities to bring empty properties back into use which will enable Local Authorities to enforce their power to compulsorily purchase properties if required.

Making property tax fairer

- The Mayor of London should continue to petition Government to devolve all property taxes (business rates, council tax, stamp duty land tax and the new annual tax on enveloped dwellings and capital gains property disposal tax) to a London level in line with the recommendations of the London Finance Commission.
- A new council tax system should be introduced which fairly reflects the value of homes.

Keeping London honest

- Establish a voluntary system to collect and display the pay ratio data from companies and public sector bodies based in London while petitioning Government for a change in legislation so that companies employing more than 250 staff are legally required to publish pay ratios. The pay ratios should be for overall levels of pay, by gender (as will be required by recent Government legislation) and by ethnicity.
- Petition Government to ensure that companies registered offshore declare details of property ownership and for the GLA to be given powers of compulsory purchase on land/properties owned by offshore companies who are unwilling to declare the name of the ultimate beneficial owner.

A fair chance for every young Londoner

- *Hello from the Mayor to young Londoners*; the Mayor should write to 16 year olds setting out an offer of work experience, training and a pathway to a first job.
- Employers should create work experience, paid internships and guaranteed interviews for young people from poorer backgrounds with an explicit Mayoral guarantee, jointly with business, that every London child in care will have this support. This is the *Every child a Chance* programme.
- Older people are concerned about the difficulties facing young people in London: the Mayor should delay issuing the Freedom pass from 60 to 65 and means test it thereafter. The funds generated from more prosperous elderly Londoners would go directly to help provide extra-curricular activities to build the confidence, networks and skills of young people most in need, starting with care leavers.
- The Mayor should appoint a Deputy Mayor for young people to oversee the package of measures outlined above and consult upon a plan for London's young people.

Making wealth work for Londoners

- The London Fairness Commission would like to see the start of a new philanthropic age and believes that the time is ripe for London's wealthiest residents and businesses to come together in an exemplary social philanthropic effort.
- The Commission identifies strongly with the cause of increasing philanthropic giving by business and wealthy individuals.
- To do this the Mayor should review the role of the Mayor's Fund and open a new dialogue with business and wealthy donors, with a view to increasing giving and re-focussing it on the most disadvantaged.
- Any future replacement of the Mayor's Fund should be demonstrably independent from the Office of Mayor or from political influence.

Keeping fairness under the microscope

- The Mayor of London should be responsible for the fairness of London and this should be made transparent by developing and publishing an annual 'London Fairness Index', which could be used to monitor progress.
- Toynbee Hall and My Fair London (instigators of the Commission) should explore with London Funders how the initial work of the London Fairness Commission can be continued as a monitoring function and a place where new ideas about fairness could be developed.





1. HOW HIGH? THE COSTS OF LIVING IN LONDON

Momtaz (40) is a carer on a zero hours contract and lives in Tower Hamlets with her two sons.

I work as a carer on a zero hour contract. Every day I call up my company and see if I am working today. Sometimes on the way to work I get a call saying not to come in. That's your travel gone with no work. I'm a single parent so I have to support myself, I live on my wages and that's all. I'm on call every day and if I'm lucky I get one hour of work.

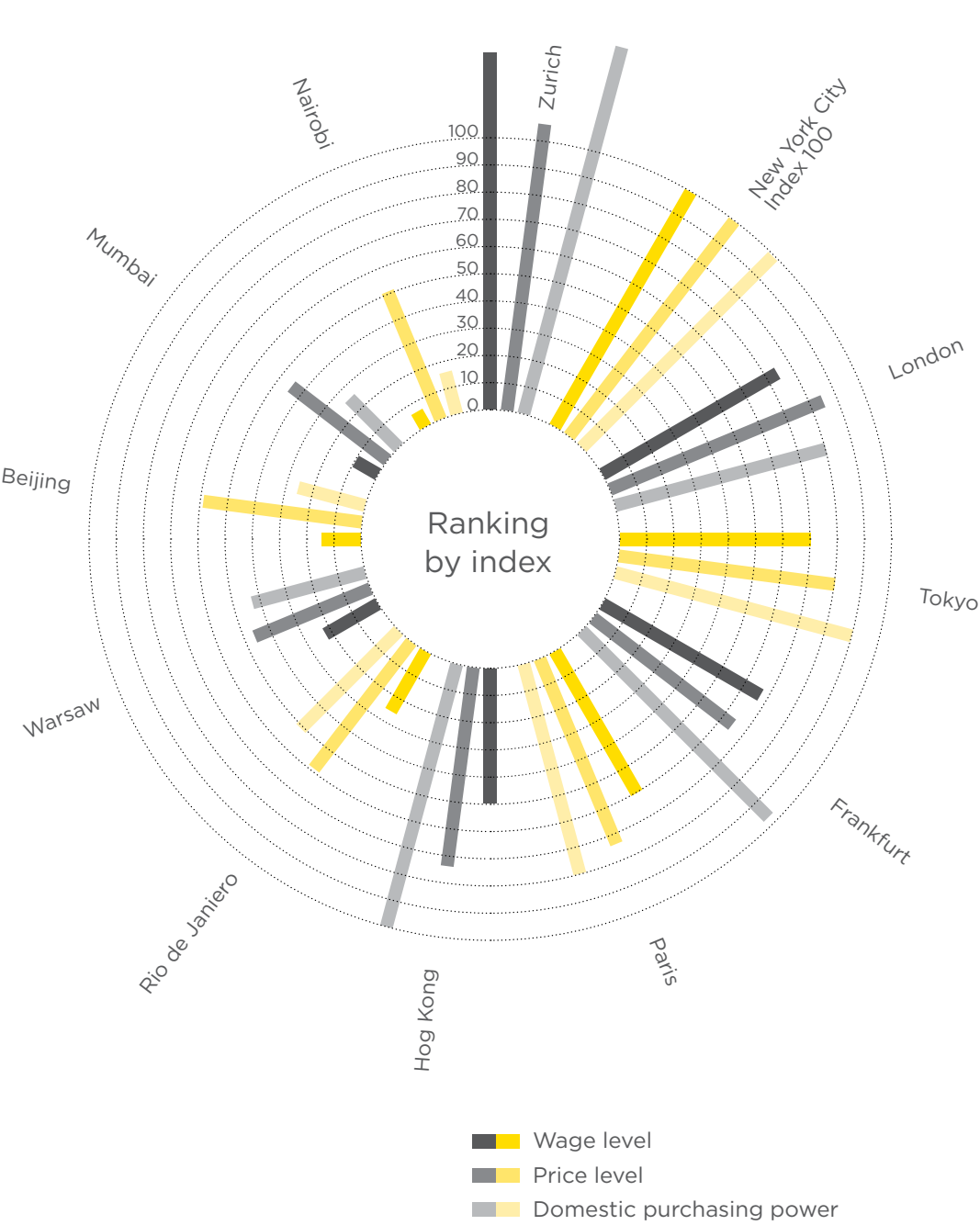
I love being a carer. When my sister got sick I was her full time carer and in the hospital I would meet many vulnerable people by themselves. I wanted to help them so I did my training. But care work is emotional and physical. Your clients, they are always on your mind. I would like fixed hours, mornings in a hospital maybe, so I can have some structure to my week.

I didn't get paid last week. They were supposed to pay me on Friday but they didn't. I had the council tax bill to pay so I went and explained, they gave me an extra week, but I have other bills. That's not fair. The employers, they don't pay me even though I do the work but if I don't pay the banks charge me. That's not right.

The gas and electric is so expensive, its winter and they run out so quickly. Sometimes my son tops up the gas and electric from his university money. I don't like asking, he needs that money. He's a young man you know, he has to live and travel to university which is expensive, but I don't have anyone else I can ask. I used to give my other son £1 a week, but now its 50p. I'm a mother; it's not nice to do this.

Today I went to Sainsbury's and my card got declined. It was embarrassing. I had to use my credit card for £8 of food. The bill needs paying in a few days but I haven't been paid so I will get charged. This is destroying my credit rating. It is really stressful; I have a lot of mental stress. With more money I could do things; go away for a few days, it has been 30 years since I went anywhere, get a new table for my house, a new carpet. I would make my home how I want it to be. I would give me the freedom and control over more things in my life. There are lots of people like me in London. I really hope this new Mayor helps people like me because it really isn't fair.

Figure 1.1: Wage, price and domestic purchasing power for selected international cities



Source: UBS Prices and Earnings Report, September 2015

London is a global city, yet compared to other cities of its standing the cost of living in London is high. According to a recent report by KPMG, would-be home owners in London need to earn £77,000 a year just to get on the housing ladder in London. Across the UK, a first-time buyer needs a minimum income of £41,000. As plenty of commentators have acknowledged affordable housing has become an issue for all but the above-average earners and those coming into inheritances.

Housing costs are the main component of the higher costs of living in London (for renting households an additional cost of £4,160 per year) and this is considered in detail in the housing section this report.

Toynbee Hall conducted research comparing average household spending for households living in and out of London for a range of essential services. Even removing housing costs from the equation, the findings are clear - Londoners pay considerably more for typical services and items. Indeed, the average Londoner spends over £3000 p.a. more than people living and working in other parts of the UK.

Table 1.2: Spending by average (median) households in and outside of London per year (excluding housing costs)

Spending component	Amount by Location (£)	Spend difference (£)
Childcare	Outside: 4,578 London: 6,321	1,743
Public transport	Outside: 605.28 London: 1,409.20	803.92
Food	Outside: 2,988.30 London: 3,297.80	309.50
Telephone and internet	Outside: 707.20 London: 826.80	119.60
Gas and electricity	Outside: 1,202.76 London: 1,274	71.24
Insurance (home contents)	Outside: 255.70 London: 292.20	34.40
Insurance (medical insurance premiums)	Outside: £80.40 London: £114.80	34.40
Insurance (vehicle insurance)	Outside: 497.40 London: 500.90	3.50
Water	Outside: 407.40 London: 401.80	-5.60
All	Outside: 11,322.44 London: 14,438.50	£3,116.06

Data compiled from the ONS' Family Spending, 2015 Edition and the Family and Childcare Trust

Some of the differences are explained by how people choose to spend their money and/or the availability of services on offer. For example, London has an extensive public transport network covering roads, rivers and rail, which is simply not available on the same scale elsewhere in the UK.

However, public transport cost in London have been rising above the rate of inflation and wage levels for many years putting an increased strain on household budgets. People living further from the centre and in vital but low paid jobs suffer most and this needs to be re-balanced.

Londoners with children face far higher costs than parents elsewhere. Childcare costs are 35% higher in London than elsewhere in the country, driven by a shortage of provision and higher wages, rents and rates.¹ The Mayor should take action to increase quality provision at reasonable prices, working with housing providers, social enterprises, training organisations and local authorities.

For households at the lowest end of the income spectrum there is a ‘poverty premium’ where those who earn the least are asked to pay most for access to essential services.

Table 1.3

Component of Poverty Premium	Reason that the Poverty Premium is paid
Borrowing	Those who are on lower incomes, or unemployed, are often deemed higher lending risks and so are limited to higher cost credit.
Access to cash	Lower income areas tend to have fewer fee-free cash machines. Being unbanked or needing money quickly creates a need to pay to cash cheques
Fuel	Direct Debits attract discounts, but do not provide flexibility and fines will be incurred if there are insufficient funds to make a Direct Debit payment. Compared with more expensive prepayment meters, the daily or weekly costs are less visible when paying by Direct Debit or quarterly bills.
Insurance	Insurance premiums are often more expensive in lower income areas, which tends to also be areas with a higher risk of crime, fire and flooding.
Food	Those on lower incomes are less likely to live within walking distance of large supermarkets where produce is cheaper than local supermarkets and stores. Deals often take the form of multibuy which, for many people on low incomes can cost too much in one purchase.
Mobile phones	Those on lower incomes are more likely to use ‘pay as you go’ services which provide more control, but cost more than contract services.

Source: The Poverty Premium in Tower Hamlets, Toynbee Hall, May 2014

1 Family and Childcare Trust 2016

2 UBS Prices and Earnings 2015 Report, September 2015



FACT: LONDON IS THE FOURTH MOST EXPENSIVE CITY IN THE WORLD TO LIVE BUT HAS ONLY THE 13TH HIGHEST WAGES.²

RECOMMENDATIONS

The London Fairness Commission acknowledges the three largest extra costs to Londoners are for housing, transport and childcare. The recommendations below focus on costs other than housing (which is covered in a later section).

We recommend that the Mayor reduces the cost of living in London, as a priority.

The Mayor should also look at ways to reduce the ‘poverty premium’ including:

- **Identifying how employers can help with childcare costs.** Businesses and employers across both the private and public sectors should look for ways to provide or mitigate the high costs of childcare.
- **Aiming to reduce or control the average cost of letting agents’ fees and charges.** According to figures from the Association of Residential Letting Agents (ARLA) the average fee for central London in 2015 was £239. Citizens Advice has also revealed that credit references are charged at anything between £21 and £300, administration fees can be between £50 to £420 and renewal fees between £20 and £250. The Scottish government has shown how letting agency fees can be successfully controlled. In this, London could look to Scotland for examples of best practice to transfer.
- **Work with banks and the Link consortium to raise awareness about the number of fee-charging cash machines in London areas.** Some areas in London have been described as ‘cash machine deserts’³ for the lack of fee-free machines. The average withdrawal charge from these machines in 2013 was £1.73 but some machines charge up to £10 per withdrawal.
- **Tackling debt through community finance.** Credit Unions in the capital are available, but very often unknown to those who need them. The Mayor should be a champion for these financial institutions as a means of tackling problem debt in London. According to a report for the London Mutual Credit Union, if equivalent loans made in 2011/12 by payday lenders had been issued through credit unions this would equate to an average saving of £91.43 per loan⁴.

³ Fee-charging cash machines – do you mind paying? Available here: <https://conversation.which.co.uk/money/fee-paying-cash-machine-cashpoint-charge/>

⁴ Can payday loan alternatives be affordable and viable? An evaluation of London Mutual Credit Union’s pilot scheme Summary Report, June 2013. Available here: <http://www.friendsprovidentfoundation.org/wp-content/uploads/2013/07/Can-payday-loan-alternatives-be-affordable-and-viable-Summary-Report.pdf>

2. TIME FOR A HIGHER MINIMUM WAGE FOR LONDON?



Tash is London born and bred - from South London.

The main issues are travel and housing, but there are lots of issues. The disparity between people has gotten bigger and services are only there to help people who are really in dire need. The middle has gotten a lot bigger because if you are over a certain threshold you don’t get any help at all. But the threshold is so low. Access to the arts depends on where you are in the city, on which borough you live in. The Library closures around the city too means the loss of access to books and other library services for those who need them, as well as that community space. Mental health services are being pushed to the brink. I’m an artist. It is hard to get work but at least I don’t earn minimum wage. You can’t live on minimum wage in this city; you can’t even live on the living wage really.



Kate works and studies part time.

I work 30 hours a week as a waitress on minimum wage. Half of my salary goes on my rent and you don’t really get a lot for your money. You could go further out but then there are extra transport costs. It was easy to get a job, there are a lot of jobs in London but they don’t pay that well for what you need to live in London. A higher London wage would really help me out, cheaper transport costs too.



LDNvoices@Londonfairness
'I have a good job but it's a matter of scraping by each month instead of enjoying what London has to offer'



LDNvoices@Londonfairness
London is too expensive – the introduction of the London Living Wage would make London fairer. I've lived in London my whole life – Bethnal Green.

Government policy has less of an impact on London’s low paid

From April 2016, the national minimum wage for those aged 25 and over in the UK will be £7.20. This is 55% of UK median earnings and the Government has announced an ambition for this to reach 60% of median earnings by 2020. However, as the distribution of wages in London is generally higher than wages elsewhere in the country the policy will have less of an impact on Londoners than those living elsewhere. Only 4% of London employees (140,000 people) will be directly affected by this increase compared to 7% of employees at a national level.⁶

Public support for a higher London minimum wage

There is considerable public support for a higher city level minimum wage in London. Indeed, eight out of 10 Londoners believe that London should have a higher Minimum Wage than the rest of the UK. The majority of Conservative (78%) and Labour (86%) voters support this⁷. An increase would, in small part, recognise the higher costs of the capital.

If introduced, London would not be the first city to do so: San Francisco, Seattle, Santa Fe, Chicago, Los Angeles and Washington DC have all adopted higher minimum wages in their cities than their prevailing state. The experience of the USA cities shows that there was not a marked increase in their unemployment rates.

To bring London employees' wages to 60% of the London median wage the city minimum wage would be around £9.70 per hour.⁸

This is 30p higher than the current London Living Wage, a voluntary wage, already supported by the Mayor of London.

A London minimum wage of £9.70 would increase the hourly wage rate for over 1 in 5 London employees (22%) and make a valuable improvement to the lives of 905,000 workers.⁹

The legal minimum wage, as set by the UK Government, will be £7.20 an hour for workers aged 25 years and older from April 2016. People aged 21 and over earn £6.70 (from October 2015), people aged 18 to 20 have a minimum wage of £5.30 with those under 18 years earning £3.87 and apprentices on a rate of £3.30. Research has shown that low paid workers are more likely to be women, those who work part time, those with a disability and those from a minority ethnic background.¹⁰

*If introduced, a London minimum wage of £9.70 would most likely have a significantly positive impact on rates of poverty in London, even after taking account of the commensurate withdrawal of means-tested benefits.*¹¹

Kitty Ussher, Economist

RECOMMENDATIONS

- A binding London Minimum Wage should be raised to £9.70 an hour.
- The Mayor should either lobby the Government to set a legally binding London Minimum Wage or negotiate for the power to set the figure to be devolved to the Mayor.

FACT: '78% OF LONDONERS BELIEVE THAT LONDON SHOULD HAVE A HIGHER MINIMUM WAGE THAN THE REST OF THE UK'⁵

5 London Fairness Commission poll - Survation poll of Londoners undertaken on behalf of the London Fairness Commission, July 2015

6 Adam Corlett, Paved with gold? Low pay and the National Living Wage in Britain's cities, Resolution Foundation, January 2016

7 Survation poll of Londoners undertaken on behalf of the London Fairness Commission, July 2015

8 Kitty Ussher, Estimating a London level of the new National Living Wage, A discussion paper for the London Fairness Commission, 19th February 2016

9 ONS, Annual Survey of Hours and Earnings April 2015

10 London Poverty Profile 2015, <http://www.london-povertyprofile.org.uk/indicators/topics/low-pay/> accessed 19/2/2016

11 Kitty Ussher, Estimating a London level of the new National Living Wage, A discussion paper for the London Fairness Commission, 19th February 2016



3. PROTECTING HOMES FOR LONDONERS

Sarah (30) lives in a small annex at the back of her landlady's house in south east London where her daughter stays with her two nights a week.

My situation is kind of unique. My daughter lives up the road with her father, I gave him residency so he could get a council house and provide a stable home for our child. In hindsight I wish I hadn't because I've been left with nothing.

I live in a small annex at the back of my landlady's house, with a single bed and a pull out bit at the bottom where my daughter sleeps. This is getting too small for her so I desperately need to move but I cannot afford a one bed flat.

The council considers me 'not responsible for a child', although she stays with me at least two days and nights a week and more on holidays. I work full time and am not entitled to a council flat or rent supplement. Yet my salary is not high enough to get me past the letting agents' reference checks. I've offered to pay extra deposit or more rent upfront but I get turned down at every phone call.

I cannot live with strangers in shared accommodation with a young daughter. I could get an ensuite room in a two bed, so we would have more privacy, but no one replies to my enquiries. I am completely stuck and I see no way out.

There are always bugs and slugs in the annex which scares us. The bathroom has damp and I can't get rid of the smell. The landlady is lovely but I have to do my washing in her house. In the summer they have BBQs, so we have to sit in our place listening to their music and conversations. I have to walk past them to leave, as a woman of 30 who lives in a room at the back of their house.

I feel ashamed to have been working since I was 16 and have absolutely nothing to show for it. I cannot have my daughter's friends around after school or a party for her. My family can't stay with me as I have nowhere to put them. I can't invite friends over as they genuinely have nowhere to sit.

I pay £156 a month in child maintenance and £650 for my rent and bills. My landlady is a single mum and she relies on my rent, but the annex is not safe. There's no fire alarm, the bathroom lights have been out for months and I shower in the dark. My family is in Ireland, I have no support system. I get cut off as soon as the letting agents hear I don't have a guarantor.

I managed to get a new job with more money and it still isn't enough for a one bed flat. I'm not asking for the world, just a safe home where my daughter has enough room to sleep and play without wondering why mummy gets upset about where we live.

The current approach for providing housing in London has failed to cater for households with a median average income. Focussing on median has allowed the Commission to reflect the typical experience of Londoners. This is because of London’s escalating house prices and rent levels. Traditionally lenders will allow those buying a house a mortgage to the value of 3.5 times the income of those wishing to purchase the property - a ratio of 3.5:1. However, for the majority of people to buy a home in parts of London lenders would need to loan well in excess of 3.5 times the buyers’ income; in Croydon, for example, a lender would need to agree to lend nearly 10 times the average income of a home-buyer.

The table opposite illustrates how unaffordable London is by comparing median earnings of residents by borough with the median house price paid in that borough.


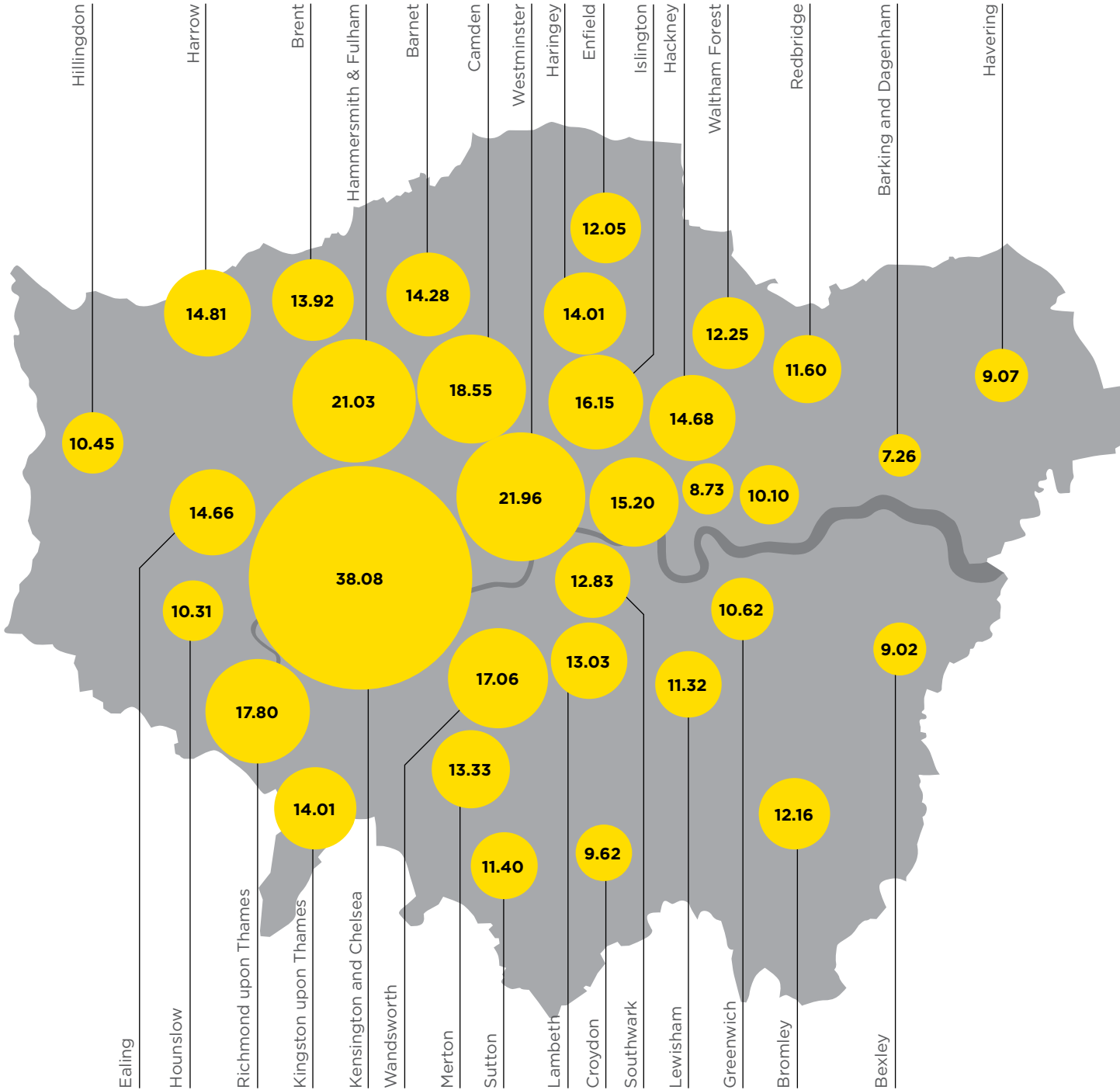

 **#LDNvoices@Londonfairness**
Kevin: I'm from Jamaica and have had a pretty good run here. It is not like that for everyone who comes from Jamaica or other countries. Especially if they can't work. For me the journey to work is the worst thing, the time and the distance. There should be more affordable housing nearer the jobs, so in inner London.

Table 3.1: comparing median earnings of residents by Borough with the median house price paid in that borough



Source: DCLG, Table 577 Ratio of median house prices to earnings



LDNvoices@Londonfairness

Victoire: I'm from France, I've been here for three years. I think London is very expensive and people have to travel very far for work because they cannot afford to live in inner London. The travel is expensive too. There should be more housing closer to people's jobs.

On average, households who rent in London spend £80 more per week on their rent than households in the rest of the country and even after housing benefits, rebates and allowances are accounted for they are still spending £63 more.

‘69% of Londoners thought that there was not enough affordable housing across the city.’¹²

Table 3.2

Average amount spent per week per household	London	UK
on rent by renters	£	£
Gross	214.90	134.80
Net (less housing benefit, rebates and allowances received)	153.30	90.20
On mortgage by mortgage holders	207.80	143.80

Source: ONS, Family Expenditure Survey 2015

Over the year to December 2015, rents have increased by 2.5% across the country but the rate of increase in London was higher still at 3.9%.¹³ Some 820,000 London households received housing benefit in 2015 and, for the first time, housing benefit claimants living in private rented accommodation were more likely to be in work than workless or studying.¹⁴

The long-term solution for reducing housing costs includes building more homes. It is anticipated that the London Housing Commission will recommend a broad range of initiatives to increase the housing supply in London up to 50,000 per year.

The London Fairness Commission recommendations are focussed on the short to medium term and what needs to be done to retain what is left of affordable rented housing in London. However, this Commission supports longer term initiatives to increase the housing supply.

Direct Mayoral Housing funds to building for rent

There is a housing crisis in London and those at the bottom of the income scale are suffering most. The amount of housing available for the most vulnerable has fallen because homes sold under the ‘Right to Buy’ have not been replaced. Despite the proposed housing and planning bill recommending two replacement units be built for each property sold in London only one replacement unit has been built for every eight properties sold.¹⁵ The stock that is sold off at a discount to a lucky few is unlikely to be replaced for future generations.

Although home ownership is the ideal for many, the Commission believes that, given the scale of the crisis, the limited housing funds available to the Mayor should be spent on housing for rent not on ownership. Until there has been real progress in

increasing supply of genuinely affordable homes, the Mayor’s housing funds should not be used to fund Starter Homes for purchase (the charity Shelter has estimated a household income of £77,000 and a deposit of £98,000 is required to be able to afford one of these homes which is way out of the reach of the most needy Londoners).¹⁶

The London Fairness Commission objects to the transfer of public subsidy from low earning households to households towards the top end of the income spectrum. The classification of expensive Starter Homes (they will cost up to £450,000 in London) as ‘affordable’ by the Government is a shocking misuse of language.

Suspend ‘Right to Buy’ for five years

The London Fairness Commission recommends that the Mayor oppose the extension of the ‘Right to Buy’ in London as it is removing social housing at a time when there are large numbers of people on waiting lists and alternative tenures are priced beyond what many households on lower incomes can afford. We recommend suspending ‘Right to Buy’ for a period of five years to allow housing stock to increase and a London wide plan be developed which clearly designates areas and numbers of affordable housing strategically across the capital. The Mayor should not fund Housing Associations that operate the ‘voluntary’ right to buy.

Instead the Mayor of London should seek to offer those who meet the criteria for ‘Right to Buy’ a portable discount reflecting their length of tenure which would encourage home ownership and free up accommodation for those who need rented housing without reducing the existing stock. Many households in more expensive locations of London are not able to exercise their ‘Right to Buy’ option as they cannot afford even the discounted costs of the property.

A portable discount would allow such households to become home owners in locations which are within what they can afford. The properties which become vacant because of the portable discount should be retained in the social rented sector.

Set ‘affordable rent’ as a percentage of household income

Affordable rent homes are typically aimed at lower income households and are usually provided by Housing Associations. Affordable rent is currently defined within the London Plan as ‘rent subject to rent controls that require a rent of no more than 80% of the local market rent (including service charges, where applicable)’. It is thus not affordable for the majority of those Londoners in need.

Of the 24,730 affordable rent homes that were created in London between 2011 and 2015, just under half (12,210) were newly built but more (12,520) were delivered by converting homes from social rent¹⁷. This conversion allowed higher rents to be charged for properties that used to be genuinely affordable.

We believe that ‘affordable’ rents should take into account a households ability to pay and should be set as a percentage of household income. We suggest the widely supported recommendation of 30%.

12 Online panel poll of Londoners aged 18 and older undertaken on behalf of the London Fairness Commission between 3rd and 10th July 2015 by Survation. The sample size was 2,026 and data has been weighted by sex, age, London sub-region, ethnicity and past vote using ONS Census 2011 data and the results of the General Election 2015.

13 Index of Private Housing Rental Prices, October to December 2015, Office for National Statistics, 29 January 2016 release.

14 London’s poverty profile, www.london-spovertyprofile.org.uk/indicators/topics/receiving-non-work-benefits/housing-benefit-caseload, accessed 4/2/2016

15 Right to buy one-to-one replacement falling short in London, 10 March 2015, <http://blog.shelter.org.uk/2015/03/right-to-buy-one-to-one-replacement-falling-short-in-london/> accessed 8/2/2016

16 Who can afford a home? 8 October 2015, <http://blog.shelter.org.uk/2015/10/can-you-afford-a-starter-home/> accessed 8/2/2016

17 Housing in London 2015, the evidence base for the Mayors housing strategy, Greater London Authority, September 2015

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'It's about knowledge and access. If you don't know about it, you can't access it.'

By 2020 there will be reduced delivery of traditional affordable tenures funded by grant and Section 106¹⁸. Classification of starter homes as affordable tenure will not help households with incomes under £40,000 in London.

Susan Emmett, Savills Residential Research

RECOMMENDATIONS

The Mayor of London should:

- Use the Mayor's housing funds for quality rented housing for those unable to afford a decent home and urgently pursue moves to generate private investment in rented housing for those earning the least.
- Set 'affordable rents' to 30% of household income rather than 80% of market rent.
- Suspend right to buy for five years while supply is increased and provide a portable discount for those who have lived in social housing for 15 years.

The London Fairness Commission:

- Opposes starter homes costing £450,000 being classed as 'affordable'.

FACT: THE NUMBERS OF LONDONERS WHO ARE RENTING HAS INCREASED DRAMATICALLY OVER RECENT DECADES AND IS EXPECTED TO CONTINUE TO GROW, WITH ONLY 26% OF THOSE CURRENTLY AGED BETWEEN 20 TO 39 YEARS FORECAST TO OWN THEIR HOME BY 2025¹⁹.

18 Section 106 agreements are legal agreements between Local Authorities and developers which are linked to planning permissions. They are drafted when it is considered that a development will have significant impacts on the local area and are a source of affordable housing units in London.

19 http://pwc.blogs.com/press_room/2016/01/buoyant-housing-market-continues-to-put-pressure-on-generation-renters-says-pwc.html accessed 17/2/2016

4. A FAIRER DEAL FOR RENTERS



Gary, 41, and Claire, 36, both from London, work for charities and have a combined household income of roughly £60k. They were evicted from their flat when Finley, their first child was 10 days old.

After four and half years Chingford had become our home. We knew our neighbours, the local shopkeepers. We were settled. We'd been kicked out of our previous flat in Mile End so the landlord could rent it out for the 2012 Olympics. So, we moved further out.

For the first two years in Chingford the letting agent extended our contract by 12 months with a rolling contract after that. We paid £850 a month.

Having your first child is an immense experience; nothing can prepare you for it. Overnight your priorities shift entirely.

We put off having children for a couple of years, till we were more financially secure. Of course buying a place was our goal and, before Finley arrived, we saved for a few years. But house prices were growing so quick that even as our deposit grew it became a smaller percentage of what we actually needed. At that point we resigned to renting forever.

We gave the letting agent six months notice that we were expecting our first child. They were happy, saying we'd be 'more secure tenants'. Out of the blue an

email arrived from the letting agent giving us two months' notice. It was five weeks before the due date. We were horrified.

The letting agent said 'the landlord wants his house back' but it wasn't just his house, it was our home. We might not have owned it but we were about to start a family there. We'd already started nesting. It totally hit us over the head to think we would have to move.

We asked for an extension until Finley had arrived and things settled down a bit but the landlord wouldn't deviate, even by a day. We moved just a few days after Claire was discharged from hospital, after having emergency surgery, and with a 10-day old baby. It was really tough. All we wanted to do was recover as a family and get to know our son, but we had to pack up his new world around him.

Looking for a new flat when expecting was difficult. We saw loads of bad properties; the letting agents were trying to offload their worst places because they could see we were desperate. And we were! We took the first decent place that came along, shaking hands on the viewing.

The whole experience made us so angry. We gave that landlord £38k in total and were good tenants, always paying on time. But the letting agent and landlord said Claire being pregnant was 'not their problem'.

We want more kids, but really don't want to move further away from our parents in Camden and Croydon. It looks like we will soon be living at the end of some provincial train line spending two hours getting to work.

We don't care about owning, we just want stability and security. We just want a home.

How DO
TENANTS
PROTECT
THEMSELVES
FROM
POOR
HOUSING?

JACK

Rent regulation

The London Fairness Commission believes that renters are entitled to quality, affordable properties with security of tenure. The Government has introduced a raft of new legislation that will impact on landlords including changes to capital gains tax, a supplement to stamp duty payable on second homes and buy-to-let properties and reducing mortgage relief for landlords. The outcomes of these changes and the impacts that they may have on availability and rents is as yet unknown.

One of the key challenges for the Mayor of London is how to provide affordable rent through private landlords, without negatively impacting on the future supply of new housing. At a time when many households are stretched to afford their rent, there is, understandably, considerable public support for rent regulation. The Commission has been struck by the strength of feeling from young Londoners on this issue with a clear demand for 'rent caps'.

However, this needs to be balanced against the risk that the immediate imposition of rent caps would discourage new investment at a time when much-needed housing for rent is starting to be built. It is vitally important to create a new privately funded 'build to rent' sector on the model that many other European capitals enjoy. There is increasing investor interest in the 'build to rent' sector which will require secure returns on their investments to continue to grow. Slowing the numbers of homes for rent being built in the immediate future could exacerbate trends in rent increases. With rent regulation, and without enforcement of existing regulations on quality, there is little incentive for landlords to spend money maintaining their properties resulting in a potential decline in standards of rental accommodation available.

The Commission is not recommending the introduction of rent caps, at this time. There are trials and proposals for new forms of rent regulation underway in Ireland and Scotland. The Mayor of London should review these and determine if there is a case for them to be introduced in London. The Mayor could also look closely at initiatives in other European capitals, especially Berlin, and transferring policy changes.

Campaigning for use of longer term tenancies to provide greater rent certainty

The composition of privately renting households is changing with more families living in the sector and all renters living in the tenure (but not in particular properties) for longer periods of time as they struggle to afford home ownership and the costs associated with moving between properties.

Many people we have spoken to talk about being forced to move frequently for reasons that are no fault of their own and how hard it is to raise a family when their housing is so insecure.

To ensure more stability in the sector for renters, the London Fairness Commission recommends that the Mayor of London campaigns for obligatory longer term tenancies which would provide greater stability for renters as well as rent certainty

as rent rises are agreed at the contract stage. The Mayor could lobby central government to introduce a right for tenants to convert 12 month arrangements into five year arrangements.

Improving quality of rental homes

The London Fairness Commission believes that there should be no excuse for any landlord to break the law in providing sub-standard accommodation but too little funding is given to the enforcement of existing standards and there is an assumption from Government that once legislation is enacted this is sufficient to see people abide by the rules. Currently, private landlords may feel obliged to break the law for commercial purposes because their competitors are also doing so. This is not fair to the landlords or their tenants.

“I moved down from Sheffield about a year ago for a job. It’s a good job but with the cost of rent it’s more a matter of scraping by each month rather than being able to enjoy everything London has to offer.

I can’t save money each month, never mind think about saving for a house. If I was still in Sheffield, I would be able to save and probably buy a house on what I’m earning here. I know I would earn less in the north but I would spend less and houses are so much cheaper.”

Jennifer, 32

20 English Housing Survey 2013-2014, DCLG, September 2015

21 DCLG figures

Enforcement of standards

Around one in four households rent from private landlords in London and numbers are increasing. Yet private renters in our city are less likely to be satisfied with the accommodation, repairs and housing services provided by their landlords than renters in the rest of the UK.

Nearly one in three private rented households are living in properties that fail to meet the ‘Housing Health and Safety Rating System’ minimum standard, are in a poor state of repair, do not have reasonably modern facilities and services or/and do not provide a reasonable degree of thermal comfort.²⁰ This is shocking in one of the richest cities on earth and a city where rent levels are so expensive.

The proposed ‘Housing and Planning Bill’ will introduce a database of rogue landlords and property agents guilty of certain housing related offences. The database will be maintained by Local Authorities. The Bill also introduces banning orders for aggravated crimes and civil penalties (of up to £30,000) for failure to comply with an improvement order from an Environmental Health Officer. There is an extension of the Rent Repayment Order to cover illegal eviction, breach of a banning order or failure to comply with a statutory notice. And for landlords of licensable properties such as Houses in Multiple Occupation there will be more stringent fit and proper person tests.

These measures are welcomed but without additional funding for enforcement activities, it will be difficult for many Local Authorities to act. The Government recently announced a £2.6 million cash fund for 18 London Councils to tackle rogue landlords but as budgets to housing services of councils have been reduced by an average of 23% since 2010,²¹ this is unlikely to provide sufficient funding to make major differences to local enforcement.

Championing Mandatory licensing of landlords

“We would like to see better regulation of private landlords, with increased security for tenants and ensure housing is in a suitable state, with repairs carried out appropriately.”

School Housing Support Charity

The London Fairness Commission believes that selective licensing of landlords can play a role in providing an income stream for local authorities to rigorously enforce existing legislation and to improve landlord management and services to tenants. The Mayor of London should champion the use of such licensing across London and keep a close eye on what is being considered in Edinburgh, the UK’s second largest financial capital.

London Boroughs are legally allowed to implement a selective licensing scheme for private rented properties to address problems stemming from a high proportion of private properties, alongside one of the following criteria: poor property conditions; large amounts of inward migration; a high level of deprivation; or high levels of

crime. This is in addition to legislation for licensing properties counted as homes of multiple occupation. Licensing schemes will also need to cover the growing numbers of people who are letting properties on a short-term basis.

As of January 2016, seven London Boroughs (Barking and Dagenham, Brent, Croydon, Harrow, Newham, Southwark and Waltham Forest) had implemented mandatory landlord licensing either selectively or across the entire borough. Redbridge and Tower Hamlets are currently considering licensing landlords.

Convincing arguments for the compulsory registration of landlords include that such registration makes it simpler to identify non-compliant landlords and, therefore, more effectively target enforcement by the public sector in dealing with these individuals. A register of landlords can help tenants, neighbours and other agencies (e.g. noise control officers in local councils) identify landlords if problems arise. If the regulatory regime is supported by dedicated information and advice services then it could improve landlord management and services to tenants.

RECOMMENDATIONS

The Mayor of London should:

- Encourage longer term tenancies to provide greater stability in the private rental sector.
- Champion mandatory registration of landlords.
- Undertake a review of the enforcement of quality standards in the private rental sector, in order to identify how enforcement can be strengthened and made more effective.

5. MORE HOMES FOR LONDONERS



Mike (34) and Shilpa Ambler (30) are both junior doctors, and have just had their first child, Tabitha. They own a two-bed flat in west London but are planning on relocating to Bristol. Below are Mike’s words about their situation.

We have to be a reasonably close to our hospitals. We don’t want to be commuting for an hour each way either side of a thirteen-hour shift. All you do then is work, pay to commute, and sleep!

At the moment we live in a small two bed flat with no outdoor space. We know we are lucky to own and have a spare bedroom; many people can only hope to rent. But when we talk to friends in different parts of the country they think it is mad that our flat is all we can afford.

Having Tabitha had a bigger impact than we anticipated. I actually hadn’t realised how much childcare would be. The place over the road from us charges £1300 a month for five-day cover, which we will need when Shilpa goes back to work. Even antenatal classes were 50% more expensive in London than elsewhere!

Shilpa would like a big family, but at the moment in London we just cannot afford a big enough house. It’s not impossible to live here – saying so would be an exaggeration – but even on decent salaries our future in London feels restricted.

In Bristol we will be able to afford a nice house with some outdoor space in a relatively central part of town. The environment and air quality will also be better, which we are very conscious of for Tabitha.

Leaving London is a common conversation amongst my friends. In fact, all my friends who have children have left London; I don’t know anyone with a young family still here! They’ve all moved to places like Derby, Birmingham and Bristol.

It’s frustrating because we love this city and really don’t want to leave. We get loads from it, our friends are close by, great facilitates, and if we could afford a house with a garden we would absolutely stay here.

Also the education in London is actually really good now, better than elsewhere in the country. In that regard London is really appealing, but it is also a double kick in the teeth – as the schools for ordinary middle class families become better the city becomes unaffordable.

We feel a bit self-conscious saying that London is not affordable for us - we’re two doctors on good salaries. But it feels like unless you’re super-rich and driving around in a Lamborghini, or at the other end, trapped here by poverty, London eventually throws you out.

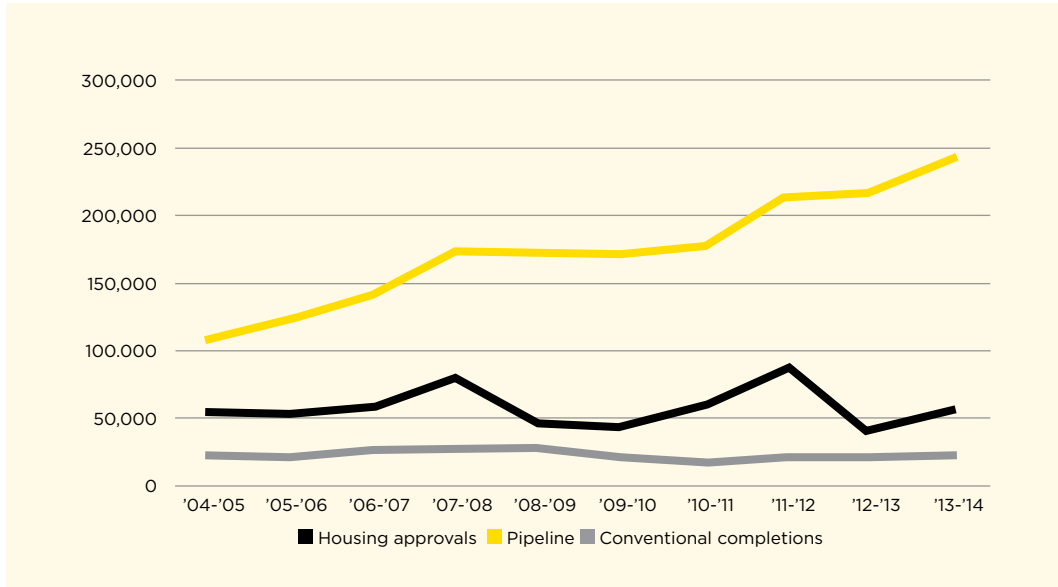


There has been a systematic failure to build the number of homes that London urgently needs. Despite Local Authorities granting more planning permissions each year for the past decade, developers have not been building the units at the same rate so there is an ever-growing pipeline of projects. According to Greater London Authority figures, **the number of units with planning permission but where construction has not yet started has risen from just over 100,000 in 2004/05 to 240,000 in 2013/14.**²²

The lack of building completions from secured planning permissions is not only increasing pressure on house prices for Londoners but there is a loss to Local Authorities from the Council Tax that would be payable if these homes had been built. At the average Council Tax amount for a band D property in London (£1,298) if all of these homes were built an additional £311.5 million would be raised each year to pay for local services.


The difference between the 'planned pipeline' and actual build out rates of new homes has led to accusations of 'land banking' which is when land owners hold onto land in the expectation that land values will increase. It has been claimed that by value up to a quarter of all the land-banking with the UK is of land within London.

Figure 5.1



Source: London Plan Annual Monitoring Report 11 2013-2014, Greater London Authority, March 2015

²² London Plan Annual Monitoring Report 11 2013-2014, Greater London Authority, March 2015

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Mehbub: 'They're selling million pound flats, converted from an old school, over the road from my parents place. There's no way I can afford that. It makes me angry; the writing is on the wall for us in East London.'

Around 32 per cent of London's housing permissions are on sites where the land owner is neither a developer nor a housing association and so unlikely to be building the homes that they have gained planning permission for.

The Mayor of London should introduce a tax on landowners for land upon which there has been granted planning permission, but which has not been developed within 3 years of permission being granted. The intention of the tax would be to bring forward development of housing units. There is nearly sufficient housing in the planned pipeline alone to meet the GLA housing targets of 50,000 over the next five years. In addition, any funds raised from implementing a land banking tax could be used to pay for more social housing in London.

Bringing empty homes back into use

There are just under 22,000 homes in London categorised as long term empty dwellings.²³ In order to encourage these homes back into use the London Fairness Commission recommends that the Mayor of London petitions Government to re-establish dedicated grant funding and Local Authority support programmes and investigates how the process to Compulsory Purchase Order properties can be made more efficient.

RECOMMENDATIONS

The Mayor of London should:

- Seek further devolution of powers to enable the introduction of a tax on land owners of land in London with planning permission, which has not been developed within three years of permission being granted.
- Petition the Government to re-establish dedicated grant funding programmes and support to Local Authorities to bring empty properties back into use which will enable Local Authorities to enforce their power to compulsorily purchase properties if required.

23 Department of Communities and Local Government, Number and proportions of empty dwellings, 2014

6. MAKING PROPERTY TAX FAIRER



Anne, 63, and James, 63, live in a four-bedroom semi-detached house in Croydon they bought for themselves and their three children, over twenty years ago.

We are both retired now, Anne worked for the National Health Service for over forty years and I worked in a national retail group for twenty-five years. We have lived in this house with our children for over twenty years. All our assets are tied into our home.

Our house has increased in value since we bought it in 1994, sort of in line with council tax. It went up a lot in the first ten years but hasn't really done much in the second ten, although house prices are going up in Croydon at the moment.

While it is a substantial increase, it isn't really comparable to a similar house in Kensington and Chelsea, which will have reached into the multi-millions and the amount of council tax is less. We actually pay about a third more in council tax than someone on the same banding in Kensington and Chelsea. This is really unfair when you think about

the value of those properties and the location - we are in Zone 6 rather than Zones 1 or 2. There are benefits to that, we love living here but we have had the added time and cost of travel when I commuted up to London for work and at the weekends.

We are quite typical amongst our friends; most of us have had children living at home while they save to buy a house or study again. We live in a four-bedroom, semi-detached house and would like to think about downsizing soon but one of our children and their fiancé are living with us, while they save for their own deposit and do their teacher training.

That's not really the point either. We aren't going to move to pay less council tax. We are paying the second highest council tax band. We live in a nice house but considering Croydon has incredibly affluent areas, with multi-million pound houses, it is ridiculous we pay just one band below people living in mansions in the same borough. We feel we are paying above the odds compared to other people who have either benefited from rising house values or have enough cash to buy a big house now.

If Council Tax is going to be tied to property value, then it should be more reflective what people can afford to pay and the value of their property. We feel we get stung every month because of a quirk of fate, and the system needs sorting out.

It's a crude measure of affordability. Your house might be worth a lot but it doesn't mean you have a lot in the bank.

There is wide agreement that the current system of Council Tax is unfair as it is deeply regressive. People in the most expensive homes in London pay no more than three times the tax on the lowest value homes, even though those homes are often worth at least 20 times as much.

There are also large differences in the amounts paid between different London Boroughs even within the same council tax band which means that some people living in houses worth millions of pounds pay less than others in much more modest properties.

Table 6.1: 2015/16 Council Tax for selected London Boroughs by band and cost

	Band A	Band D	Band H
Lowest council tax (Westminster)	£448.50	£672.74	£1,345.00
Median council tax (Lewisham)	£903.57	£1,355.00	£2,710.70
Highest council tax (Kingston upon Thames)	£1,115.98	£1,673.97	£3,347.94
City of London	£628.96	£943.44	£1,886.88

Source: DCLG, Council tax levels set by local authorities in England 2015-16, July 2015

The role of the Mayor

The Mayor of London has previously called for the full suite of property taxes (council tax, business rates, stamp duty, annual tax on enveloped dwellings and capital gains property development tax) to be devolved to London government, along with devolved responsibility for setting the tax rates and authority over all matters including revaluation, banding and discounts. The London Fairness Commission endorses this. It is now time for the Government to act on this recommendation which is in line with its policies on devolution.

Changing Council Tax

The current Council Tax, which relates to valuations carried out in 1991 should be changed. Properties need to be re-valued to current values and there is the potential to include a wider range of Council Tax bands, so that owners of very valuable properties pay proportionately more than at present and those in modest properties pay less. The purpose of any changes would be to reduce the burden on London’s poorest households without necessarily increasing the overall take of tax across the city.

Table 6.2: Is the property tax system fair in London?

TWO BED TERRACED HOUSE	STAMP DUTY ON PURCHASE PRICE	ANNUAL COUNCIL TAX BILL
<div>WESTMINSTER</div> <div>FOR SALE AT £3.6 MILLION</div> <div></div>	£345,750	£1,346
<div>SOUTHWARK</div> <div>FOR SALE AT £490,000 (London Average)</div> <div></div>	£14,500	£1,207
<div>BARKING & DAGENHAM</div> <div>FOR SALE AT £245,000</div> <div></div>	£2,400	£1,169

Source: House prices from Rightmove. Council Tax Bands from Government Valuation Office and council tax amounts from respective Local Government Websites

In the short term, any replacement of Council Tax will need to account for not only the value of a person's home but also their ability to pay. Transitional relief arrangements will be needed. Houses in London have increased in value far more rapidly than wages, so it is only fair that any new scheme will have to account for locations where the property value may be high but the ability of the occupier to pay is low.

One option would be to introduce more Council Tax bands which would mean that higher value homes pay higher rates of Council Tax. This was implemented in Wales in 2005, where all properties were revalued to 2003 prices and an additional band introduced for higher value properties. A second option would be to have Council Tax linked to the purchase price of the property and linked to the Consumer Price Index rather than house price inflation. Both of these option would need to be tested in a London context.

RECOMMENDATIONS

- The Mayor of London should continue to petition Government to devolve all property taxes to a London level in line with the recommendations of the London Finance Commission.
- A new council tax system should be introduced which fairly reflects the value of homes.

FACT: IN 1986, THE AVERAGE FIRST TIME BUYER HAD AN INCOME OF £17,000 AND BOUGHT THEIR FIRST HOME IN LONDON FOR £45,000 WITH A MORTGAGE OF £37,000. IN 2014, THE AVERAGE FIRST TIME BUYER HAD AN INCOME OF £73,000 AND BORROWED £255,000 TO PURCHASE THEIR FIRST HOME AT A PRICE OF £364,000.²⁴


24 ONS House Price Index
Table 28, February 2016

7. KEEPING LONDON HONEST

CASE STUDY

Case study 1: *The John Lewis Partnership has had a pay ratio in force for the past 50 years where the salary of the Chief Executive Officer is limited to 75 times the amount of the average worker and profit is shared equally among the workforce.*

Case study 2: *Recently, the new Chief Executive Officer of Grant Thornton LLP, Sacha Romanovitch, announced that she would be capping her pay to 20 times that of the average worker in her company. Grant Thornton partners have also voted to change their business model to one of a shared enterprise which intends to better empower each of their 4,500 workers to double profits by 2020. The profits that remain after partner earnings, employee salaries and the bonus pot will be shared with all of their employees.*

 **#LDNvoices@Londonfairness**
Jemima: 'there should be more access to property and knowledge about who has what.'

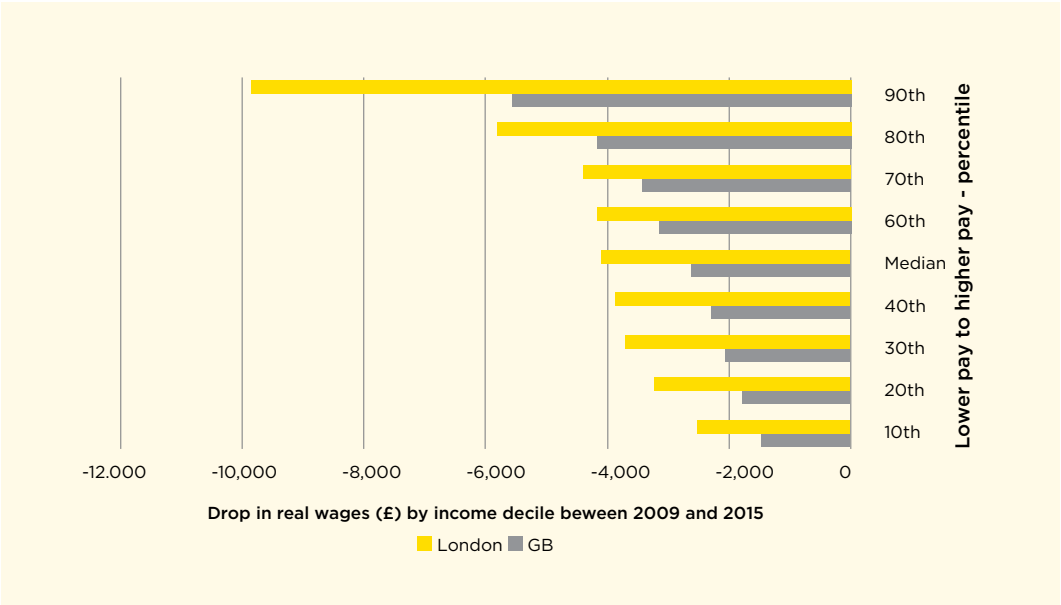
Pay Ratios

Over half of Londoners (57%) do not think that it is fair for top earners to be paid very high salaries as others in London are struggling to get by, while 28% thought that it was fair as top earners contribute great value to the London economy.

The pay of Londoners has yet to recover to the level of 2009 and they have suffered larger real term wage cuts than people in the country overall.

In stark contrast to this is the experience of Chief Executive Officers of the UK's top 100 companies (many of whom are London-based). The median salaries of FTSE 100 CEO's has continued to increase from around £2.4 million in 2009 to around £3.3 million in 2014.²⁵ This is clearly a fairness issue when CEO's pay has accelerated so far away from the workforce in general.

Figure 7.1: Londoners' pay in 2015 compared to 2009



Source: Annual Survey of Hours and Earnings, Office for National Statistics

“A fair city means that wages are more equal.”

Alice, Haringey Resident

²⁵ The power and pitfalls of executive reward: A behavioural perspective, CIPD, December 2015

Londoners views of what the maximum salary for a Chief Executive should be if the lowest paid workers of their company earned the minimum wage

Table 7.2: Two-thirds of Londoners believe a CEO's maximum salary should be £200,000 or lower

Maximum salary	% response
13,500	4
50,000	18
100,000	26
200,000	18
500,000	13
1,000,000	5
2,000,000	2
Any amount – there is no such thing as an unfair salary	15

Source: Survation poll on behalf of the London Fairness Commission, July 2015²⁶

Londoners were asked what maximum salary could be considered fair for a Chief Executive of a London-based organisation that paid its lowest works the minimum wage (around £13,500 per year). Only 15% of Londoners believed that there was no such thing as an ‘unfair salary’ for CEOs. Two-thirds thought the maximum should be £200,000 or less.

The UK Government has recently announced that from April 2017, companies with more than 250 employees will be legally required to publish the difference between the average pay of their male and female employees. Given that in 2015, the median hourly wage for female employees in London at £13.58 was still substantially below that of males at £15.43, we strongly support this proposed legislation. Furthermore, the work that will be required to collate these statistics means that our proposal that companies should also publish their pay inequality ratios as well will have almost no additional cost implications for companies.

Last year, the US Securities and Exchange Commission adopted a pay ratio disclosure rule requiring public companies to compare the compensation of their CEO to the median compensation of their other employees. In order to increase fairness of salary award levels in London the first step has to be awareness of what these salaries and inequalities are and how they compare between different companies.

²⁶ Survation poll of Londoners undertaken on behalf of the London Fairness Commission, July 2015 Online panel poll of Londoners aged 18 and older undertaken between 3rd and 10th July 2015 by Survation. The sample size was 2,026 and data has been weighted by sex, age, London sub-region, ethnicity and past vote using ONS Census 2011 data and the results of the General Election 2015

Secrecy of land and property ownership

The London property market is highly desirable to people throughout the world but some of the money coming into property is from dubious and corrupt sources, Over 36,000 properties in London are registered to offshore companies whose ultimate ownership is unknown.²⁷ Offshore companies can be used to reduce payment of taxes which would otherwise be payable meaning that there is less money to spend on public sector services in London and elsewhere in the country.

Property investors and development companies routinely use offshore corporate vehicles to reduce the amount of capital gains tax and stamp duty that would otherwise be payable. Some wealthy individuals also take advantage of offshore statuses to reduce the amount of inheritance tax that would otherwise be owed on property and land that they own in London.

Research by Transparency International UK showed the extent of properties in London that are owned by overseas companies and discovered that the use of offshore companies is not slowing. Almost one in ten properties in the City of Westminster (9.3 per cent), 7.3 per cent of properties in Kensington & Chelsea, and 4.5 per cent in the City of London are owned by companies registered in an offshore secrecy jurisdiction.²⁸

The London Fairness Commission believes that London should not be home to ‘dirty money’ and that all land and property owners in London should contribute their fair share of taxes which are used to pay for vital services that make London a desirable place to live in the first place.

RECOMMENDATIONS

The Mayor of London should:

- Establish a voluntary system to collect and display the pay ratio data from companies and public sector bodies based in London, while petitioning Government for a change in legislation so that companies employing more than 250 staff are legally required to publish pay ratios. The pay ratios should be for overall levels of pay, by gender (as will be required by recent Government legislation) and by ethnicity.
- Petition Government to ensure that companies registered offshore declare details of property ownership and for the GLA to be given powers of compulsory purchase on land/properties owned by offshore companies who are unwilling to declare the name of the ultimate beneficial owner.

27 As at July 2014, Transparency International found that 36,342 London properties were held by offshore companies making up 9.3% of properties in Westminster, 7.3% in Royal Borough of Kensington and Chelsea and 4.5% in the city amongst others.

28 Corruption on your Doorstep, Transparency International UK, February 2015

8. A FAIR CHANCE FOR EVERY YOUNG LONDONER



Francis, 22, is a youth worker and freelance photographer. He grew up in Hackney, and is now a Talent Match London committee member, a youth-led programme of employment and skills training for young Londoners.

I wasn't the best-behaved in school, I never took it seriously. When I was 14 and work experience was coming up, I had no clue what I wanted to do in life. So I went to see a careers advisor in my school.

On top of being unenthusiastic about school and clueless about what I wanted to do, I was also then faced with poor career's advice. They gave me two options for my work experience, the high level placements with law firms and estate agents or service jobs, in restaurants or shops. I was expected to fit into mode of what everyone else was doing.

I hated not being able to make my own choice. It was unfair that I was categorised; not being seen as an individual really annoyed me.

So I had to make a choice. Do I conform and do what the school and careers advisor told me to do, or do I do something else? Law and estate agency were too academic and boring, whilst the retail and restaurant seemed like they wouldn't challenge me at all.

Often young people are put in boxes and not given the opportunities to choose their own path and support system. As I was struggling to choose how I would spend my next couple weeks, I had also been going to a youth centre near my house. The support that my youth worker and other support workers there gave to my friends was incredible. I enjoyed going there, so I thought that's what I want to do instead of a stuffy law firm. I didn't want to serve pizza, I wanted to serve people and change lives.

For a week, I pestered the centre manager to let me volunteer and to write a letter to my school. After three consecutive days, he gave in and did it. It took a little arm twisting and threatening the school with my absence, but they gave in - I still have the letter at home, as a way to show how this all started.

I made my choice, and became a volunteer youth leader. I chose to make my own future and live with whatever happens. But that was only possible because of the confidence and fairness instilled in me by an adult who believed in me.

After the work experience, I continued volunteering and then became a qualified youth worker. The same drive and passion led me to be part of a group of young people that designed a new youth-led employability programme to support young people who were far from the job market.

Is it fair that London categorises so many young people? Is it fair that London applies so much pressure on us? Is it fair that so many of us are devoid of agency and freedom to truly choose our path? I was lucky to meet some of the people that I have, but many are not.

London should be a great place to grow up. It has world class arts, outstanding sporting facilities and transformed schools that now outperform those in the rest of England.²⁹ London’s schools over the past 15 years or so have become an amazing, internationally recognised success. Inner London, in particular, has improved from being one of the worst to one of the best regions in the country.

But despite improved academic attainment young people from poorer backgrounds do not go on to achieve the same outcomes as their middle class peers in terms of employment, health or security of housing.

Around one in 10 of London’s young people aged between 16 and 24 years old (105,000 individuals) are classed as NEET (Not in Education, Employment or Training).³⁰ This is a clear symptom of how young people in London do not have a fair chance to get a job when they leave school. In addition, some estimates put the number of young people out of work and yet not claiming any unemployment related benefits at around 36,500.³¹ This lack of engagement with the labour market is not only damaging to each of these young Londoner’s life outcomes but is costly to the Government, wider economy and society in the longer term.

Young Londoners from poorer communities have been affected more deeply by benefit cuts than anywhere else in the country. 592,000 children are living in poverty in London³² and as a result are more at risk of being vulnerable to local gang culture or extremist ideology. Those in poverty are also disproportionately from black and minority ethnic communities. Initiatives to address youth unemployment, therefore, would greatly benefit this section of our community.

Young black men have higher rates of post-16 education than white young men. However, spending longer in education is not leading to any reductions in the higher unemployment rates experienced by young black men. The unemployment rate for black graduates is more than double the unemployment rate for white graduates.³³

Young people are eight times more likely to be victims of crime than adults.³⁴

There are enough Londoners of school age with a mental health problem to fill 3,700 classrooms. 1 in 10 young people have a clinically significant mental health problem and just one in four will get effective care.³⁵

Young people are more likely to be employed on precarious terms making up 34% of those on ‘zero hour’ contracts³⁶ and they are not eligible for the new ‘National Living Wage’ uplift which will be introduced in April 2016 and only applies to workers aged 25 years and older.

London’s job numbers have been reaching record-breaking highs and stood at 4.86 million in September 2015.³⁷ However, London offers the fewest apprenticeship opportunities of any region in England, second only to the North East. In 2014/15, 45,500 apprenticeships were started in London.³⁸

A ‘hello’ from the Mayor to Young Londoners

The Government communicates with all UK residents just before their 16th birthday to provide them a national insurance number. We propose that the Mayor writes to 16 year olds presenting the ‘every child a chance’ programme. This would involve contacting young people with a real offer of support to improve their life skills, information on accessing health services, connecting them to work experiences and apprenticeships, as well as showing them what further training and education opportunities are available. A website could signpost young people to essential information about the local services available to them. But the offer should not be purely digital: it should point young people to services where they can have a safe face to face conversation about who they are and where they are going. Crucially, it should give them the tools they need to take responsibility for their own future and serve as a directory for young people who are not linked to a wider network via their schools and colleges.

Our challenge to the Mayor is to work with IT developers, businesses, education providers and young people to develop this into a viable proposal so that by 2020 every young person in London is given the chance to take advantage of a programme which will get them into quality jobs. It should be piloted with young people in most urgent need of such a service and least likely to access it through existing mechanisms especially those in care and those from less affluent London boroughs.

Young Londoners told the Commission they wanted equality of opportunity to develop broad life skills, a fulfilling career with a fair wage and a secure place to live. Older people told the Commission that they feared that young people will not enjoy the advantages and prosperity that they themselves have had.

Mayoral guarantee for care-leavers

Employers should create work experience, paid internships and guaranteed interviews for young people from poorer backgrounds with an explicit Mayoral guarantee, jointly with business, that every London child in care will have this support. Employers need to be supported and incentivised to change recruitment practices and encourage young people from a range of backgrounds to experience and understand the careers they offer; and give opportunities to those who may not have initially succeeded. There are many employer-driven initiatives across London, but they are often ad hoc and not always targeted where they are most needed. We would like to see new ‘A Chance for every Child’ programme developed with the business community, which starts with a clear guarantee for every child in care.

Department of Work and Pensions funds and management should be devolved to a London level and funding from existing youth employment programmes (e.g. Work Programme, ESF) used to fund evidence-based programmes that support those furthest from the labour market to develop career skills and take ownership of their career progression.

29 Sam Baars, Eleanor Bernardes, Alex Elwick, Abigail Malortie, Tony McAleavy, Laura McInerney, Loic Menzies and Anna Riggall, Lessons from London Schools: Investigating the Success, Centre for London, CfBT Education Trust, June 2014

30 NEET Statistics quarterly briefing July to September 2015, Department for Education and Department for Business Innovation and Skills, 19 November 2015

31 This figure is derived from looking at the NEET figures (Department for Education, Q2, 2015) and the DWP numbers of young people not claiming out of work benefit (DWP Benefit Claimants data, May 2015 via Nomis), source London Youth and CESI

32 London’s Poverty Profile

32 BTEG report

34 Office of National Statistics

35 Cavendish Square group

36 Office for National Statistics, Contracts with No Guaranteed Hours, Employee contracts that do not guarantee a minimum number of hours: 2015 update, 2 September 2015

37 ONS, Workforce Jobs series, January 2016

38 Apprenticeship Programme Starts and Achievements, Skills Funding Agency and Department for Business, Innovation and Skills, January 2016.

“Job centres need to focus on building a career rather than just a job.”

Participant in Young Londoner ‘Open Space’ event

Being ‘job-ready’ is a challenge. Many young people do not realise the skills or experience they possess and so have difficulty writing CVs and preparing for interviews. This is particularly true of those without supportive families or good connections. Within the nine boroughs with the highest youth unemployment, 65% of 16-24 year olds surveyed had never had a full-time job.³⁹ Nearly half of Talent Match London participants (47%) saw a lack of work experience as their biggest barrier to getting work.

The same chance as a young person from a more affluent background

Young people from more affluent backgrounds have much greater access to positive life-skills outside school. This gives them an advantage not just in the jobs market but in terms of their mental and physical health and enjoyment of their teenage years. London needs to provide extra-curricular activities for children and young people from poorer backgrounds that builds their confidence and networks. This is vital if they are to progress into fulfilling careers.

Young people in Britain spend under 15% of their waking hours in formal education.⁴⁰ Schools are subject to understandable pressure to succeed in exam results, inevitably focusing them on formal ‘academic’ skills. Yet we know that success in life and work depends as much on other life skills.⁴¹ Schools should work with the appropriate business partnerships and other organisation who could help coordinate with schools and standardise work experience programmes to facilitate a good experience for young people.

Evidence shows that good quality, structured youth work or extra-curricular activities led by a positive adult increase young people’s confidence, resilience and networks.⁴²

The Commission want to see a programme of support for these activities: giving every child a chance, not just those from affluent backgrounds.

There are hundreds of community youth organisations in the capital equipped to offer this kind of youth work and access for young people, but local government funding to support them has almost disappeared in the last five years. Youth Services, which were already under-funded, have been one of the areas most dramatically affected by local authority budget cuts. In 2010-11, for example, Kensington and Chelsea reduced its budget by 78%, or £5.1m, while Tower Hamlets cut spending by £9.4m - a 65% reduction. Likewise Waltham Forest had 77% cuts and Westminster 74%.⁴³

“Life skills need to be taught in our schools, to put us on an equal playing field with private school pupils.”

Participant in Young Londoner ‘Open Space’ event

FACT: UNEMPLOYMENT IN LONDON IS TWO AND HALF TIMES HIGHER FOR YOUNG PEOPLE THAN FOR THOSE AGED BETWEEN 25 AND 64 YEARS OLD.⁴⁴

39 Leap Confronting Conflict -End of year report, 2012

40 House of Commons Education Committee (2011)

41 Non-cognitive skills include initiative-taking, teamwork, problem-solving, emotional management, self-regulation and resilience

42 Good Youth Work Works, London Youth, 2016

43 <http://www.bbc.co.uk/news/uk-26714184> accessed 19/2/2016

44 London Poverty Profile <http://www.londonpovertyprofile.org.uk/indicators/topics/work-and-worklessness/young-adult-unemployment-over-time/>

This will cost money but we believe it is an investment in London's future. Our research and engagement with Londoners suggests that the elderly are very concerned about young Londoners: they fear that youngsters will not have the chances they themselves have had. We suggest that a fund should be created from savings to the Freedom Pass, so that relatively affluent older people can pay to give London children from poor backgrounds a good chance in life. This might be achieved by pushing back the age of eligibility in stages to 65 years and by means testing the benefit.

RECOMMENDATIONS

- ‘Hello from the Mayor to young Londoners’. The Mayor should write to 16 year olds setting out an offer of work experience, training and a pathway to a first job.
- Adopt the “Every child a chance programme”. As part of this, employers should create work experience, paid internships and guaranteed interviews for young people from poorer backgrounds with an explicit mayoral guarantee, jointly with business, that every London child in care will have this support.
- Older people are concerned about the difficulties facing young people in London: the Mayor should delay issuing the Freedom pass from 60 to 65 and means test it thereafter. The funds generated from more prosperous elderly Londoners would go directly to help provide extra-curricular activities to build the confidence, networks and skills of young people most in need.
- The Mayor should appoint a Deputy Mayor for young people to oversee the package of measures outlined above and consult upon a plan for London's young people.

“The Mayor should imagine thousands of older people living on the streets of London and act now. Youngsters on the streets join gangs - what will older people do? We are in an age where anyone can be affected and forced to live on the streets. What will you do about this? We need affordable housing. The deposit for accommodation is too high. If you get evicted, this follows you”.

Participant in Young Londoner ‘Open Space’ event



CASE STUDIES



1. Laburnum Boat Club

Laburnum Boat Club is a water-based youth organisation on the Regents Canal, Dalston. Open seven days a week and in the holidays they provide a huge range of activities using kayaks, canoes and other boats on the water for young people including those with disabilities. They have a strong partnership with the Bridge Academy School which is located next door. They fundraise locally to help young people go on adventure trips to other parts of the UK and across the world, offering opportunities for young people to put their learning and skills into action in places where they might otherwise not have the chance to go.



2. Talent Match, London

Talent Match London is a partnership of organisations testing innovative youth-led solutions to unemployment and sharing learning for social impact. Funded by the Big Lottery and led by London Youth, the programme is designed to build young people's confidence, resilience, networks and skills to enable them to enter and sustain work. The model was designed by young people, in partnership with employers

and the voluntary sector and focuses on reaching out to those furthest from the labour market, and supporting them to access more and better opportunities to get into sustainable careers.

After two years of building localised borough approaches and testing out delivery methods, working with almost 1000 young people, the key elements on which Talent Match London focuses are:

- Outreach: using innovative ways and youth work organisations to find and engage young people for whom previous employment programmes have failed, or for whom access to statutory services is challenging
- Taking a youth-centred approach: letting young people define what their aspirations are, and putting their needs and peer networks at the heart of how they progress
- Employer engagement: designing solutions with employers and asking them to provide opportunities for young people who are unemployed to explore possible future careers and develop the skills they need for work, prior to entering their first job.

3. Employer Case Study: Nandos & Career Break

Founded in 1987, Nandos employs around 8,000 staff in the UK. In 2010, Nandos UK won the Sunday Times' best place to work award in the big company category. Nandos are working towards a strategy that will see at least half of their UK employees not having previously been in education, employment or training for a period of 12 months prior to joining them. Working in partnership with Career Break they are designing and piloting an experimental training programme to help young people in London find careers in the hospitality industry

9. MAKING WEALTH WORK FOR LONDONERS

Becky, 30, recently moved to London to from Yorkshire to start her career after graduating as a social worker.

London is fair for the privileged in our society; those who don't have to worry about houses, employment and education. As most of us fall outside of this circle, it's not very fair.

The main issues are housing; the prices of renting and buying as well as the huge demand. There needs to be more houses built and rent should be capped or linked to inflation of cost of living rather than market rates.

One of most shocking things I have noticed in London is the number of people who are homeless compared to elsewhere in the country.

On Oxford Street you can see someone walking out of Selfridges with 10 shopping bags go past someone who is sitting on the street outside with a sign saying 'I could be your son.' The juxtaposition of extreme wealth and poverty is startling and so visible.

It's not all doom and gloom.

I've seen a lot of generosity. But it is ad hoc and surface level rather than addressing the systematic unfairness - which is what's needed.

More money should go into welfare and social service and a lot more regulation in the market, particularly housing and banking. We need more social consciousness at every level. Those with the most should be more aware and active rather than apathetic and entitled.

We need a modern day Robin Hood!



FACT: WALK THE STREETS OF OUR CAPITAL TODAY AND (CHANCES ARE YOU WILL COME ACROSS A PEABODY ESTATE, WHICH 150 YEARS AFTER HIS DEATH, PROVIDE HOMES FOR OVER 80,000 LONDONERS.⁴⁵

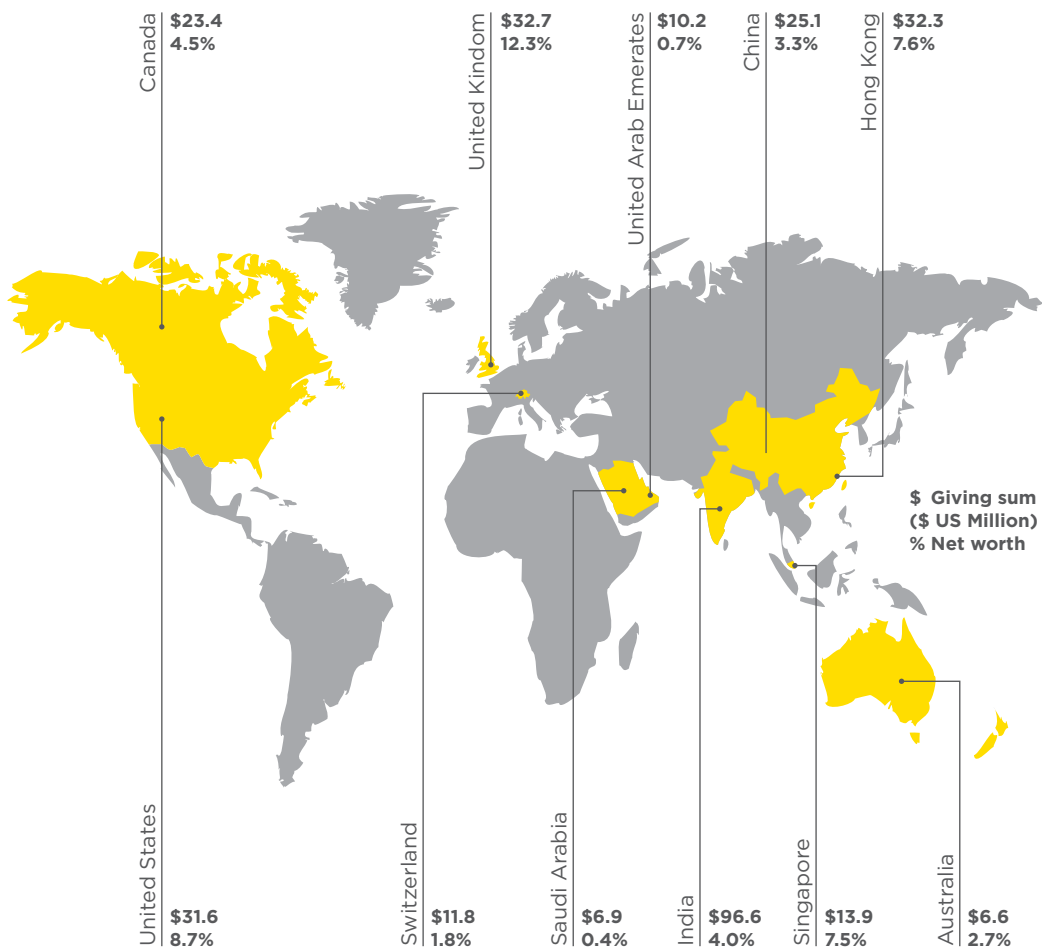
⁴⁵ Peabody website <http://www.peabody.org.uk/about-us> accessed 03/03/2016

The London Fairness Commission believes there are significant opportunities to increase targeted philanthropic giving towards reducing socio-economic disadvantage in London.

Insufficient progress is being made despite the current generous levels of giving

London is home to some of the richest people in the world, many of whom support the city through generous donations to charities. There are 11,500 ultra-high net worth individuals (those with a net worth of at least \$30 million) based in the UK, more than half of whom live in London⁴⁶. Wealthy residents in the UK are amongst the most generous in the world. They give away the highest percentage of their declared net wealth at 12.3% and have the second highest average lifetime giving sum of \$32.7 million⁴⁷.

Figure 9.1: Philanthropy by country



Source: Philanthropy Report 2015, Wealth-X and Arton Capital

46 Philanthropy Report 2015, Wealth-X and Arton Capital
47 Philanthropy Report 2015, Wealth-X and Arton Capital

Table 9.2: Where the World’s Wealthiest People Live

City	Number of Billionaires	Their wealth (£ bn)
London	80	258.044
New York	56	252.510
San Francisco	49	211.740
Moscow	45	157.720
Hong Kong	43	158.805
Los Angeles	40	102.530
Beijing	27	97.380
Mumbai	27	94.270
Paris	21	79.720
Sao Paulo	16	71.820

Source: Sunday Times Rich List 2015

London’s charitable initiatives have great outcomes for those who fall within the programmes catchment area. This results in patchy benefits for some. Also, current donations are usually not aimed at meeting the growing basic needs of disadvantaged Londoners such as quality, affordable housing or providing access to skills and employment opportunities.

Time for a ‘Peabody’ moment?

Called by some the ‘father of modern of philanthropy’, George Peabody demonstrated that by concentrating on one, pan-London, issue an intervention of scale can result in substantial change - with the effect being disproportionately larger than the donation - from which future generations benefit, as well as improving the lives of the poor immediately. He described this intervention as ‘an act of beneficence unexampled in its largeness and in the time and manner of the gift’. There have been campaigns run by organisations, such as ones run by the London *Evening Standard* that focus on resolving specific issues for maybe an estate or a few thousand people; this Commission acknowledges the hard work and initiative shown in this form of wealth leadership. However, the London Fairness Commission would like to see the start of a new philanthropic age and believes that the time is ripe for London’s wealthiest residents and businesses to come together in an exemplary social philanthropic effort at a city level to focus on the challenges facing London’s poorest citizens.

We recognise the need to develop a coherent ‘ask’ in terms of social issues and ensure that the proposed initiatives are complementary to existing public sector provision of services. As the implementation and on-going management of large city wide schemes will extend beyond the timescale of a Mayoral term, we believe that London Funders (the membership network for funders and investors in London’s civil society) are best positioned to develop the key investment document and to broker and manage the relationships that emerge.

Business can only thrive if the community around them thrives.
Participant at a roundtable event for the City

Mayor’s Fund

The Mayor’s Fund has not been successful in galvanising London’s wealthiest residents and companies to make a step-change in dealing with the socio-economic issues that affect so many Londoners.

The London Fairness Commission believes that a strong newly-elected Mayor has immense influence with business and philanthropists. London is a very generous city but the wealthy could do more to help address the problems facing many Londoners.

We recommend that the Mayor of London champions a call to arms for London’s high net worth individuals to give back to the city that they call home and to focus their philanthropic efforts on the big and growing social issues that are facing our city.

Businesses want to do more to help solve the social issues facing Londoners

Through our engagement with businesses, the London Fairness Commission was told that businesses would like to see themselves better integrated within their wider community. Many companies have set up programmes to enable their employees to give something back to the community through pro-bono use of their professional skills and by participating in wider corporate social responsibility initiatives. But companies also told us they were struggling to make their contributions meaningful or to have the opportunity to scale up their successful initiatives. A number of those consulted suggested that their efforts to engage with the wider community could be bolder and more effective if there was better coordination and cooperation between companies, government and third sector providers.

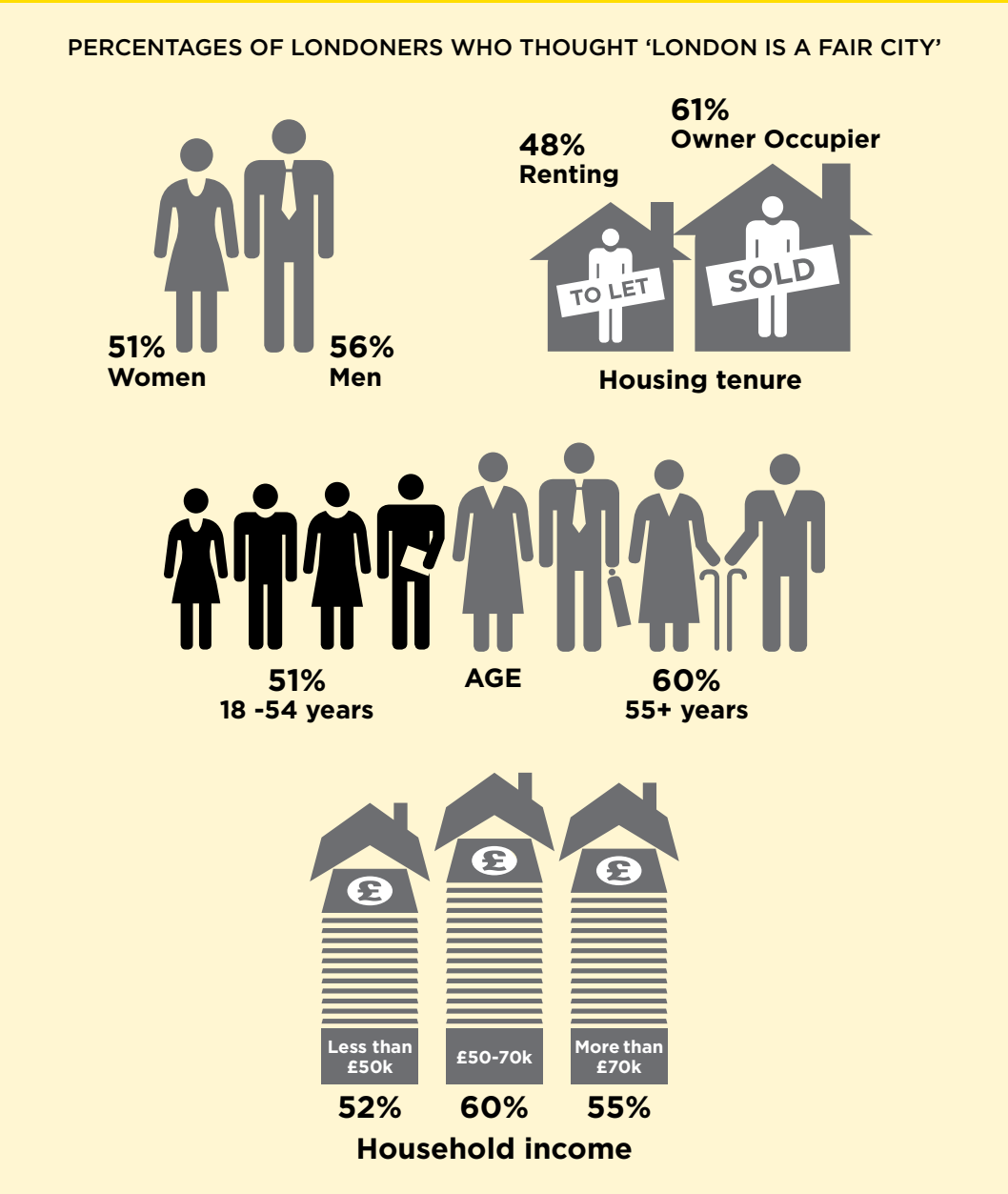
We recommend that the Mayor of London working with the newly established vehicle provides a coordinated way for businesses to be bolder in their support for London’s communities.

RECOMMENDATIONS

- The London Fairness Commission would like to see the start of a new philanthropic age and believes that the time is ripe for London’s wealthiest residents and businesses to come together in an exemplary social philanthropic effort.
- The Commission identifies strongly with the cause of increasing philanthropic giving by business and wealthy individuals.
- To do this the Mayor should review the role of the Mayor’s Fund and open a new dialogue with business and wealthy donors, with a view to increasing giving and re-focussing it on the most disadvantaged.
- Any future replacement of the Mayor’s Fund should be demonstrably independent from the Office of Mayor or from political influence.

10. KEEPING FAIRNESS UNDER THE MICROSCOPE

Figure 10.1: Percentages of Londoners who thought ‘London is a fair City’



London is one of the world’s great cities. It has become a byword for dynamism, diversity and creativity. It has enormous wealth and world-beating assets. All the signs are that London will continue to attract business, people and money from around the world. But a dark cloud of unfairness hangs over London’s future.

Responding to the common concerns of the Londoners who spoke to the Commission, this report has presented recommendations covering fairness in housing, income, wealth, employment and transparency. However, it was clear through our engagement with Londoners that views of fairness often extend beyond these issues. At our ‘open space’ events a number of additional perspectives on fairness in London were raised:

- **Digital Exclusion:** Encompassing a broad range of issues from the lack of technical skills being taught to children through to how to ensure vulnerable users can be protected from online crime. Londoners thought that the costs could be prohibitive and that the Mayor should do more to encourage free public wi-fi. Younger people were concerned about cyber-bullying and older people wanted more help with taking their first steps online.
- **Social isolation and wellbeing:** Older Londoners told us they would like to have a stronger voice in their community and have greater say in the provision of independent living resources to prevent social isolation. We also heard from Londoners that they would like to see more provision for migrants, refugees and asylum seekers who are newly arrived into our city. There were suggestions for developing local hubs which would allow people from different sections of the community to get to know each other.
- **Safety:** Londoners told us of their concerns about the rise in the numbers of homeless people and that the Mayor should be doing more to address their housing needs and safety. They also spoke of the rise in hate crime and suggested ways in which families could be made to feel more confident about reporting such crimes and an educational programme at schools teaching primary school children about hate crime.
- **Engagement with the police:** Some young Londoners felt that the police used their powers to intimidate them and that there was a need to have more diverse representation in terms of ethnicity and gender on the police force itself. Suggestions for improving engagement ranged from mandatory education of children about the legal process and more engagement between educational facilities and the police.
- **Air pollution:** We heard from Londoners that the Mayor should be doing more to address the serious air pollution in London. It is affecting the development of young people and cutting short the lives of the elderly and those with respiratory health problems.

- **Racism and poor outcomes for people from certain ethnic minority communities:** Londoners told us that they were concerned that talking about discrimination and racial justice was wrongly being interpreted as ‘radicalisation’ and there was a strong desire to improve the opportunities of Londoners from ethnic minority backgrounds by addressing the systematic bias in corporations.
- **Access to quality food for lower income families:** Londoners told us there was a need for better food science classes in schools and that healthy food for children should be subsidised. They also suggested taxing unhealthy, fast food outlets.
- **A planning system that really listens to local people:** Londoners told us of their desire to see bottom-up ‘real community development’ and that regeneration schemes should be developed without alienating local residents.

There was also a strong desire for people to continue to be involved in the conversations about fairness and to help develop solutions for our city.

Table 10.2: Word Cloud for the Fairness Index



We propose that either the Mayor funds or someone else funds the development of a ‘London Fairness Index’. This should combine a small number of key indicators and allow London’s progress towards being a fairer city to be measured. Work maintaining this index should be undertaken independent of the Mayor’s office, similar to the way the Office of Budget Responsibility provides independent and authoritative analysis.

RECOMMENDATIONS

- The Mayor of London should be responsible for the fairness of London and this should be made transparent by developing and publishing an annual ‘London Fairness Index’, which could be used to monitor progress.
- Toynbee Hall and My Fair London (instigators of the Commission) should explore with London Funders how the initial work of the London Fairness Commission can be continued as a monitoring function and a place where new ideas about fairness could be developed.

“I think London is the best city in the world and I would hate for it to become the most unfair city in the world.

We need the Mayor to sign up that they have understood the London Fairness Commission and that they are reporting back on fairness in London. We need the Mayor to report back on what they are doing to make London a fairer city.”

CONCLUSION

London is at a crossroads in its history. It is a thriving, globally important city and a vibrant Capital. A city strengthened by the mix of people (rich and poor, black and white, young and old) co-existing, together. Yet there is a clear and growing feeling that that London needs to be a fairer city. Indeed, throughout our investigation and deliberations, Londoners have told this Commission that their city is becoming increasingly unfair.

The London Fairness Commission believes that London could be held back in the future by a failure to act now to tackle the growing unfairness that we have found in our research and heard about from Londoners. A generation of young Londoners are missing out on the chance of prosperity and a good life that their parents enjoyed.

It would be over ambitious to say that this Commission has matched the work of Booth but the London Fairness Commission’s findings lead to a conclusion that London could be held back in the future by a failure to act now to address the issues that threaten its future.

The recommendations this Commission has made weave together to form a vision of the London of the future as a place where a person’s social mobility is not a forgone conclusion at birth but decided rather by aspiration, ability, effort and energy.

Increasing the London minimum wage to £9.70, for example, would have a dramatic and immediate impact on nearly a million people and improve the cohesiveness of this city. Just as reducing the cost of living in London and building more homes that people can afford to live in would ensure that London remains an attractive place for ordinary working people to live and enjoy, to work and do business.

We all stand to gain from a fairer London. This Commission has started a conversation and this report is a call to action for all of us. Whether you agree with all of the recommendations or not, it is for Londoners with their leaders to decide what is fair and to decide how to make London of the future a fairer city.

ACKNOWLEDGEMENTS



**Lord Victor Adebawale CBE
MA MCIH FCGI**

Victor is Chief Executive of Turning Point, a health and social care organisation providing services for people with complex needs, including those affected by substance misuse, mental ill health and those with a learning disability.

Victor has a passionate interest in public service reform and reversing the inverse care law, those who need public services most tend to get them least. He lectures and speaks widely on the subjects of poverty, social exclusion, equality and human rights, leadership and change management.

Victor is a Non Executive Director of NHS England, on the Board of English Touring Theatre, President of the International Association of Philosophy and Psychiatry, Chancellor of Lincoln University and the founder and Chair of Collaborate at London South Bank University.

In 2000, Victor was awarded the CBE for services to the New Deal, the unemployed, and homeless young people and in 2001, was appointed a cross bench member of the House of Lords.



Sean Baine

Sean Baine has worked in both local government and the voluntary sector in London including being a chief officer in two London Boroughs and running the London CAB Service. He has been Chair of London Voluntary Service Council and helped establish, and then chaired, London Civic Forum. He is a member of My Fair London which campaigns in London on issues of income inequality. He is also Chair of The Equality Trust which works on similar issues at a national level.



Alasdair Blackwell

In 2011 Ali co-founded Decoded with the goal of teaching the world to code. He helped oversee Decoded's growth, scaling the company to over a hundred employees across London and New York and up-skilling teams from the likes of Google, Talk Talk, British Gas and the Cabinet Office.

Ali was part of the nationwide movement that put coding onto the National Curriculum. He served on the board of Tech City Stars, and has worked on Citizens UK's Good Jobs Campaign.

He was recently the creative technologist on an Arts Council funded production where the audience controls a performance using their phones.

He is currently busy refactoring Bite the Ballot's voting app for the upcoming mayoral election.

London Fairness Commission

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Our thanks goes to the photographers - Francis Augusto, Jeremy Freedman and Nik Strangelove - and our designer, Kalina Norton. We would also like to say thanks to those who supported the Commission through the work of the Secretariat – Dr James Scott, Dr Margarethe Theseira, Lizzy Willmington and Justine McGuinness.



Richard Brooks

Richard Brooks was a senior policy adviser on education and skills, qualifications, education funding, accountability and local delivery to the Secretary of State for Children, Schools and Families. He was an independent consultant advising the Cabinet Member for Education on reducing the number of young people in Coventry who become NEET. He has held the posts of Director of Strategy at Ofsted, Associate Director for Public Services at IPPR, Research Director at the Fabian Society and led the Secretariat for the Fabian Commission on Child Poverty and Life Chances.

He is the author, co-author, or project director for numerous publications on public services, welfare and especially education.

Richard is now an independent consultant, working on a range of strategic issues for public and third sector organisations. He has previously been a councillor and cabinet member in the London Borough of Tower Hamlets.



Megan Dobney

Megan Dobney is the Regional Secretary of Southern and Eastern Regional Council of the Trades Union Congress (SERTUC), directly representing two million members of the TUC affiliated trade unions in London, the South East and the East of England.

She is President of the European TUC's 'Inter-Regional TUC Channel' and represents the TUC on the European TUC's Economic & Social Cohesion Working Group.

Megan was a Board member of the London Development Agency, and is a non-executive director of Greater London Enterprise.

She had over 30 years experience as a typesetter and typographer in the printing industry before being appointed as Regional Secretary, and was elected to serve on the Executive Committees of NGA, GPMU and Amicus.



Professor Danny Dorling

Professor Danny Dorling is the Halford Mackinder Professor of Geography at the University of Oxford. He grew up in Oxford and went to University in Newcastle upon Tyne. He has worked in Newcastle, Bristol, Leeds, Sheffield and New Zealand. With a group of colleagues he helped create the website www.worldmapper.org which shows who has most and least in the world. More recently he helped set up www.londonmapper.org to provide comprehensive insights into the state of poverty and inequality in the capital. His work concerns issues of housing, health, employment, education and poverty.

ACKNOWLEDGEMENTS



Peter Estlin
Peter Estlin trained as a Chartered Accountant, becoming a partner with Coopers & Lybrand in 1993. Since 1995 his career has been spent in Banking, working in Hong Kong, New York and London. In parallel over this time, Peter has held a number of non-executive appointments including Treasurer of Bridewell Royal Hospital, a charity for disadvantaged children, Chairman of British Airways International Advisory Board and most recently Audit Committee member for HM Treasury. He was elected an Alderman of the City of London in 2013 and is member of the City's Education Board where he is actively involved in promoting education to employment opportunities across London.



Rosie Ferguson
Rosie Ferguson is the Chief Executive of London Youth. Working with and through a network of 400 community based youth organisations, London Youth provides a range of opportunities that develop young people's confidence, resilience and relationship skills.

Rosie led the organisation through the introduction of evidence-based evaluation and planning across all their work. She helped secure and establish significant five year investment from Big Lottery Fund in Talent Match London, which builds the evidence-base around what works to support the most vulnerable young people into fulfilling careers.

Rosie joined London Youth in 2005 and pioneered their youth participation work before spending four years as Operations Director. She is a trustee of the Glass House Community-led Design, the Centre for London and of UK Youth. She was previously Chair of UNA Exchange, an international volunteering organisation, through which she was posted overseas, including six months in Moscow.



Dr Bobby Jacobson
Dr Bobbie Jacobson has devoted 25 years of her professional life to tackling inequity in London-initially as Director of Public Health in the East End of London, and more recently as Director of the former London Health Observatory (LHO). The LHO was renowned for producing timely and scientifically credible health intelligence and evidence for London and national decision-makers. She is currently a Senior Associate in the Department of Epidemiology, Johns Hopkins Bloomberg School of Public Health and Hon Senior Lecturer at the Institute of Health Equity, UCL.



Liz Meek
Liz Meek chairs the London think-tank Centre for London and is on the board of Sanctuary Housing association, Film London and Birkbeck College. She was a Commissioner on the Schizophrenia Commission and leads the 100 people initiative to get people with schizophrenia and psychosis into work.

Liz was the official leading the team which created the Mayor of London setting up the Greater London Authority and went on to become head of the Government Office for London and subsequently the North West. In these roles she delivered policies and programmes for 11 Whitehall Departments.

Her career has centred on London policy, urban regeneration, combating social exclusion and worklessness and finding better ways of addressing youth crime.



Caroline Murphy
One of London's most influential campaigners, Caroline Murphy's support for social justice has great breadth from grassroots to national level. A committed trade unionist, she has most recently been elected to the regional political committee of Unite the Union. A passionate campaigner for improved health and safety, Caroline is a Trustee for the London Hazards Centre.

Named as an influential role model in the 2015 European Diversity Awards; Caroline campaigns on disability rights, LGBT rights, women in industry and to end all forms of violence against women and girls.

During her time in the private sector, Caroline was highly regarded as one of the UK's top five private business women. She successfully used this profile to raise awareness of employee owned co-operative business models and promote workplace democracy.



Ann Pettifor
Ann Pettifor is the director of Policy Research in Macroeconomics (PRIME). Her work and writing has concentrated on the international financial architecture, the sovereign debts of the poorest countries and the rise in sovereign, corporate and private debt in OECD economies.

She is well known for her leadership and organisation of Jubilee 2000, a campaign that placed the debts of the poorest countries on the global political agenda. It was successful in achieving substantial debt cancellation and radical policy changes at national and international levels.

She has authored *Just Money* (2014), *The coming first world debt crisis* (2006), co-authored *The Green New Deal* (2008) and edited the New Economics Foundation's 'The Real World Economic Outlook' (2003).

ACKNOWLEDGEMENTS



Geeta Nanda
Geeta joined Thames Valley Housing Association (TVHA) as CEO in April 2008. Thames Valley Housing has around 15,000 homes of which 5,500 are for social rent and the remainder are shared ownership, key worker housing, student housing, management of equity loans and market rent. TVHA is a large developer of new homes and has a strong emphasis on employment and training for residents and works with a large number of local community organisations, providing funding for local support. Geeta has previously worked for Housing Associations over the last 23 years and prior to joining TVHA was Group Operations Director at Notting Hill Housing Trust. In 2012 Geeta launched FIZZY, the private rental subsidiary of TVHA, which has attracted £200m of investment from a sovereign wealth fund



Jonathan Portes
Jonathan Portes is the Director of the National Institute of Economic and Social Research (NIESR). Previously, he was Chief Economist at the Cabinet Office, where he advised the Cabinet Secretary, Gus O'Donnell, and Number 10 Downing Street on economic and financial issues. Before that he held a number of other senior economic policy posts in the UK government. His particular interests include immigration, labour markets, and poverty. Jonathan began his civil service career in HM Treasury in 1987.



Professor Jerry White
Professor Jerry White has been writing about London history and a member of the editorial collective of *History Workshop Journal* since the early 1970s. His writing includes oral histories of contrasting London communities, and a trilogy on a large scale study of modern London, the first of which won the Wolfson History Prize in 2002. *Zeppelin Nights. London in the First World War* (2015) won the Spear's Book Award for Social History of the Year. Jerry was awarded the Hon. Degree of D. Litt. by the University of London in 2005 and elected Fellow of the Royal Historical Society in 2008. Since 2009 he has been teaching at Birkbeck College. Jerry is also a former Chief Executive of the London Borough of Hackney and retired Local Government Ombudsman.

LONDON IS A UNIQUE CITY
– TODAY AND HISTORICALLY.
WE THEREFORE EXPECT
LONDONERS TO VIEW FAIRNESS
AS A UNIQUE COMBINATION
OF EQUALITIES, RIGHTS,
JUSTICE AND FREEDOMS.



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