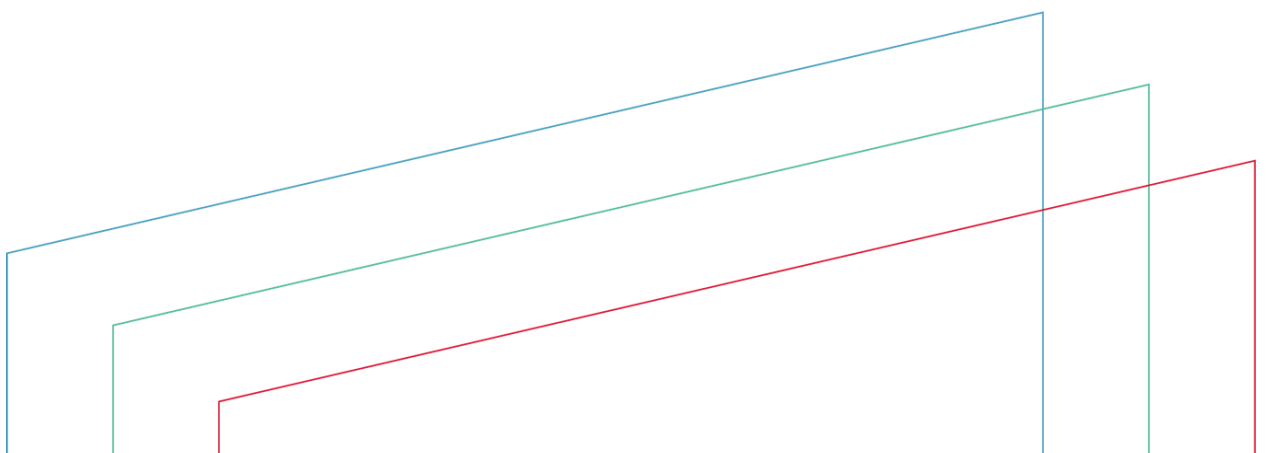




BUILDING AN INCLUSIVE ECONOMY IN CENTRAL LONDON



Building an inclusive economy in central London

Date submitted to client: April 2024 (final)

This report is from research commissioned or funded by: Central London Forward

NEF project team:

Martin Wood
Benedikt Straňák
David Pendlebury

CLF Project Team:

Saffron Jackson
Emma Morgante
Jenny Gulliford

This report and its contents are not intended for publication but can be shared freely within the client organisation.

The contents of the report will remain confidential between the client organisation and the New Economics Foundation unless explicitly agreed otherwise. If requested, NEF Consulting can produce a version of this document, or extracts from it, suitable for publication on a website or in other ways.



Through its consultancy and practice programmes, the New Economics Foundation helps put new economics into practice with people and the planet at the heart of decision-making.



The New Economics Foundation is the UK's leading think tank promoting social, economic, and environmental justice to transform the economy so that it works for people and the planet.

CONTENTS

Building an Inclusive Economy in Central London.....	1
Contents	3
Executive summary.....	5
Introduction	9
How inclusive is the central London economy?	12
Economic portrait of central London	13
1.1 Sectors and zones of central London's economy	13
1.2 Insecure employment.....	16
1.3 Low pay	17
1.4 Pay inequality.....	19
How the economy works for residents	20
2.1 Employment.....	20
2.2 Economic inactivity.....	21
2.3 Representation in occupational groups	23
2.4 Poverty.....	24
2.5 Financially struggling Londoners	27
2.6 Housing.....	28
2.7 Qualifications	30
2.8 Wealth inequality.....	31
Introduction to key themes	33
01 Place.....	35
Theme introduction	35
Overview.....	36
Challenges.....	36
Case Studies	37
Policy Horizon.....	38
Recommendations	38
02 Progressive Procurement.....	42
Theme introduction	42
Overview.....	42
Challenges.....	43
Case Study	44
Cost of non-intervention	45
Policy Horizon.....	45

Recommendations	46
03 Good Work.....	48
Theme introduction	48
Overview.....	48
Challenges.....	50
Case Studies	50
Cost of non-intervention.....	52
Policy Horizon.....	52
Recommendations	53
04 Social Economy	56
Theme introduction	56
Overview.....	57
Challenges.....	58
Case studies.....	58
Cost of non-intervention.....	59
Policy horizon	59
Recommendations	60
05 Community Energy and Retrofit	63
Theme introduction	63
Central London Overview.....	63
Challenges.....	64
Case studies.....	65
Cost of non-intervention.....	65
Policy horizon	66
Recommendations	66
Conclusions	69
References	72

EXECUTIVE SUMMARY

The New Economics Foundation was commissioned by Central London Forward to explore how they, and their 12 partner boroughs, can build a more inclusive economy in central London. Inclusive economies are those with a broad base of opportunities and benefits for all, as opposed to economies where growth is accompanied by rising inequality and poverty. The aim was to gain a better understanding of central London's economy and the extent to which residents and workers are sharing in its success, to inform and strengthen approaches to more inclusive and sustainable local economic development.

While descriptions of the central London economy often focus on growth sectors and inward investment, our analysis has highlighted the complementary significance of the foundational economy. That is the part of the economy which comprises fundamental services that support our wellbeing, such as health, education, food, and public administration. Around one in two jobs in central London might be described in that way.

The rate of insecure employment in London is higher than it is across the UK. Levels of pay are also highly unequal in central London; the disparity is more severe than anywhere else in the UK and this is driven by both the lower and upper ends of the income distribution. The proportion of jobs paid below the London Living Wage is 15% and upwards in Lewisham, Hackney, Lambeth and Wandsworth, and is over 34% in Haringey. At 74.6%, the employment rate in central London was higher in the 12 months to December 2023 than in the rest of London (74.5%) and the UK (72.8%), but the benefits are not felt evenly by all groups.

After housing costs, one in four Londoners (25%) live in relative poverty. Poverty is higher in inner London at 29%, compared to 23% in outer London. The relative poverty rate in inner London is higher than any region in the UK. Between January 2022 and June 2023, the proportion of inner London residents who were struggling to make ends meet more than doubled, from 13.0% to 31.3%. While this proportion has subsequently declined, it remains much higher in central London than in outer London. Housing cost is a main driver of poverty in London. This is particularly felt in central London due to high property values, and private renters across the capital – the largest group of households – spend on average 41.5% of their income on housing.

What emerges from our analysis is the image of a successful but divided city, where high paying and secure jobs exist alongside job insecurity and in-work poverty, and where not everyone has the same chance to thrive. We recognise that local government has been hindered in its efforts to tackle these issues as a result of spending cuts and the associated decline in capacity, as well as unfinished devolution and highly centralised economic decision-making. London boroughs have seen larger cuts than those in any other region, and a new path will need to be forged for levelling up to be achieved not only between, but within, our regions.

Our recommendations are focused: firstly, on the policies, practices and interventions that boroughs can make now, either individually or in partnership with other authorities; and secondly, on central government where national policy or further devolution is needed to unblock barriers.

Place: The broad role of place has been a peripheral component of CWB strategies in London. However, there is increasing recognition that an inclusive economic future will need to be rooted in place. The aim is to build genuinely affordable homes within better quality, sustainable places.

High housing costs are one of the main drivers of poverty in London, further exacerbating the squeeze on disposable incomes that have been felt acutely in central London and especially by residents in the private and social rented sector. Rent extraction through the operation of the land and housing markets represents the single biggest leakage of wealth that could otherwise circulate in the local economy. High rents diminish the local economy, leading to the displacement of residents, forcing local businesses to close or relocate, and contributing to London's staggering wealth inequality. Lower income households and ethnic minority groups experience greater exposure to negative place attributes, such as noise and air pollution.

Many boroughs across London, as well as the Mayor of London, recognise both their role and the opportunity to improve outcomes for residents using the place-based tools already available to them. A number of boroughs have taken steps to replenish council-led, genuinely affordable housing. Southwark has led a pioneering approach by holistically reviewing how land is used, whilst Newham has developed a new community-led approach to major regeneration.

Working together, central London boroughs should **use Mayoral Development Corporation powers to deliver public-led developments across London, and develop social value frameworks for land across central London** to ensure that land use decisions are guided by a broader set of considerations. At the same time, central government should **reform CPO guidance and the Land Compensation Act 1961** to stop local authorities paying above current use value when acquiring land for development, **provide all local authorities with 5-year fixed capital endowments allocated according to local need**, and **reform the National Planning Policy Framework to explicitly recognise the features of place that improve the quality of life and outcomes for people** – so that local need cannot easily be bypassed.

Progressive Procurement: Procurement processes in local government and across other anchor organisations (both public and private) can be reformed to support the development of a local and more inclusive economy, as well as improving employment arrangements for workers.

The social care sector is an example of where procurement could be used to much greater effect to strengthen central London's foundational economy. While local government effectively 'makes the market,' profits are extracted at the expense of workers and service users alike and it is infamous for poor working conditions and pay. However, the value of these contracts makes it hard to achieve social value without operating at scale, pushing aside local responsible employers.

Several central London boroughs have re-examined their procurement processes and there has been engagement with other anchor organisations within and across borough boundaries. Camden, for example, aims to utilise their supply chains to support good employment and growth for small businesses. City and Hackney anchors have collaborated

to deliver community benefits with an emphasis on more ambitious social value requirements. Islington has specifically looked to secure affordable workspace through social value expectations, with an emphasis on supporting cooperative development, while The Lewisham Deal partnership has promoted collaboration with other anchor organisations to empower SMEs to access contract opportunities.

Working together, central London boroughs should provide **peer to peer support for procurement officers and commissioners**, including **collaboration on the measurement of local spend**, disaggregated by geography, scale and nature of business, and those that are women and BAME-owned. Crucially, there is a desire and opportunity for boroughs to **collaborate on the development of a single framework for social value requirements across central London**. At the same time, central government should **develop a single Whitehall framework to complement new procurement legislation**. This should incentivise the payment of the Real Living Wage across all businesses, include collective bargaining arrangements, fair wages clauses and strong equality policies, adhere to high environmental standards, and promote investment in local economies.

Good Work: An inclusive economy implies non-exploitative, good and fulfilling work in healthy workplaces. However, wages have fallen in real terms over the last decade, in-work poverty has risen, and insecure work is a serious issue in many central London boroughs. This is often characterised by temporary, part-time, or gig economy employment, which presents several key issues for workers, their livelihoods and health, and the broader economy. Certain groups, such as women, ethnic minority, and young workers are disproportionately affected by insecure work, contributing to wider inequalities in the labour market.

Good work initiatives have taken the form of employer pledges or standards that seek to ensure a more inclusive economy by promoting fairness, equality, and opportunity for all individuals. There are, however, clear limitations with these schemes, such as their voluntary nature, and the inability of smaller organisations to meet the necessary standards. A national approach to welfare that emphasises conditionality and sanctions, also drives people to accept *any work* rather than encouraging good work.

Central London boroughs have been active supporters of good work initiatives. For example, most of the central London boroughs are signed up to the Mayor of London's Good Work Standard and all are accredited as London Living Wage employers. Sector specific initiatives include Westminster Works, which is focussed on improving conditions, rewards and progression opportunities in the hospitality and leisure industries.

There is also the potential to use planning permission conditions to drive better employment. Lambeth Council are rolling out new co-working buildings across the borough. The planning conditions specify that tenants will pay the London Living Wage to employees and Islington Council has secured skills and employment commitments in lease agreements for their co-working spaces.

Working in partnership, central London boroughs should **jointly target sectors of common concern with poor employment practices** to get employers to sign up and adhere to the Good Work Standard and support worker-led redesign of roles. **Research should also be undertaken at a central London level to fully understand the impacts of high-GVA**

areas of the economy on the population employed in support services to these businesses. At the same time, central government should **introduce fair pay agreements, raise the National Living Wage** to reflect the true cost of living, and **accelerate the devolution of employment support.**

Social Economy: A bigger and stronger social economy presents a counterweight to the profit-oriented model of economic development exemplified by much of central London, which drives the extraction of wealth from the local economy and can exacerbate low pay, insecure employment, and high income and wealth inequality. Social businesses help build a wider base of local economic power, provide affordable services, and promote inclusivity in employment and decision-making processes.

Central London authorities have been exploring ways to direct spending power and other forms of support towards social businesses. Hackney Council has announced that at least 50 cooperatives and social enterprises in the borough will be able to access dedicated business support as part of a larger training and advice programme. Camden Council is working on several ambitious social finance initiatives, while the Southwark Local Access Partnership specifically focuses on the development of minority and female-led organisations in the social economy.

Working in partnership, the London boroughs, working with the Mayor of London, should explore the potential for **commissioning and maintaining a London-wide Social Economy Directory**, and **create a London Co-operative Development Agency** to provide tailored business advice. They should also **collaborate on the provision of finance to support start-ups and scale-ups in the social economy.** At a national level, **the British Business Bank should have a mandate to support the social economy**, and **a co-operative development fund should be created and devolved** to local areas to support the growth of the sector.

Community Energy and Retrofit: Community energy and retrofit schemes can stimulate local economies by creating new jobs and wealth that can be retained through investor dividends, reduced energy bills and local project spend. In turn, greater spending can take place in the local economy, stimulating indirect and induced multiplier benefits. Local energy projects and retrofit projects also empower communities to actively participate in and control their energy need and production. By involving residents in decision-making processes, they enhance community engagement, cohesion, and a sense of ownership.

While there has been some progress, the scale and number of existing projects is still marginal compared to London's potential. This is because local authorities lack the funding, powers and duties needed to lead the energy transition.

Working together, central London boroughs should **provide guidance for how communities can establish their own energy cooperatives** and **produce a retrofit-specific procurement strategy for public bodies and anchor organisations.** Additionally, they should **encourage local authority pension funds to start co-investing in community energy schemes.** At the same time, central government should be encouraged to **provide additional funding to support local government in building the capacity needed to plan for and deliver local energy system transition**, and **devolve funds from the Green Prosperity Fund to local and regional authorities.**

INTRODUCTION

Many local economies are failing to support their communities to thrive, which partly derives from increasing inequality, a growing cost of living crisis, and a national approach to economic development which has reduced the resources and ability of local authorities to act effectively and strategically. Local and national strategies focussed on indiscriminate growth and productivity targets and reliant on inward investment of high GVA jobs have proved unresponsive to the needs of people, especially the most deprived and disadvantaged communities.

The Local Government Association (LGA) has suggested that there is a collective desire across councils to see economic benefits shared between people and places in a fairer and more equitable manner. They define inclusive economies as those with a broad base of opportunities and benefits for all – as opposed to economies where economic growth is accompanied by rising inequality and poverty. Inclusive economies focus on the nature of the economy, rather than simply redistributing the gains of growth through taxes and benefits. The LGA suggests that this agenda is as relevant in areas with high growth and substantial inward investment as it is in more disadvantaged areas with struggling economies.¹

As a geographic area, the central London sub-regional partnership – covering 12 central London authorities - has one of the strongest and most dynamic inner-city economies in the world. However, despite the great level of economic activity that takes place there, and partly because of it, many of central London's residents also suffer from high levels of economic exclusion. In particular, there are great disparities in both income and wealth for London's residents.

Additionally, the cost of living in London, especially costs related to land values – such as housing costs - are higher in London, consequential to the level of economic activity taking place there and high demand for space. This means that those who are at the bottom end of the disparities in income and wealth are likely to face harsher levels of economic exclusion than in other parts of the country.

There is often a mistaken belief that central London does not suffer from the challenges of left behind places. This is typified in regional level analysis which suggests that 'London and the South East' outperforms other regions in the UK across a range of economic indicators. This aggregated regional analysis ignores that average values of economic indicators in London are pushed up significantly by a cohort of extreme incomes and wealth, which are not representative of average let alone more marginalised experiences. More local level data, as this report shows, reveals that many Londoners are suffering extreme economic exclusion.

Central London Forward (CLF) is already working to secure a more inclusive economy through its employment and training programmes and by promoting collaboration across the central London boroughs, and is seeking to identify new ways to create an inclusive economy by building on Community Wealth Building (CWB) approaches. CWB is a term that has been adopted broadly to describe a process that encourages the circulation of money and wealth within a local economy and prevents its leakage into the accumulated wealth of the pre-existing richest members of society. It is a development from earlier ideas promoted

by the New Economics Foundation, which identified the local economic benefits – described as a local multiplier – of spending locally for boosting local demand and supply chains.²

A consolidated model of CWB put forward by the Cooperative Party advocated six steps:³

1. Co-operative Political Leadership
2. Anchor Institutions
3. Progressive Procurement
4. Co-operative Development
5. Local Investment
6. Assets and services working for the community.

Early evidence indicated real potential with this approach. DEMOS reported in 2019 that “following the adoption of the model, Preston has performed strongly across a range of social and economic indicators.”⁴ Along with Preston, other local authorities such as Bristol, Liverpool and Croydon formed the UK Cooperative Councils Innovation Network supported by the Centre for Local Economic Strategies (CLES), the New Economics Foundation and Cooperatives UK.

However, in recent years, discussion of CWB within a rigid model has to a degree distracted from both local perspectives and national priorities. Crucially, it also misses out opportunities for major potential transformation within the foundational economy, as well as larger national opportunities for systemic change in an evolving political landscape. In particular, an *à la carte* approach to CWB which ticks off the easiest to achieve parts of a menu of options, will fail to deliver the transformational change that local areas need. Further, any approach needs to be place-based and built on genuine participation with communities, both to better design interventions to deliver change, but also to help drive democratic renewal within communities that feel powerless to deliver meaningful change in their areas.

Additionally, thinking about local economies in isolation from global and national economic factors, risks missing the opportunity for real systemic change. The severe impact of austerity measures cannot, for example, be resolved via local interventions alone. Nor can local authorities patch up the failing safety net of Universal Credit.⁵

This study examined the nature of economic inclusion, or the lack of it, in central London. It did this first via a quantitative analysis, followed by in-depth stakeholder engagement activity to explore a series of policy areas in greater detail.

The research culminates in a set of recommendations for how to create a more inclusive economy in central London. These recommendations are targeted at three spatial levels:

1. Policies and practices that boroughs can implement themselves to create more inclusive economies, within their own powers and capacities
2. Interventions that boroughs can make most effectively working in partnership. For example, with a group of neighbouring Authorities, on a pan-central London level, or in conjunction with the GLA or Mayor’s office
3. Recommendations for Central Government, where national policy is needed to unblock barriers that prevent boroughs from making the changes required to make fundamental changes in economic outcomes for people and places.

Method note:

- Borough representatives attended and participated in a series of roundtable discussions across six inclusive economy areas, reviewing work done to-date and identifying challenges to making further progress.
- A quantitative analysis of the inclusivity challenges of central London's economy.
- A qualitative review of policies, strategies, and initiatives, including case studies of best practice.
- Workshops took place across the five⁶ thematic areas. Borough representatives and sector specialists participated in roundtable discussions.
- This report synthesises the findings and presents a series of recommendations that have emerged in each thematic area.

HOW INCLUSIVE IS THE CENTRAL LONDON ECONOMY?

London is an immense and lively city with a large economy of international significance especially in knowledge intensive business services. These parts of its economy often carry high value, capture the collective imagination of what London's economy is like, and are the focus of numerous economic development policies.

However, like in other global economic hubs, sectors like finance, information and communication, or professional and scientific services are only a part of the city's economy. Overshadowed by these much-touted high value sectors is a complex web of economic activity that underpins everyday life, yet often receives much less attention.

The following portrait of central London's economy focuses on the extent to which it benefits and provides opportunities for all Londoners. It draws on existing quantitative data and as such is necessarily simplistic. But while it might tell us little about the individual experiences that shape the life of the people who live and work in central London, it does provide a useful overview of some of the key challenges Londoners face. What emerges from the data is an image of a successful but divided city, where high paying and secure jobs exist alongside job insecurity and in-work poverty, and where not everyone has the same chance to thrive.

Some of the analysis is shocking, even if not surprising. London residents who identify as belonging to an ethnic minority are twice as likely to work in elementary occupations than white Londoners, and the five highest paying occupational groups (of nine) are all male dominated. Income and wealth inequality in central London are higher than in any other part of the country, and private renters – the largest group of households – spend on average 41.5% of their income on housing. In some central London boroughs, more than four in 10 children are growing up in poverty, and in many cases, this is despite the fact that their parents are working, and one in three central London residents say they have to save on life's essentials to manage the cost of living.

Economic portrait of central London

This section presents an employment-based portrait of central London's economy, looking at all jobs in central London – those held by residents as well as those held by people who commute into central London for work.

1.1 Sectors and zones of central London's economy

Table 1 shows employment in the 12 Central London Forward boroughs by broad industrial group.ⁱ By this classification, the largest economic sectors in central London in terms of employment are professional, scientific & technical services (19.4%), information and communication services (11.0%), and financial and insurance services (10.1%).⁷ These three sectors in central London also have the largest location quotients (2.1, 2.5, and 3.1 respectively), showing a high degree of local specialisation compared to the national economy.ⁱⁱ Other economic sectors with higher shares of employment in central London compared to the national economy are property (1.5), business administration & support services (1.1), accommodation & food services (1.1), and arts, entertainment, recreation and other services (1.1).

However, this is not the only way to look at central London's economy. Despite relative specialisation in knowledge intensive business services, 44% of employment in central London boroughs⁸ is in the foundational economy⁹ – the provision of fundamental goods and services that support everyday life, such as food and material infrastructure, or health, care and education.¹⁰ The share of foundational economy jobs ranges from 21.7% in the City of London to 73.4% in Lewisham (compared to 62.9% across Great Britain). In six of the 12 boroughs, foundational economy activities make up more than a half of all employment – Tower Hamlets, Kensington and Chelsea, Wandsworth, Lambeth, Haringey, and Lewisham.

Further breaking down employment in the foundational economy by broad industrial group (Figure 1), the largest foundational economy sectors in central London are accommodation and food services (8.8%), health (8.6%), education (5.4%) and public administration and defence (4.5%). In some of the 12 Central London Forward boroughs, specific foundational economy sectors represent a much larger proportion of employment. For example, 23.7% of all employment in Lambeth and 20.9% of all employment in Wandsworth is in health, and 16.1% of all employment in Lewisham is in education.

From the point of view of building an inclusive economy, focusing on the foundational economy is important for several reasons:

- The foundational economy is the backbone of a well-functioning place. Where the quality and accessibility of the essential goods and services provided through the foundational economy (health and care, education, material infrastructure) is high, it helps create the necessary conditions for an inclusive economy.
- However, many foundational economy jobs are characterized by bad and declining working conditions and low remuneration. The quality of employment in the foundational

ⁱ UK SIC 2007 classification

ⁱⁱ Location quotient is calculated as the percentage of employment in a given economic sector locally divided by the percentage of employment in the whole country, Location quotient of 1 means that employment share in given economic sector locally is the same as country-wide.

economy, therefore, is a challenge that efforts to build a more inclusive economy need to address.

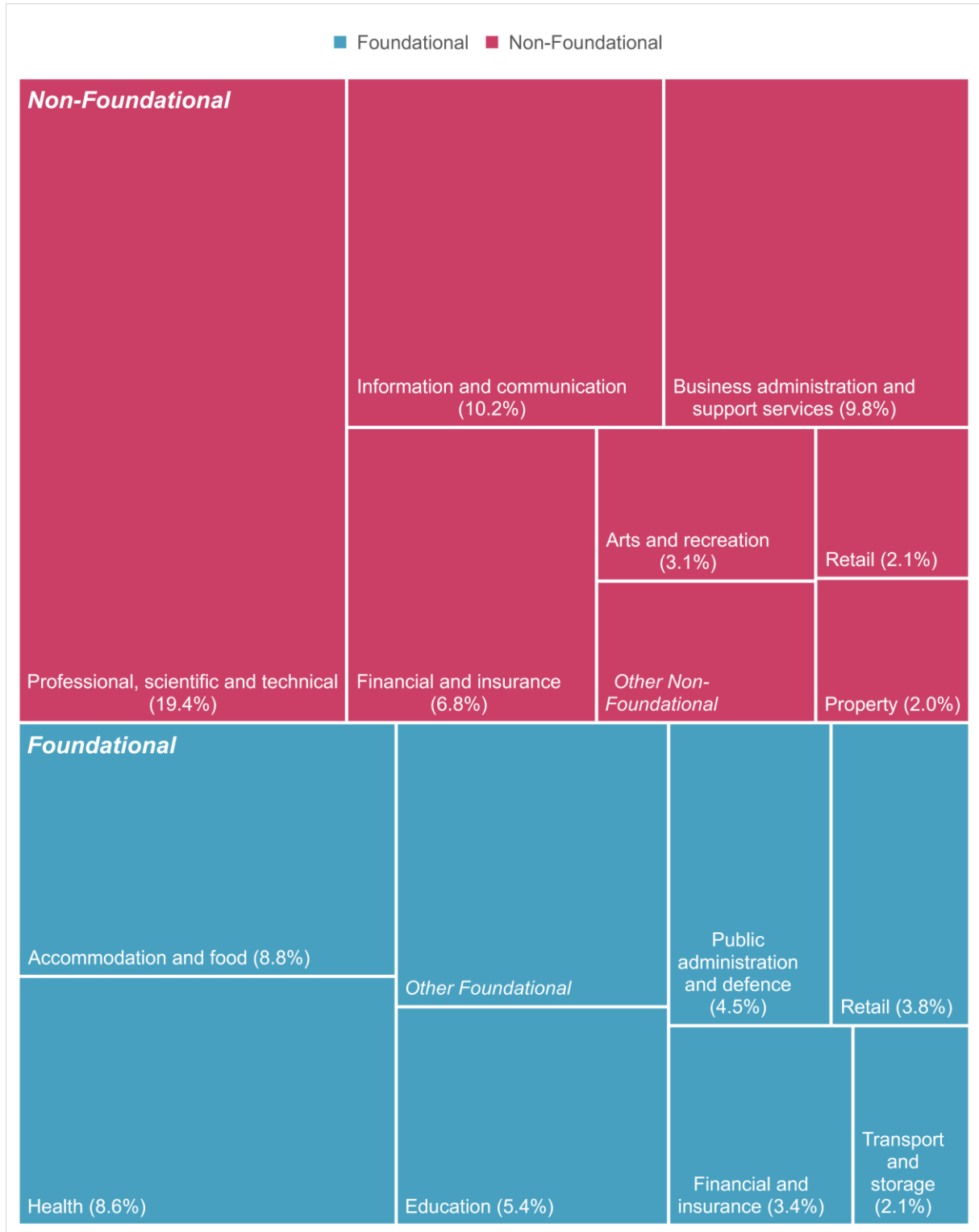
- Despite privatization and outsourcing, there is considerable public sector involvement in the foundational economy. Some foundational economy sectors are heavily regulated, some are largely publicly funded, and in some foundational economy sectors (e.g., adult social care) local government and other public bodies “make the market” as a single or majority payer for services.

Table 1. Employment in central London by broad industrial group (2022)

Broad Industrial Group	Employment	Employment Share	Location Quotient
Financial & insurance	347,890	10.1%	3.1
Information & communication	378,510	11.0%	2.5
Professional, scientific & technical	667,590	19.4%	2.1
Property	101,250	2.9%	1.5
Business administration & support services	347,820	10.1%	1.1
Accommodation & food services	301,500	8.8%	1.1
Arts, entertainment, recreation & other services	163,610	4.8%	1.1
Public administration & defence	154,660	4.5%	1.0
Retail	204,810	6.0%	0.7
Education	187,110	5.4%	0.6
Health	295,680	8.6%	0.6
Wholesale	66,300	1.9%	0.5
Transport & storage	82,150	2.4%	0.5
Construction	73,030	2.1%	0.4
Mining, quarrying & utilities	16,250	0.5%	0.4
Agriculture, forestry & fishing	1,090	0.0%	0.2
Manufacturing	38,810	1.1%	0.2
Motor trades	5,470	0.2%	0.1
Total	3,433,490	100.00%	-

Data: Business Register and Employment Survey (BRES), 2022

Figure 1. Employment in central London by industrial group and economic zone (2022)



Data: Business Register and Employment Survey (BRES), 2022

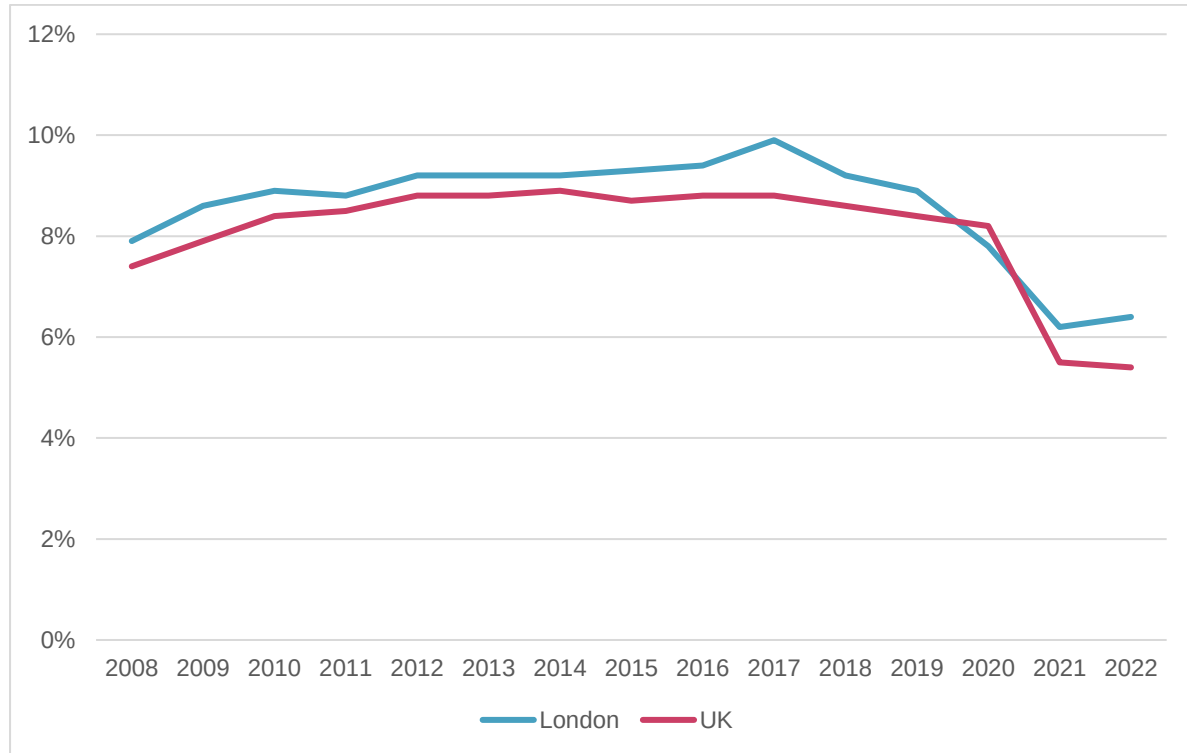
1.2 Insecure employment

London has a consistently higher rate of insecure employment than the UK average.ⁱⁱⁱ Before the Covid pandemic, 1 in 11 working Londoners (8.9%) were in insecure employment,¹¹ with an even higher rate in Inner London.¹²

The rate of insecure employment in London increased in the decade after the financial crisis, decreased in 2018 and 2019, and fell sharply during the Covid pandemic (Figure 2). Rather than a positive sign of an increased security of work, the fall in the rate of insecure employment in 2020 and 2021 was likely driven by the loss of employment during the pandemic, with insecure work most affected. Correspondingly, the data from 2022 show an increase in insecure employment.

Job insecurity disproportionately affects some demographic groups including young Londoners and ethnic minorities.¹³ The prevalence of job insecurity also differs between occupational groups. A 2021 analysis by the TUC shows that UK-wide, the rate of job insecurity was 4.5 times higher in elementary occupations (23.1%) than in professional occupations (5%) (ONS classification).¹⁴

ⁱⁱⁱ Economic activity in Figure 1 is classified using the five-digit UK Standard Industrial Classification codes, grouped by broad industrial group (as defined under UK SIC 2007) and economic zone (foundational / non-foundational). For foundational economy SIC codes, see Foundational Economy Collective (n.d.). Note that broad industrial group and economic zone definitions overlap, so activities within the same broad industrial group may be defined as foundational or non-foundational.

Figure 2. Proportion of workers in London and the UK in insecure employment (2008-2022)

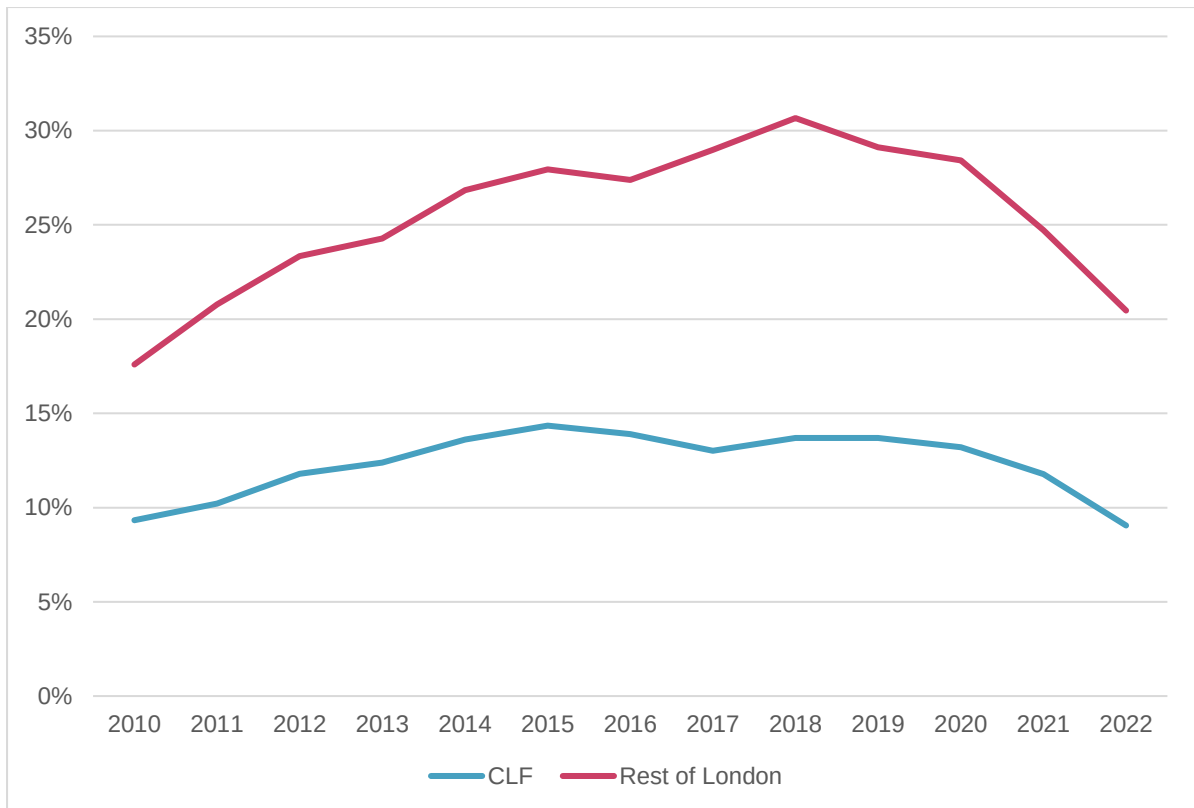
Data: Annual Population Survey (APS), 2008-2022

1.3 Low pay

The share of jobs paying less than the London Living Wage is considerably lower in central London compared to the rest of London.¹⁵ In 2019, 13.7% of jobs in central London paid less than London Living Wage at the time, compared to 29.1% in the rest of London (Figure 3). Like job insecurity, the rate of low paid jobs in London was increasing after 2010 and decreased during the Covid pandemic, despite the inclusion of workers who were furloughed under the Coronavirus Job Retention Scheme in 2020 and 2021 at a reduced rate of pay.¹⁶ In 2022, 9.0% of jobs in central London paid less than London Living Wage. The sharp decrease is likely driven by greater job losses during the pandemic among those on the lowest pay.

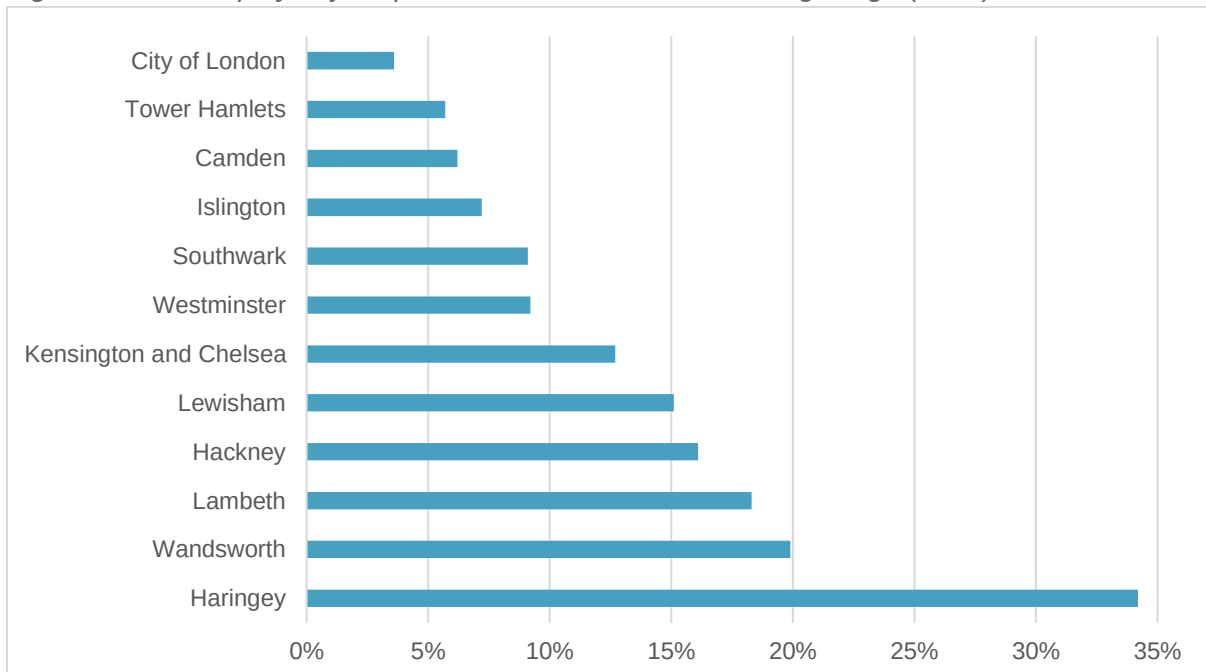
Within central London, the share of jobs paying less than the London Living Wage ranges from 3.6% in the City of London to 34.2% in Haringey (Figure 4). By far the highest number of jobs paying less than London Living Wage is in Westminster (48,000 jobs) which also has the highest number of jobs overall, followed by Southwark (23,000), Lambeth (22,000), and the City of London (18,000).

Figure 3. % of employee jobs paid less than the London Living Wage in central London and the rest of London (2010-2022)



Data: Annual Survey of Hours and Earnings (ASHE), 2010-2022

Figure 4. % of employee jobs paid less than the London Living Wage (2022)



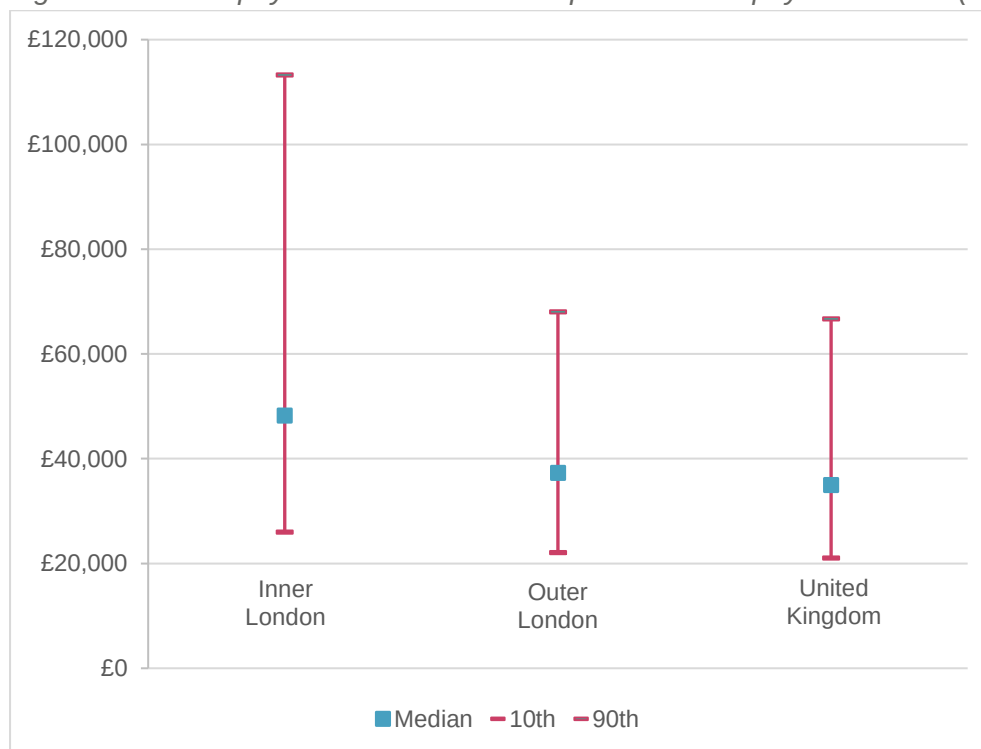
Data: Annual Survey of Hours and Earnings (ASHE), 2022

1.4 Pay inequality

London is the most unequal region in the UK in terms of pay, a primacy driven by high pay inequality in central London. In 2023, median gross annual pay for full-time employees in Inner London was £48,210, while pay in the 90th and 10th percentiles was £113,230 and £26,000 respectively (Figure 5).¹⁷ The 90th to 10th percentile ratio in Inner London was 4.4, a stark contrast to both Outer London (3.1) and the UK as a whole (3.2).

This high pay inequality is not driven only by the very high incomes on the top – Inner London has both the highest upper-tail inequality of all regions in the UK (measured by the 90th percentile to median ratio) and the highest lower-tail inequality of all regions in the UK (measured by the median to the 10th percentile ratio).

Figure 5. Median pay and the 10th and 90th percentiles of pay distribution (2023)



Data: Annual Survey of Hours and Earnings (ASHE), 2023

How the economy works for residents

This section presents a resident-based portrait of central London's economy, looking at how the local economy is experienced by the people who live in central London.

2.1 Employment

At 74.6%, the employment rate in central London was higher in the 12 months to December 2023 than UK-wide (72.8%), similar as in the rest of London (74.5%).¹⁸ However, the relatively high rate of employment is not shared universally across all demographic groups.

Broken down by demographic characteristics, employment rates in central London roughly follow UK-wide trends – employment is higher for men than for women, for white Londoners compared to Londoners who identify as belonging to an ethnic minority, and for Disabled people facing barriers around the kind or amount of work they may be able to do.

Notably, while London has an above average employment rate, this is driven by higher employment among white Londoners. The employment rate among people who identify as belonging to an ethnic minority is lower in central London than in the rest of London and the UK, revealing a pocket of concentrated racial disadvantage in central London.

On the contrary, disabled people who live in central London are more likely to be in employment compared to the rest of London and the country.

Figure 6. Employment rate in central London by demographic characteristics (2023)



Data: Annual Population Survey (APS), 2023

2.2 Economic inactivity

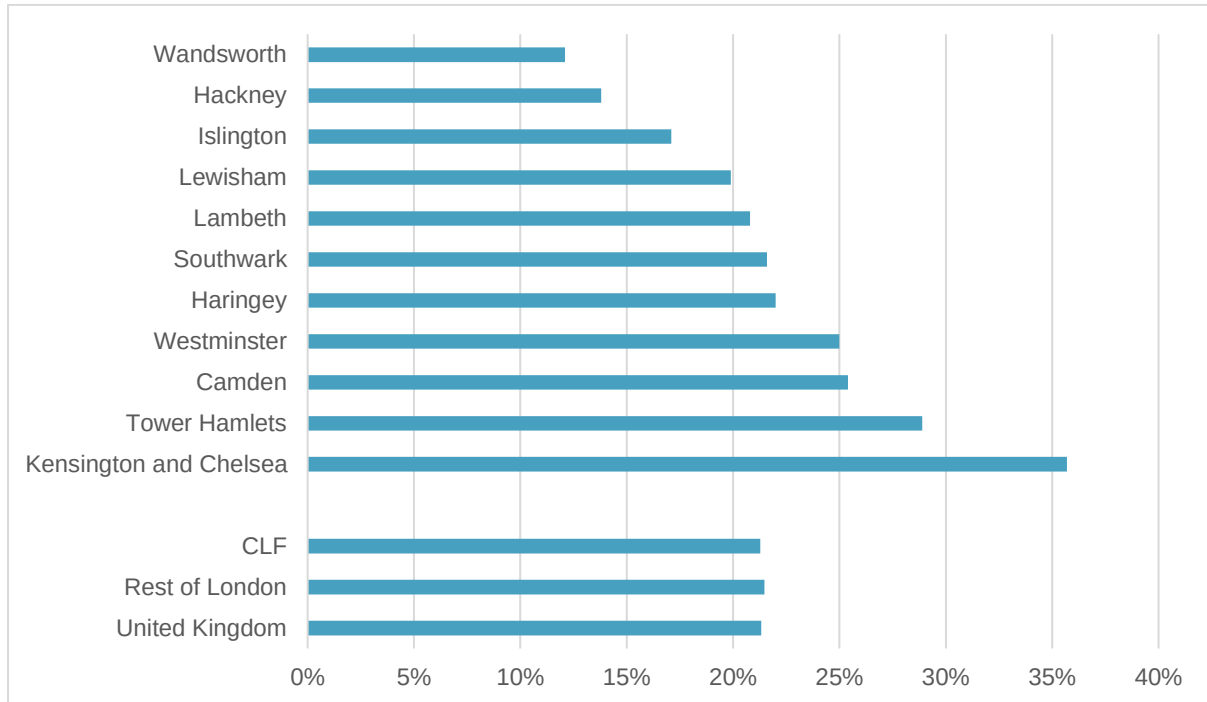
The rate of economic inactivity in the working age population was 21.3% in central London in the 12 months to December 2023, similar to the rest of London (21.5%) and the UK average (21.3%).¹⁹ However, there was a large variation in the rate of economic inactivity between central individual London boroughs, ranging from 12.1% in Wandsworth to 35.7% in Kensington and Chelsea (Figure 7).

The estimates of economic inactivity include people who are neither in employment nor unemployed for a range of reasons including caring responsibilities, full-time study, or long-term sickness. While the overall rate is similar between London and the rest of the country, there are differences in the underlying causes.

London has fewer working age residents who have retired, and a relatively low rate of inactivity due to long-term illness (4.2% in 2023, compared to 5.9% across the UK). That said, the causes of the nation-wide rise in poor health and disability in recent years²⁰ have disproportionately affected ethnic and other minority groups,²¹ and the rate of economic inactivity is higher among non-white Londoners.²²

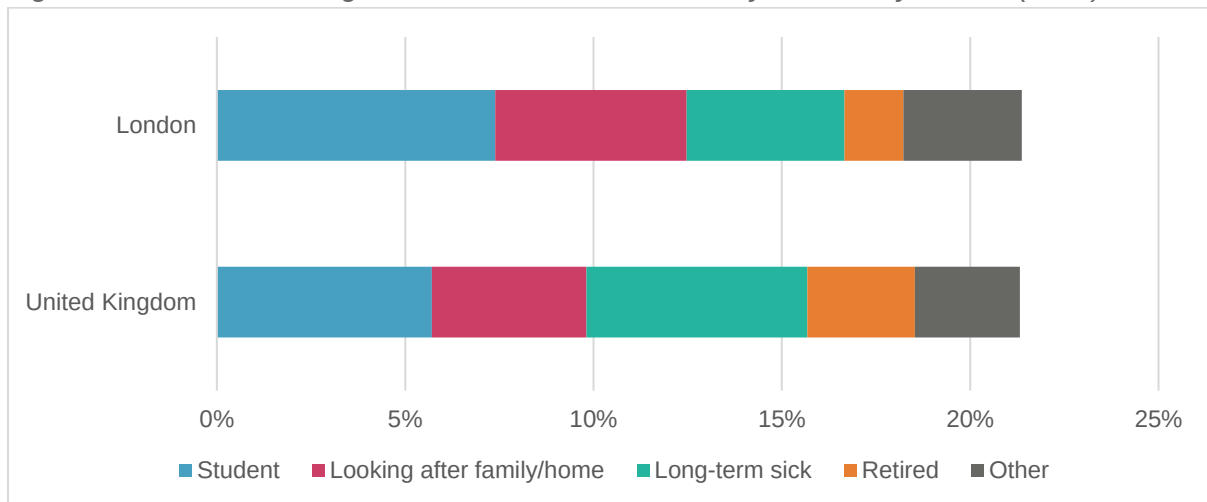
The most frequent reason for economic inactivity in central London is being a full-time student; full-time students make up 7.4% of central London's population aged 16-64, compared to 5.7% UK-wide (Figure 8).

Figure 7. % of residents aged 16-64 who are economically inactive (2023)^{iv}



Data: Annual Population Survey (APS), 2023

Figure 8. % of residents aged 16-64 who are economically inactive by reason (2023)



Data: Annual Population Survey (APS), 2023

^{iv} Data unavailable for City of London

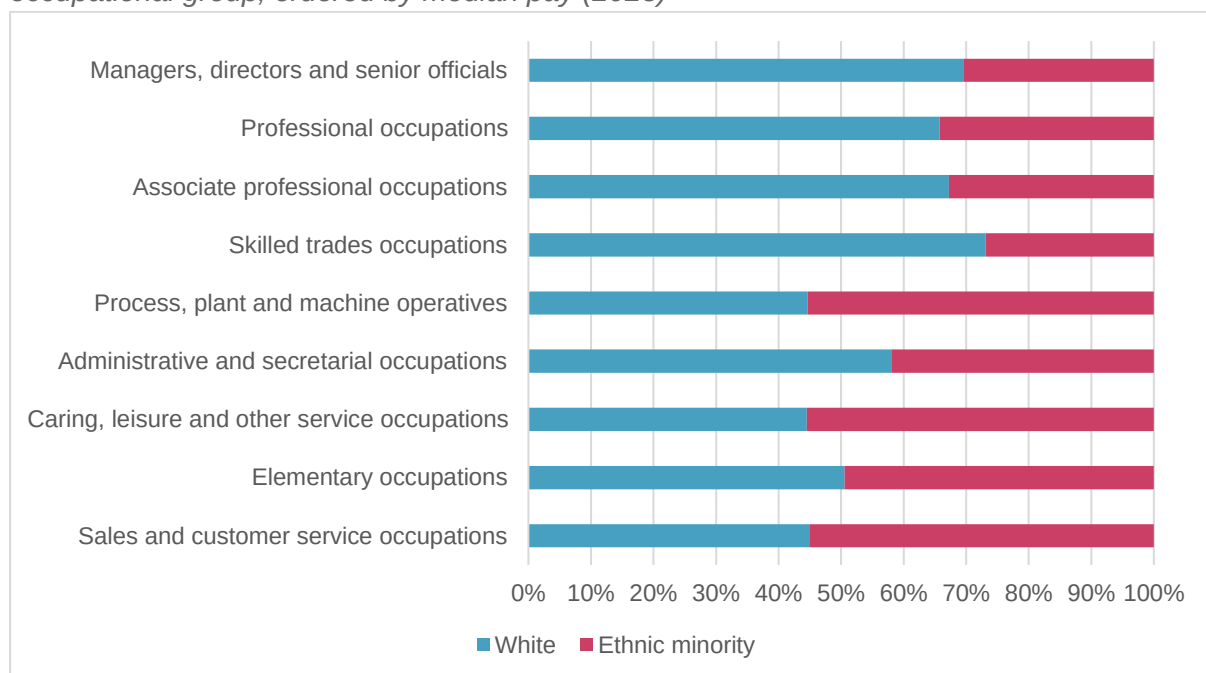
2.3 Representation in occupational groups

There are large occupational differences between central London residents based on gender and ethnicity. White Londoners are disproportionately represented in the occupational groups with the highest median earnings²³ (Table 2); for example, managers, directors and senior officials; professional occupations; associate professional occupations; and skilled trades occupations (Figure 9).²⁴

In contrast, central London residents who identify as belonging to an ethnic minority are twice as likely as white Londoners to work in elementary occupations, caring, leisure and other service occupations, or as process, plant and machine operatives.

In terms of gender balance, process, plant and machine operatives and skilled trade occupations are heavily male dominated. Women are disproportionately likely to work in caring, leisure and other service occupations; in administrative and secretarial occupations; and in sales and customer service occupations (Figure 10). Notably, the five occupational groups with the highest median earnings are all male dominated.

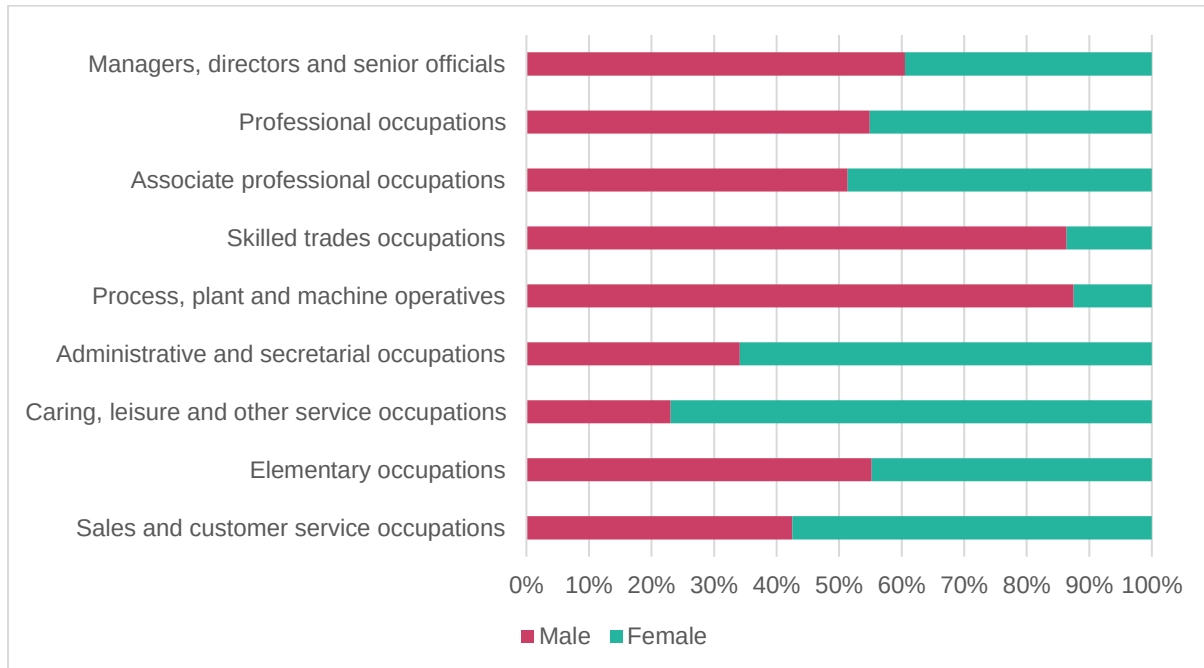
Figure 9. % of London residents in employment identifying as white or ethnic minority by occupational group, ordered by median pay (2023)^v



Data: Annual Population Survey (APS), Annual Survey of Hours and Earnings (ASHE), 2023

^v UK SOC 2020 classification

Figure 10. % of London residents in employment identifying as male and female by occupational group, ordered by median pay (2023)^{vi}



Data: Annual Population Survey (APS), Annual Survey of Hours and Earnings (ASHE), 2023

Table 2. Median weekly pay (all employee jobs) by occupation group in London (2023)

SOC2020	Median weekly salary
Managers, directors and senior officials	£1,220
Professional occupations	£940
Associate professional occupations	£690
Skilled trades occupations	£610
Process, plant and machine operatives	£600
Administrative and secretarial occupations	£540
Caring, leisure and other service occupations	£420
Elementary occupations	£340
Sales and customer service occupations	£340

Data: Annual Survey of Hours and Earnings, 2022

2.4 Poverty

After housing costs, one in 4 Londoners (25%) live in relative poverty. This is defined as households with disposable income below 60 per cent of national median income after taking account of essential housing costs – or roughly £300 per week for a couple with no

^{vi} UK SOC 2020 classification

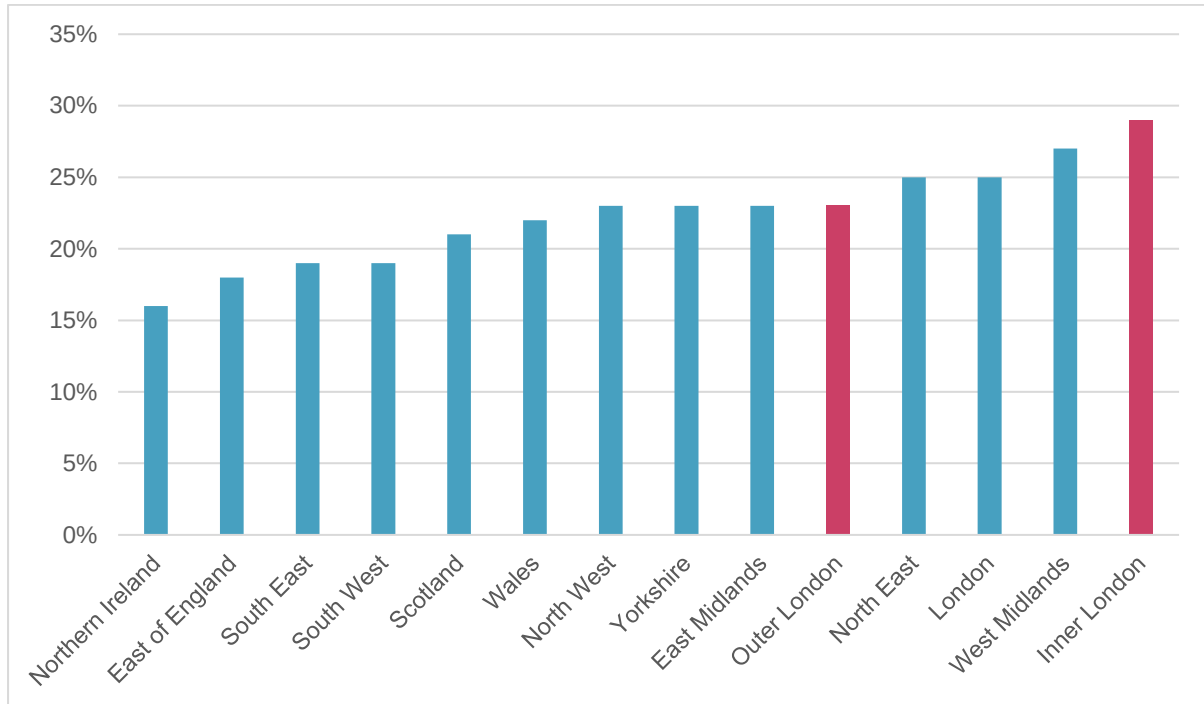
children in 2021/22. The relative poverty in Inner London is 29%, which is higher than in any region in the UK (Figure 11).²⁵

The rates vary considerably between the Central London Forward boroughs. Due to limited sample sizes of survey data, the estimates at local authority level draw on data pooled from five years between 2016/17 and 2021/22. The five-year estimates range from 25% in Southwark and Islington to 41% in Camden and 43% in Westminster.²⁶

More recent granular data are available for children in low-income households. Using the same definition of relative poverty after housing cost, the data show that in central London boroughs, the proportion of children aged 15 and under who live in poverty ranges from 23% in Kensington and Chelsea to 48% in Tower Hamlets (Figure 12).²⁷

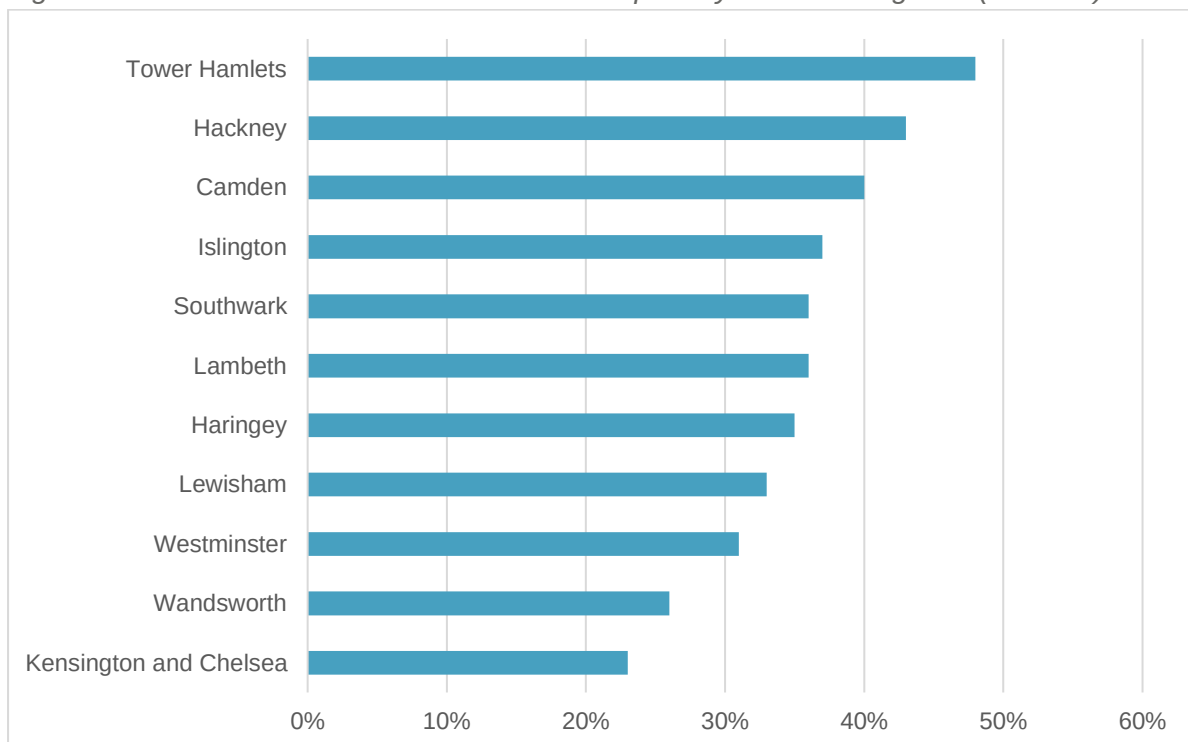
London has a higher rate of in-work poverty than the rest of England. More than half of those in poverty aged 16 and over, are also in employment (51% compared to 44% in the rest of England).²⁸ Poverty in London is largely driven by high housing costs that are not reflected in incomes. This is also evident from a big gap between the poverty levels calculated before and after housing costs – while the poverty rate after housing cost is very high, poverty before housing cost is among the lowest of all regions at 14%.²⁹

Figure 11. % of residents in relative poverty after housing cost (2019/20 and 2021/22)



Data: Households below average income (HBAI) statistics, 2019/20 and 2021/22

Figure 12. % of children in household in relative poverty after housing cost (2021/22)^{vii}



Data: Loughborough University for End Child Poverty and Children in low income families (CILIF) local area statistics, 2021/22

^{vii} Data unavailable for City of London

2.5 Financially struggling Londoners

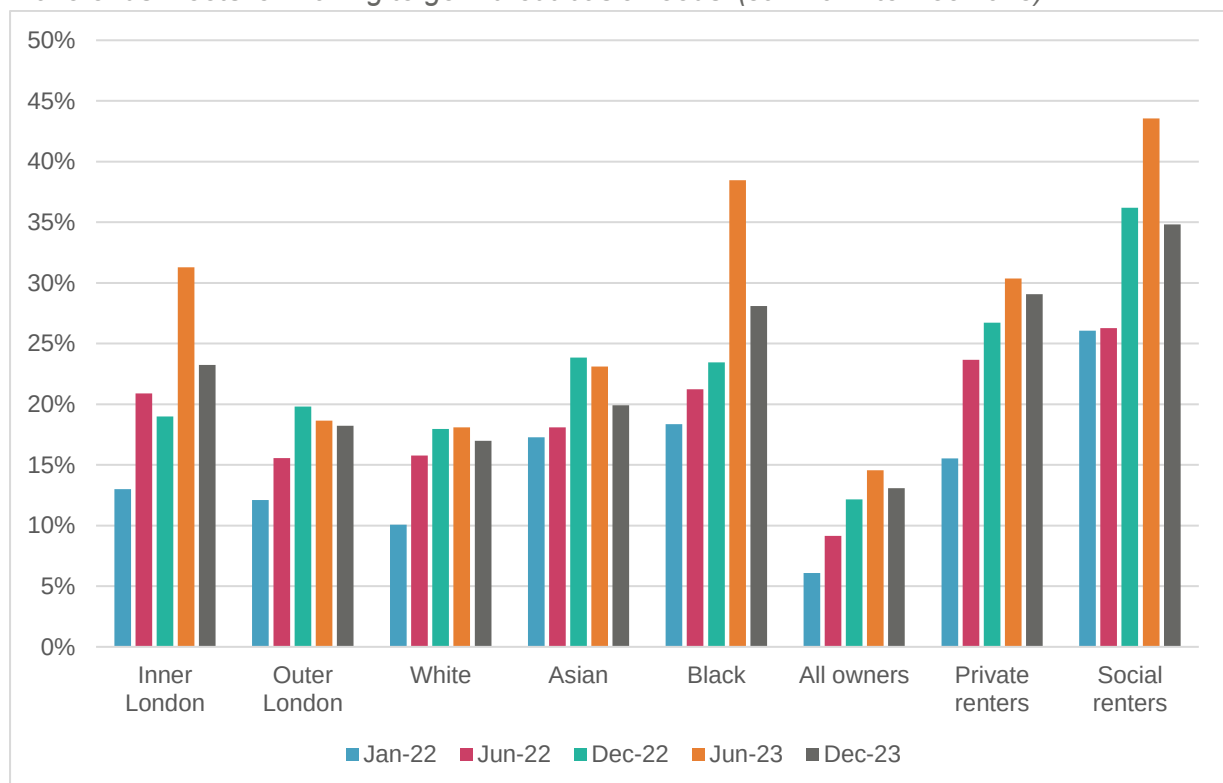
The past two years, 2022 and 2023, were marked by significant increases in the cost of life essentials, including food and energy. The period of high inflation saw a steep increase in the proportion of Londoners who struggle financially, from an already high base in the case of renters, people with low incomes, and Black and Asian Londoners in particular.

Between January 2022 and June 2023, the proportion of Inner London residents who were struggling to make ends meet or having to go without basic needs more than doubled, from 13.0% to 31.3%. Since the peak in June 2023, the proportion decreased to 23.2% in December 2023.³⁰

Inner London experienced a much higher increase in the proportion of financially struggling residents than Outer London, with the proportion increasing from 12.1% in January 2022 to 18.2% in December 2023, and a peak of 19.8% in December 2022 (Figure 13).

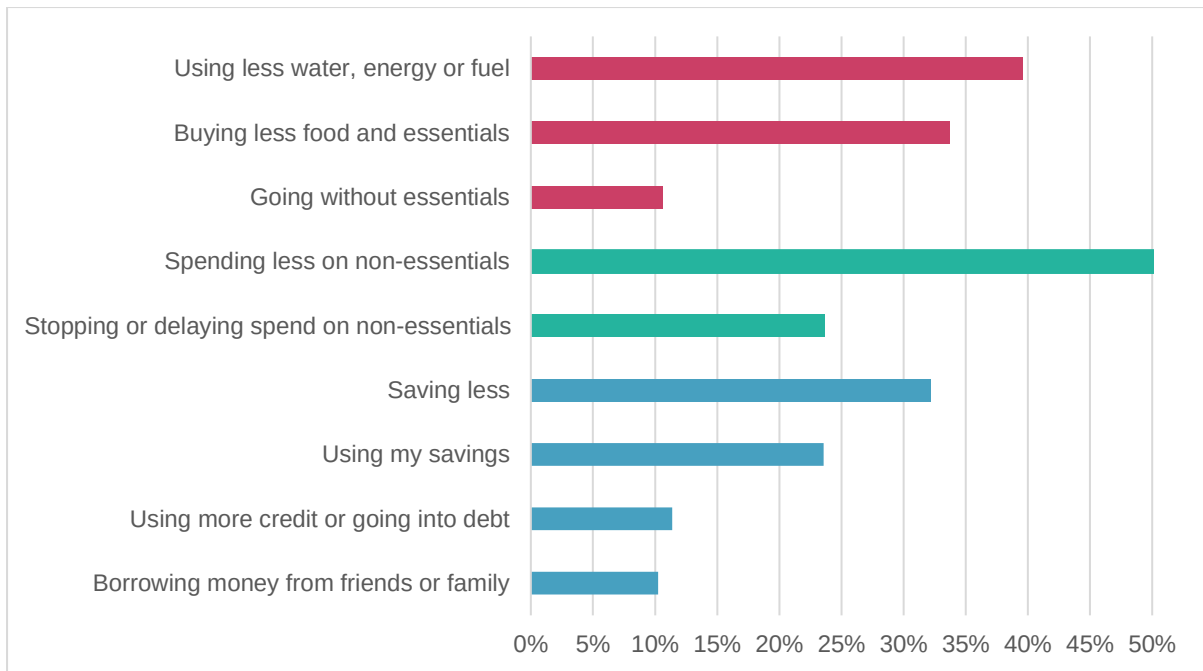
While inflation has now declined, incomes have not caught up with higher costs and residents face lower living standards. The data shows that even in December 2023, 33.7% of Inner London residents were saving on life essentials to manage living costs, 39.6% are using less water, energy or fuel, and 50.1% are spending less on non-essentials (Figure 14).

Figure 13. % of London residents who define their current financial situation as 'struggling to make ends meets' or 'having to go without basic needs' (Jan 2022 to Dec 2023)



Data: YouGov for Greater London Authority, Jan 2022 to Dec 2023

Figure 14. % of Inner London residents who employ the strategies listed to manage living costs (Dec 2023)



Data: YouGov for Greater London Authority, Jan 2022 to Dec 2023

2.6 Housing

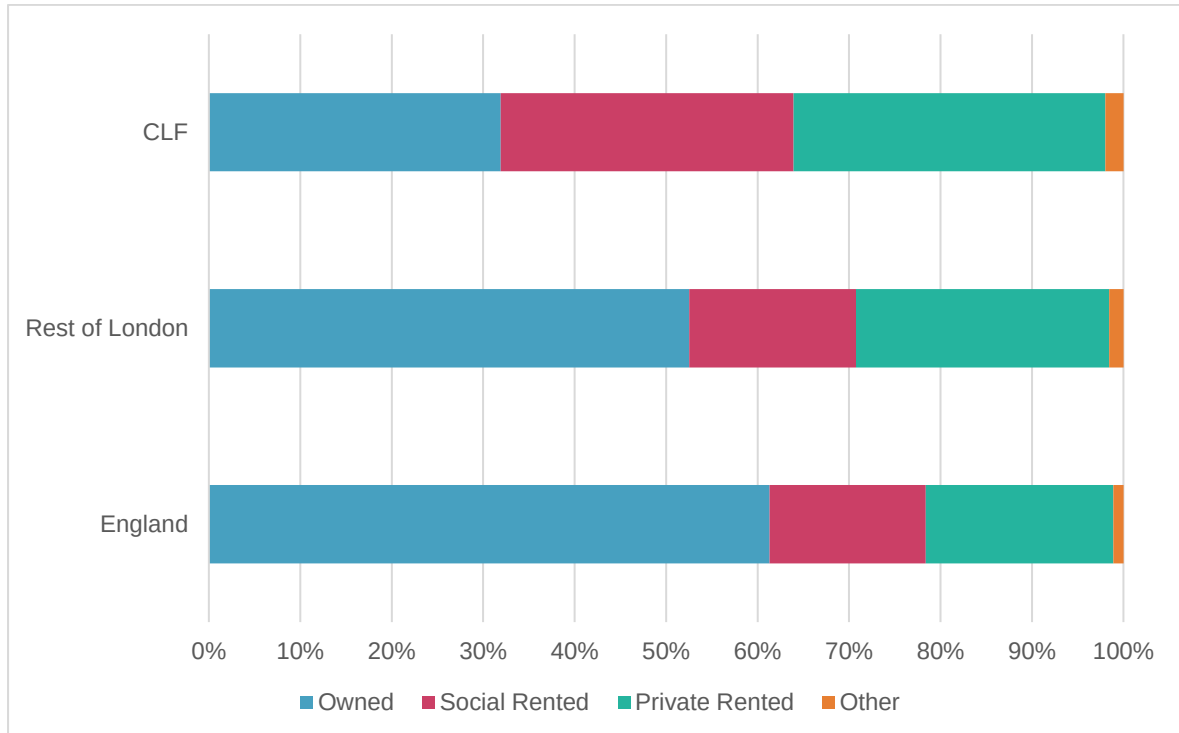
The cost of housing is a key driver of poverty in London, as evident from the gap between the rates of poverty estimated before and after housing cost (see section 2.4). This is particularly felt in central London which has expensive housing and a large private rented sector.

Private renting is the most common tenure type in central London – 34.1% of households in central London rent privately, compared to 27.2% in the rest of London and 20.5% in the whole of England. Relatively, the largest private rented sector is in City of London (48.3%), Westminster (43.3%), Kensington and Chelsea (39.6%) and Tower Hamlets (38.2%).³¹

Central London also has a large social rented sector. Relatively, the largest social rented sector is in Hackney (40.5%), Islington (40.2%), and Southwark (39.7%). The rate of home ownership is low in central London relative to the rest of the country (Figure 15).

Across all tenure types, Londoners spend the highest proportion of income on housing compared to other English regions. Privately renting households spend on average 41.5% of household income on housing, compared to 26.3% in the North East (Figure 16). In most central London boroughs, the median rent for a one-bedroom house and flat on the private market is more than 50% of gross median pay in London (Figure 17).³²

Figure 15. % of households by tenure type (2021)



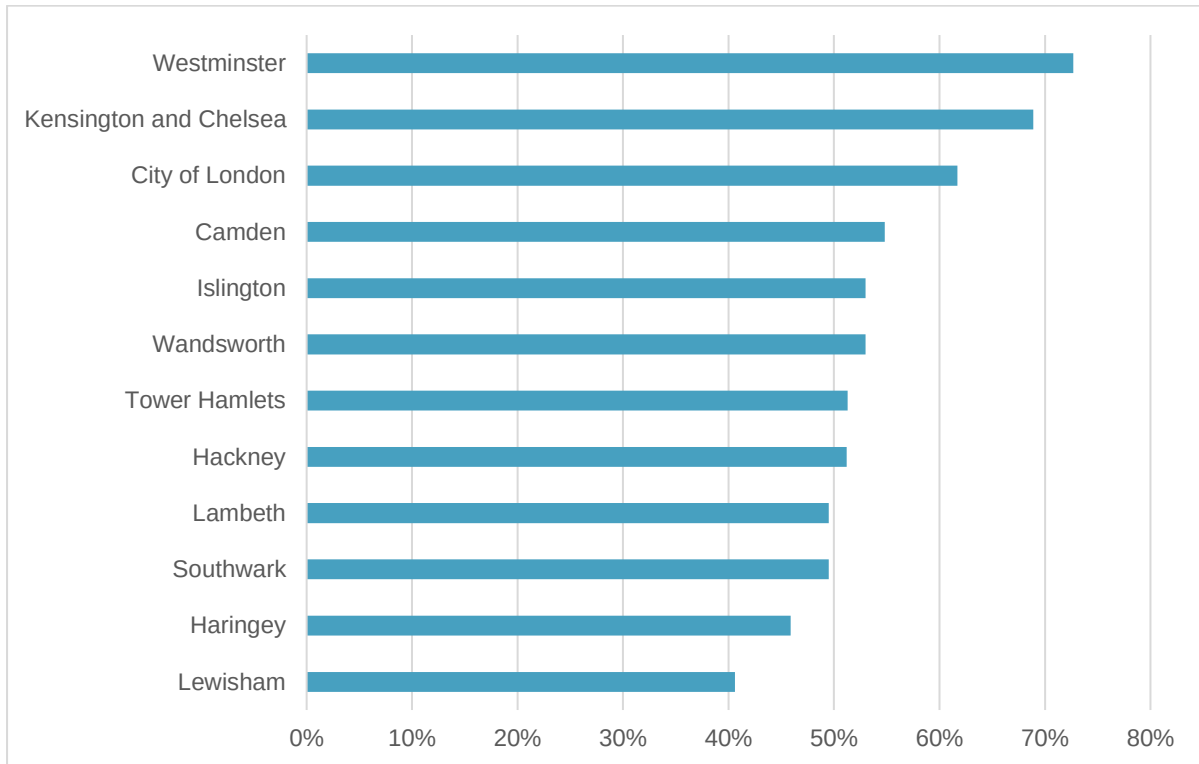
Data: Census 2021

Figure 16. Average % of income spent on housing (2021-22)



Data: English Housing Survey, 2021-22

Figure 17. Median rent for a one-bedroom house or flat on the private market by borough as a percentage of gross median pay in London (2022)



Data: Annual Survey of Hours and Earnings (ASHE), Private rental market statistics, 2022

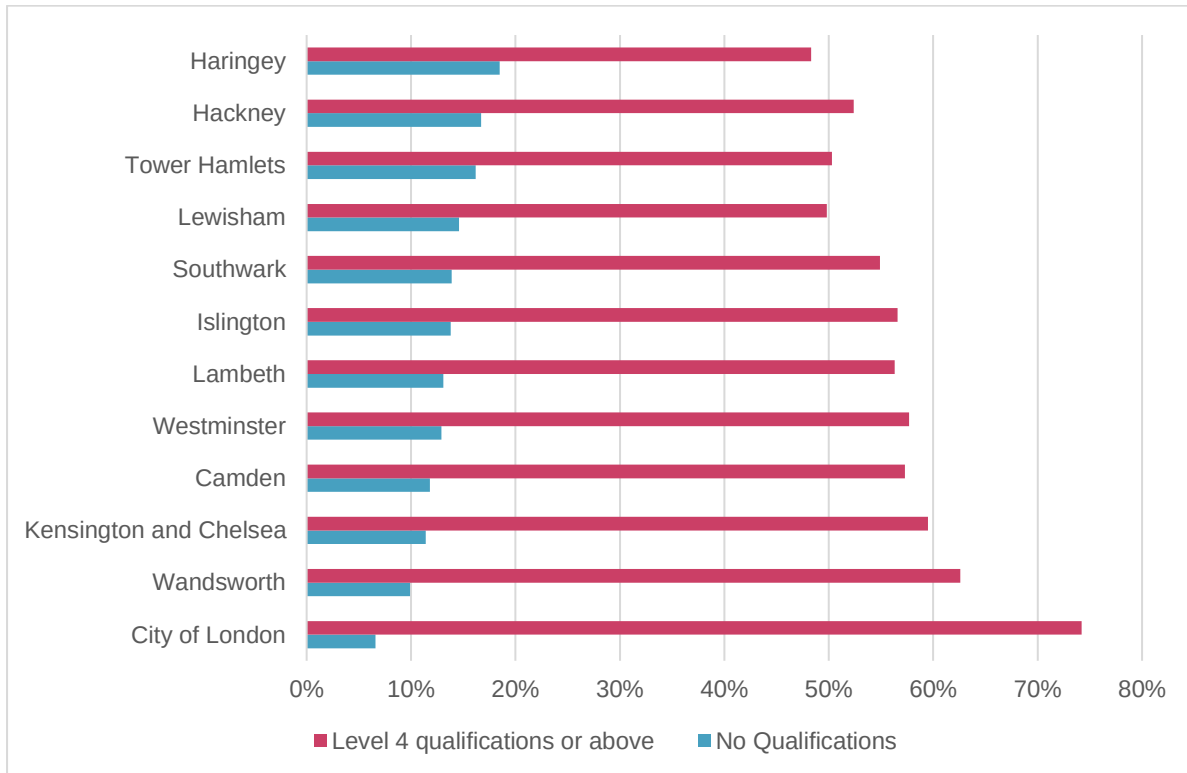
2.7 Qualifications

On average, central London has a highly qualified population. According to Census 2021 data, the proportion of residents with Level 4 or higher qualifications in all central London boroughs is higher than the London (46.7%) and the England and Wales (33.8%) average. Level 4 and higher qualifications include a Higher National Certificate, Higher National Diploma, Bachelor's degree, or post-graduate qualifications.³³

The proportion of residents with no qualifications is relatively low in central London boroughs compared to the London and national averages, ranging from 18.5% in Haringey to 6.6% in City of London. Haringey is the only borough in central London where the proportion of adults with no formal qualifications exceeds the 18.2% average for England and Wales.

However, given the highly competitive nature of London's labour market, the approximately 333,000 working age residents in central London with no qualifications face a larger employment and pay penalty than adults with no qualifications in the rest of the country.³⁴

Figure 18. % of residents aged 16-64 with no qualifications and Level 4 qualifications or above (2021)

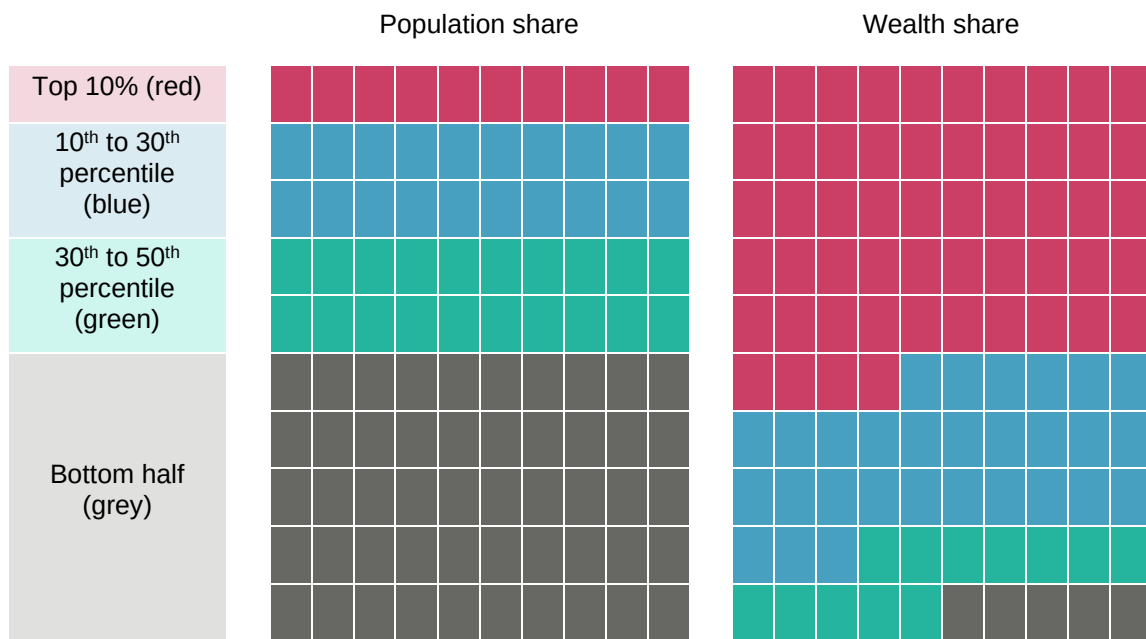


Data: Census 2021

2.8 Wealth inequality

London's high income inequality (see section 1.4) is exceeded by differences in wealth – the total assets including property, savings, and investments owned at a given point in time. While reliable estimates of wealth inequality do not exist for small geographical areas, we know that wealth in London as a whole is more unequally distributed than in the rest of the Great Britain.³⁵ Estimates from the Wealth and Assets Survey indicate that the wealthiest 10% of residents in London own 54% of all wealth owned by Londoners, compared to 42% of wealth owned by the wealthiest 10% of residents in the rest of Great Britain. On the contrary, the bottom 50% of residents in London own just 5% of wealth, compared to 7% in the rest of Great Britain (Figure 19).

Figure 19. Shares of London population and corresponding wealth shares (2018-20)



Data: Wealth and Assets Survey, 2018-20

INTRODUCTION TO KEY THEMES

The data analysis provides a stark backdrop and challenge for those wishing to see a more inclusive London economy. The Covid emergency and the cost of living crisis have exacerbated inequality and disproportionately affected the foundational economy. This has occurred at a time when Local Government has been particularly hamstrung, with settlement funding cut by over 60% between 2010 and 2023³⁶ despite rising demand for statutory services (e.g. adult social care and homelessness), and lacking capacity.³⁷ Local Government has been stretched further by the Covid emergency and more recently the additional pressures of inflation and rising energy costs. The overall resources for London boroughs are still 15% lower in real terms compared to 2010, despite a population growth of 800,000.³⁸

Given this context, boroughs have been increasingly creative; using the levers available to them to help build inclusive economies. A review of policy documents across the CLF boroughs highlighted the key areas of inclusive economy activity, and a thematic framework was then developed to categorise interventions and identify the areas where they could go further.

As many central London boroughs have adopted CWB approaches, the framework was further informed by taking account of established CWB pillars. However, in consideration of the scale of the issues identified in the quantitative research, as well as a review of CWB policy implementation to-date, it was felt that the current suite of CWB policies was unlikely on its own to be able to meet the scale of the challenge.

Taking this into account, the inclusive economy themes identified were:

- Place
- Progressive Procurement
- Good Work
- Social Economy
- Community Energy and Retrofit

With this revised set of inclusive economy pillars, the breadth of policy areas extends beyond traditional CWB pillars and tries to address the scale of the challenges set out. The additional focus on 'place' allows for explicit incorporation of important areas of policy that are nominally in the jurisdiction of local authorities, including housing and transport. These policy areas are critical to ensuring everyone can access social and economic opportunities and meet their basic needs.

Additionally, by incorporating a 'community energy and retrofit' theme, consideration can be given to how interventions ensure a *just* transition to a green economy, so that local areas and the people who live and work there feel the benefits of net zero.

The rationale for each of the key themes being a potential driver of inclusive economies is summarised as follows:

Place: Housing, land use, and how an area or neighbourhood functions for residents are the key ways in which people experience their local economy. Housing costs are one of the main causes of the high cost of living in central London, while housing quality (or the lack

thereof) can have a significant impact on health and the standards of living. Accessibility is also key, and specifically whether social and economic opportunities feel within reach. High quality public spaces, high streets, and green spaces enable individuals to lead healthy and happy lives, increase community cohesion, and boost local economic activity by encouraging households to spend more of their disposable income locally. Planning and licensing are key levers available to local government to shape places.

Progressive procurement: Procurement by ‘anchor institutions’ in a local area – such as councils, education and health institutions, major businesses – of goods and services from local firms, SMEs and social enterprises can provide a baseline of demand for these organisations, which supports economic activity locally and helps recirculate wealth back into communities. It is a key lever of power available to local government and other public sector organisations wishing to secure best value outcomes from their expenditure and can contribute to the development of the local economy.

Good work: Good work initiatives are designed to ensure that workers receive fair pay and decent working conditions. Promoting good work accreditation schemes across the public and private sector is one way of challenging extractive culture.

Social economy: A bigger and stronger social economy presents a counterweight to the profit-oriented model of economic development exemplified by much of central London. Social businesses help build a wider base of local economic power and increase returns to workers by re-distributing profit margins that would go to a cohort of distinct owners instead to members or employees, either as worker-owner dividends or as higher salaries. Additionally, social businesses promote inclusivity in employment and decision-making processes, and they can sometimes provide services or products that are more affordable and designed to provide greater social or environmental benefits.

Community energy and retrofit: Community energy and retrofit schemes enable the democratisation of energy generation, supply and conservation. This can help create new jobs in local communities that wouldn’t previously have had significant employment within the sector. Depending on market circumstances and scheme delivery, community energy and retrofit schemes can lead to lower energy costs for communities, and enable communities to play their role in achieving net zero.

01 PLACE

Theme introduction

For years, land, housing and development have been at the periphery of community wealth building and inclusive economy work. Reflecting on some of the specific central London challenges identified in the first part of this report, we instead put these questions front and centre of our recommendations. The reason is twofold:

First, the high cost of housing is one of the main long-term drivers of poverty in London (sections 2.5 and 2.7), further exacerbating the squeeze on disposable incomes which has been felt particularly acutely in central London and especially by residents in the private and social rented sector (section 2.6). With privately renting households in London spending on average 41.5% of income on housing, rent extraction through the operation of the land and housing markets represents the single biggest leakage of wealth that could otherwise circulate in the local economy. Ultimately, high rents diminish the local economy as a result, lead to the displacement of residents, force local businesses to close or relocate outside of London, and contribute to London's staggering wealth inequality (section 2.9).³⁹

Second, the quality of places matters. Access to services, economic opportunities, green space, and social and cultural infrastructure, drives social and economic outcomes and is therefore a fundamental inclusive economy consideration, as much as limiting exposure to harmful pollution or housing conditions that make people unwell. The form and features of places either support or constrain the ability of individuals and communities to flourish. This was brought into sharp relief during the pandemic.

A permissive and profit-led approach to development and resulting gentrification and displacement contribute to residential segregation. Increasingly, those with the greatest means in central London live in well-designed and centrally located neighbourhoods with easy access to a range of amenities. On the contrary, lower income households and people who identify as belonging to an ethnic minority experience greater exposure to negative place attributes including higher concentrations of air pollution, fewer economic opportunities, and significantly worse access to green space.⁴⁰

Disparities in place are often mischaracterised as an issue between London (and the South East) and the rest of the UK. However, regional analysis masks neighbourhood-level differences, which are greater in London than anywhere else, with London being home to some of England's most deprived neighbourhoods.

While the current Government's Levelling Up policy and the 2022 White Paper recognises that social and economic disparities exist both between and within different parts of the United Kingdom, it has offered very little by way of solutions. Places are constantly evolving, but whether places are developed in a way that is supportive of broad economic inclusion and social-wellbeing, or in an extractive way that seeks to commercialise and profit from place and triggers displacement, is something that can be influenced with ambitious policy.

This section presents a brief overview of existing positive initiatives in central London boroughs, the challenges that local authorities encounter in place stewardship, and a set of recommendations focused on the fundamental principles of land development and housing. While we acknowledge the importance of wider infrastructure provision including utilities and especially transport in this context, these are beyond the scope of this report.

Overview

The importance of place-based tools to improve outcomes for residents is widely recognised across London boroughs and the GLA, and is central to core local government functions including planning and development management, economic development, social housing and transport. Particularly notable recent initiatives include a renewed focus on social housing delivery in many parts of London, new approaches to regeneration that put existing residents first, and a whole suite of air pollution mitigation and active travel schemes.

- The rates of social housing delivery have increased in recent years across central London from an historic low. Many councils including Islington, Camden, Haringey and Wandsworth, have increased the amount of council-led delivery of genuinely affordable housing.
- Outside of central London, Newham has developed a new community-led approach to major regeneration which boosts the role of both the local authority and community groups in determining the outcomes of the development process.⁴¹
- The Mayor of London has developed new initiatives and safeguards to reduce the negative impacts of displacement and gentrification in redevelopment, including new policies in the 2021 London Plan and good practice guidance for estate regeneration.⁴²
- Across London, there has been increased momentum behind measures to tackle air pollution and boost active travel in the wake of the pandemic. These include the introduction of low traffic neighbourhoods, new cyclist and pedestrian infrastructure, and the expansion of the Ultra-Low Emission Zone (ULEZ) in 2023.
- The Southwark Land Commission has taken a holistic view of land use and land ownership in Southwark and put forward ambitious recommendations, some of them reflected in our proposals below.⁴³

Challenges

All the core local government functions listed above have experienced a significant squeeze through years of cuts to council budget. For example, 2023 State of the Profession research by RTPi found that between 2013 and 2020 a quarter of planners left the public sector, while at the same time the private sector experienced an 80% increase in the number of employed planners.⁴⁴ This transfer of capacity from the public to the private sector is a continuation of a longer term trend in outsourcing and diminished capability in local government, including in housing delivery.

Coupled with limited powers of local government compared to most OECD counterparts, including in areas such as funding and financing public investment or strategic land management, this has largely reduced the role of local government to reactive planning and the regulation of private development, as opposed to actively shaping places for the benefit of local residents.⁴⁵ This significantly constrains the ability of local councils to prevent and mitigate fundamental challenges of the dominant private-led development model.

More equitable access to services, green spaces, and social and cultural infrastructure is necessary to remedy environmental and spatial injustices that significantly contribute to health, social and economic disparities in central London. However, the very same interventions can be regressive when they trigger gentrification and displacement. They also

need to be distinguished from more mainstream approaches to regeneration and economic development, which rely on spatial competition for inward investment, high value-added industries, and highly skilled workforces – often at the expense of the existing population and local businesses.

Residential and business displacement has been a prevalent feature of many place-based interventions in London over the past decades, including major council estate regeneration programmes which have disproportionately affected vulnerable and racialised communities, exacerbating existing disadvantages and increasing inequalities.⁴⁶

An alternative is required. This alternative needs to be led by communities, but local government with its jurisdiction across planning, economic development, transport, and housing can play a more positive role if enabled by central government. The ambition should be to address inequalities in access and provision in ways that do not trigger gentrification and displacement. In practice, place-based initiatives need to go hand in hand with measures that prevent exclusion from the benefits provided – for example, preserving and increasing the share of genuinely affordable housing, a guaranteed right of return at equivalent terms, housing subsidies, and living rent measures.

All of these measures require the provision of genuinely affordable housing in new developments. In the private-led development model, this relies on the effective use of tools to capture unearned increases in land value such as developer obligations, charges for development rights, land readjustment mechanisms, or strategic land management. At present, neither of the two most effective land value capture tools – land readjustment and strategic land management – are, or can, be used systematically in London or the UK.⁴⁷ While developer obligations are widely used to deliver affordable housing and affordable workspace, developers often get the upper hand in negotiations linked to viability assessments.

Alternatively, housing, workspace and infrastructure can be funded or funded and delivered publicly, either through central government grants or through local government revenue. However, local government in the UK has limited fiscal independence, and tools such as tax increment financing, which can fund development by bringing forward future revenues, are limited to special cases like Enterprise Zones.⁴⁸

Case Studies

Better Homes for Local People - Mayor's Estate Regeneration Best Practice

The GLA and the Mayor have recognised that some approaches to housing estate "regeneration" have not effectively incorporated the views and interests of existing residents and have ultimately caused the displacement of existing communities, loss of amenities, and excess profiteering by developers, landowners, and investors.

Over the last 20 years, many inner-London boroughs have come into conflict with communities over redevelopment plans that inadequately accounted for the rights and interests of existing communities. Estate regeneration has often been seen as the only viable path to delivering new and additional affordable housing amidst the constraints faced by local councils. However, many such plans were also underpinned by the stigmatisation of housing estates, and an approach to development that focused on inward investment and gentrification as the prime drivers of economic development, rather than supporting existing communities.

In recognising these failings, the Mayor's best practice guidance for estate regeneration seeks to enshrine the rights and interests of existing communities in redevelopment, specifically by guaranteeing a right of return of existing residents and guaranteeing an increase in affordable housing.

Southwark Land Commission

Southwark Council has recognised that a radically different vision for the management of land within the borough is possible. Its Land Commission has developed a framework setting out how land policy can better reflect the aspirations of residents for the places in which they live, and ensure that land and place policies are focused on delivering social and inclusive-economic outcomes for existing communities.

The Commission's key recommendations include establishing a Social Purpose of Land Framework to guide land use decisions, and creating a set of new structures that give real power and voice to the community, including a People's Land Assembly and Local Land Forums.

If adopted in Southwark, these recommendations could provide a blueprint for other boroughs or a London-wide model for incorporating residents and social-value objectives in plan-making and regeneration.

Policy Horizon

The current Government has struggled to identify meaningful ways to turn its aspirations for levelling up into reality. Proposed reforms to the planning system via a new white paper were taken off the table, whilst changes to the National Planning Policy Framework (NPPF) provided watered-down changes to try and boost local development activity.

There is broad recognition that the current system of allocating funding to local government for capital investment via competitive funding pots is not fit for purpose. Central Government's role, via the Treasury as holder of the purse strings, is seen as an overly bureaucratic blocker on local areas being able to make investments in places.

Labour has proposed a raft of changes to try and enable greater levels of investment in housing and place, including: reducing discounts on Right to Buy, maximising social housing delivery via S106, and enabling land acquisition at existing use value rather than market rates. Despite saying they want to deliver a new generation of affordable housing; however, they have not yet laid out a pathway to providing the grant funding needed to deliver homes for social rent on the scale required.

Nonetheless, the Labour leadership's commitment to a new 'Take Back Control' bill, and the Conservative's commitment to continue its existing tiered programme of devolution, mean that there could be new opportunities for local government to take a more meaningful role in investment and intervention in places and housing.

Recommendations

Our recommendations in response to the challenges and emerging opportunities described above are guided by three overarching principles:

- Land value uplifts that arise from good planning and the provision of local infrastructure should create public benefits in the form of high quality and genuinely affordable housing and workplaces.
- Land use decisions should be guided by a broader set of considerations than viability and profit, including a recognition of the features of place that improve social and economic outcomes for residents.
- Residents should be at the heart of land use decisions and empowered through stronger local democracy.

The recommendations are split into three broad groups – those that can be actioned by individual London boroughs, those that require sub-regional or regional collaboration, and those where national change is needed to enable local action.

Individually, local authorities can get started by:

- Where possible, deploying public land assembly at development sites to capture uplift in land value and ensure that development reflects local needs. Development approaches that include public land assembly – land readjustment and strategic land management – are the most direct and efficient forms of land value capture, while simultaneously removing barriers to infrastructure provision and enabling masterplan-led development. However, effective use of these mechanisms requires better resourced local authorities and national reforms including changes to the Land Compensation Act 1961 and CPO Guidance.
- Using the development management system and developer obligations to implement targets for social rented and genuinely affordable housing, rather than ‘affordable’ rent within new housing developments. Overage agreements with developers can be used to redress the imbalance between public and private interest in development and prevent excess private profit from unearned land value uplifts.
- **Deploying the Mayor’s best practice guidance on estate regeneration** and enshrining in planning policy and practice the right of all residents to return on the same financial and legal terms, with minimum possible disruption or delay. Where redevelopment increases the total number of units and floor space, it should provide net increases in the amount of social rented properties.
- **Ensuring that existing residents are genuinely and fully involved in development proposals** and going above and beyond conventional approaches to consultation. Positive examples include community-led approaches to development or local citizen assemblies that give residents direct voice in land use decisions. Stronger local democracy is key to overcoming local resistance as it enshrines local needs in development.
- **Facilitating community and neighbourhood ownership of assets and land for social good** where there is appetite among residents and local organisations. This includes transferring assets to community land trusts, as with the London CLT in Tower Hamlets and Newham.

Collaboration on a sub-regional or regional basis can unlock ambitious agendas and help with capacity pressures:

- Use Mayoral Development Corporation powers to deliver ‘model’ new developments across London and showcase what a public-led approach to development could achieve. Mayoral Development Corporations enable public-led development across local authority boundaries and attract additional public sector capacity. However, local authorities should be empowered to take on similar strategic public-led approach to development themselves too.
- **Share learnings to develop social value frameworks for land across central London.** Similar to the Social Purpose of Land Framework proposed by the Southwark Land Commission, a social value framework for land would be used by the local authority to ensure that land use decisions are guided by a broader set of social value considerations.

National reforms are needed to support local authorities in playing a more strategic and ambitious role in place stewardship and development. In particular, local authorities should work together to influence national policy in these areas:

- **Enabling effective land assembly and land value capture by reforming CPO guidance and the Land Compensation Act 1961** which requires local authorities and Development Corporations to pay above current use value when acquiring land for development.
- In place of various competitive, fragmented and centrally administered funds, central government should **provide all local authorities 5-year fixed capital endowments allocated according to local need**. Such approach would be more just, more efficient, and allow local authorities to take a longer term, strategic approach to investment in places and infrastructure.
- **The NPPF should be reformed to explicitly recognise the features of places that improve quality of life and outcomes for people.** In particular, the ‘presumption in favour of sustainable development’ should be altered so that it cannot be used to bypass requirements related to local need and amenity on viability grounds.
- Ensuring that local authority planning and economic development departments receive additional resource to undertake more strategic interventions. In addition to reversing funding cuts and restoring local authority finances to an adequate level, consider new powers to pool proposed surcharges on stamp duty and vacant or second home council tax and allow funding to be allocated to proactive and strategic planning as well as development management.

Recommendations		
1.1	Deploy public land assembly at development sites to capture uplift in land value and ensure that development reflects local needs	Local Authority
1.2	Use the development management system and developer obligations to implement targets for social rented and genuinely affordable housing	Local Authority

1.3	Deploy the Mayor's best practice guidance on estate regeneration	Local Authority
1.4	Ensure that existing residents are genuinely and fully involved in development proposals	Local Authority
1.5	Facilitate community and neighbourhood ownership of assets and land for social good	Local Authority
1.6	Use Mayoral Development Corporation powers to deliver 'model' new developments across London and showcase what a public-led approach to development could achieve	Greater London Authority
1.7	Share learnings to develop social value frameworks for land across central London	Central London Forward
1.8	Enable effective land assembly and land value capture by reforming CPO guidance and the Land Compensation Act 1961	Central Government
1.9	Provide all local authorities 5-year fixed capital endowments allocated according to local need	Central Government
1.10	Reform the NPPF should to explicitly recognise the features of places that improve quality of life and outcomes for people	Central Government
1.11	Ensure that local authority planning and economic development departments receive additional resource to undertake more strategic interventions	Central Government

02 PROGRESSIVE PROCUREMENT

Theme introduction

Procurement processes in local government and across other anchor organisations (both public and private) can be reformed in such a manner as to support the development of a local and more inclusive economy, as well as improving employment arrangements for workers.

Progressive procurement approaches seek to incorporate social, ethical and environmental considerations into the process. This includes:

- Supporting diverse local businesses - helping local small and medium enterprises - including those that are women and ethnic-minority owned - to access supply chains
- Diversifying local ownership - supporting the development of co-operatives and social enterprises through procurement
- Promoting Good Work - ensuring procurement incentivises the Living Wage and good employment practices
- Encouraging environmental sustainability - reducing carbon footprints and minimising waste
- Collaborating on hiring, skills and employability programmes.

Procurement practices have moved away from an emphasis on 'lowest price' to 'best value for every pound spent,' and from simple transactional processes to a strategic and influential role with a clear emphasis on the social value agenda.⁴⁹

The Democracy Collaborative, an American think tank, developed an approach to community wealth building by working with anchor institutions in Cleveland, Ohio, to build wealth from within rather than relying on external investment. This is a clear development of earlier ideas promoted by the New Economics Foundation, which identified the local economic benefits – described as a local multiplier – of spending locally for boosting local demand and supply chains.

In the UK these ideas were taken up at an early stage by Preston City Council working with CLES (the Centre for Local Economic Strategy). Anchor Networks across the country have also sought to analyse their collective spending patterns in order to identify and prevent finance leaking out of the local and regional economies.

Overview

Several central London boroughs have re-examined their procurement processes and there has been engagement with other anchor organisations within and across borough boundaries. Spending patterns and associated social value expectations have been explored with the aims of both improving the employment conditions of those working in the supply chain and increasing the proportion of contracts awarded to ethical providers, including cooperatives and social enterprises.

Camden, for example, aims to utilise their supply chains to support good employment and the growth of small businesses. City and Hackney anchors have collaborated to deliver community benefits with an emphasis on more ambitious social value requirements.

Hackney's procurement strategy aims to support local communities and reduce privatisation, outsourcing and large PFI contractors. Islington has specifically looked to secure affordable workspace through social value expectations, with an emphasis on supporting cooperative development. Lambeth has increased the number of jobs in the borough paying the London Living Wage and leveraged influence over their supply chains. The Lewisham Deal partnership has promoted collaboration with other anchor organisations to empower SMEs to access contract opportunities.

Nevertheless, even in councils where considerable effort has gone into the community wealth building process, there have been limitations in turning theory into practice. This often relates to siloed working, competing priorities and difficulties with embedding approaches across different teams. Institutional commitments can help here by embedding an agenda, which otherwise depends on the work of individuals (who come and go) and can be used to break down team silos. Clear processes are also required. Islington Council has social value champions who identify potential requirements. Clearer guidance for suppliers on Social Value will also help local authorities to more effectively connect commitments with local need.

One of the key pillars of progressive procurement in places like Preston has been local spend. In London, this approach is complicated, as local authority boundaries do not match economic boundaries. It is also potentially misplaced given the interconnected nature of the central London economies. Instead, workshop participants suggested that progressive procurement should focus on supporting the social economy or paying decent wages. This is because as far as procurement is concerned, the key challenges in London are less likely to be around the leakiness of the economy, and more likely relate to extractivism.

There are further opportunities to support the development of more regenerative business models in areas where the market has been particularly extractive. These are the sectors of the economy where local councils have looked to support the development of cooperatives and social enterprises. Social care provision is an area where increased finance will often simply find its way into the hands of private equity shareholders. Cooperative models would retain more wealth in the local economy (see Section 04, Social Economy). There are also opportunities in the social economy, in sectors where limited returns on investment make purely commercial businesses less viable.

Challenges

Where clearly defined priorities are lacking and where there are limited resources for, or clarity on, the monitoring of outcomes, procurement policies are likely to come under pressure or face challenge from third parties. Participants in the workshops recognised the opportunities to share learning and work together on ways of overcoming this challenge. Having more coordination between local authorities on how social value is defined and monitored, for example, would help to drive confidence within local authorities, provide examples of good practice and opportunities for training, and also improve transparency and reduce complexity from the perspective of suppliers.

Local and responsible employers – especially those operating in the social economy - often struggle to access public contracts. In some cases, this is because the contract values are of limited viability unless operated at scale. For example, in adult social care, delivering services on public contracts is very difficult to reconcile with decent pay and conditions. In

other cases, the challenge is that contracts are too large. It should be noted, however, that breaking up contracts requires additional work and monitoring, and therefore greater resource for procurement teams.

A scarcity of suppliers in many areas also makes it difficult to argue for social value, local spend, and other ethical standards. Fragility and vulnerability have been reported in difficult market areas, such as construction and the care sector.⁵⁰ Extreme scarcity leads to compromises in the short-term and militates against the achievement of social value outcomes. While the social value savings that accrue when they are achieved might contribute to savings elsewhere, for example in the health services, they do not necessarily benefit local councils.

Furthermore, an apparent conflict emerged in a workshop discussion between the obligation to be equitable, fair and transparent in the commissioning process, on the one hand, and a commitment to progressive procurement, on the other. By contrast, the consensus in the cooperatives and social enterprise workshop, was that procurement teams already have the means to put weight on community interest considerations, but it does not work in practice because social value is vaguely defined and/or at the bottom of the priorities that procurement teams are asked to follow.

The same challenges apply to other anchor institutions, where there is clear interest and understanding, but a lack of resources to embed progressive procurement in reality. The development of anchor networks, however, is a positive step forward. These arenas provide the opportunity to work together on shared objectives - such as the wider-determinants of health agenda – to share examples of good practice and positive outcomes, and to collaborate on shared social value objectives. There is a lack of clarity, however, about the best geographic level for coordinating these initiatives. The London Anchor Institutions' Network (LAIN) suggests networks should work at the neighbourhood level.⁵¹ Nationally, many have been developed at a unitary local authority level (with occasional intra-authority collaboration at the level of the combined authority, for example in the West Midlands).

Case Study

The London Anchor Institutions' Network (LAIN) – Procurement

As a direct response to the pandemic and the recognition that communities had been unequally affected, the London Anchor Institutions Network set out a charter with a commitment to restore confidence in the city; minimise the impacts on communities; and build back better the city's economy and society. Anchor institutions pledged to address deep structural inequalities.

The procurement goal agreed by LAIN is to support inclusive economic growth by buying a greater share of goods and services from London-based micro, small, medium-sized and/or diverse businesses.

Interventions have included:

- Running a Meet the Buyer event for MSMEs to connect directly with LAIN members to learn how to access procurement opportunities and enter their supply chains
- Production of guides for MSMEs on public sector procurement and demonstrating social value
- Simplification of LAIN members' procurement documentation (e.g. terms and conditions)
- Reserving contracts specifically for MSMEs
- Developing a database of diverse-owned businesses to whom procurement opportunities can be marketed
- Producing e-learning modules for junior procurement officers and other staff involved in commissioning to raise awareness of procuring from MSMEs and how to reduce barriers they face

Cost of non-intervention

Procurement processes can work sympathetically with local economies or against them. There are opportunities to develop systems that shift the balance in favour of local and regenerative suppliers. It is difficult to estimate the cost of non-intervention. There appears to be a lack of comprehensive data on the amount of procurement spend that has to date been shifted away from larger corporates to smaller entities. LAIN suggest that the impact of their anchor network has been to boost the economy and create jobs by creating a £1.2bn spend with London's small and diverse businesses, but it isn't clear how much of this is new spending in that sector.⁵² NHS London, however, did pledge to increase its annual spend with SMEs in London from 9% to 20%. This represented an uplift of over £312m to micro and small businesses, voluntary, community and social enterprises by the end of 2023.⁵³ It is estimated that nationally £6bn of NHS consumables are purchased from overseas suppliers.⁵⁴ A similar analysis for local government is not available. There are clear opportunity costs associated with local procurement but it is also important that these are not exaggerated. The total public sector procurement expenditure as a percentage of GDP is estimated to be 15% compared with household consumption which accounts for 60% of expenditure.⁵⁵

The procurement process also allows for the development of value-based relationships with suppliers and opportunities to influence the development of environmental, social and governance (ESG) and corporate social responsibility (CSR) expectations through social value arrangements.

Policy Horizon

The current Government has sought to reform the UK's EU law-based procurement rules. It has argued that reform will make procurement simpler, quicker, more transparent and less bureaucratic. The new Procurement Act 2023 which will come into effect this year, includes a new duty on contracting authorities to consider the barriers faced by SMEs and social enterprises, and to explore ways of overcoming them. This includes ensuring that the procurement process and requirements are proportionate, that timescales are appropriate, and that pre-market engagement is diverse. It will take time for public bodies to implement these changes and secondary, enabling legislation is due later this year.

While support for policies that might specifically favour cooperatives and broader social economy endeavours in these processes are currently minority positions, the Labour Party has expressed an ambition to expand the sector (see below, Section 04, Social Economy) and that may well be reflected in the way these wider policy proposals are played out.

Recommendations

Whole-organisation objectives for progressive procurement outcomes are required in order to address competing priorities. The current financial climate places severe constraints on local government and, in the absence of a realistic national settlement, these pressures will continue. It is nevertheless very important that **organisational values and objectives are instilled across departments and are reflected in the procurement process**. Sector-by-sector guidelines should be worked up to ensure best value outcomes for the local population. Part of this process is to **ensure a level playing field for locally based SMEs, cooperatives and social enterprises**. This should include increasing the transparency of the process, splitting large contracts into smaller lots, and ensuring that support is available to local suppliers, which ensures that they are aware of the opportunities and can compete equally.

There are clear opportunities to build on the progress of LAIN to explore other cross-borough collaborations. This might include **peer to peer support for procurement officers and commissioners across public sector institutions in central London**. Where systems allow, this might also include **collaboration on the measurement of local spend**, disaggregated by geography, scale and nature of business (including SMEs, Social Enterprises/Cooperatives), and those that are women- and BAME-owned.

Boroughs should develop and share their procurement expertise in economic sectors of local significance. This would also provide opportunities to share learning at a CLF or London-wide level (through the London Anchor Institutions' Network, for example). Some **boroughs may wish to establish their own Anchor Network or network of influence**, where this does not already exist, and do their own focused spend analysis, but the **development of cross-boundary networks appears more suited to the London economy**.

Crucially, there is a desire and opportunity for boroughs to **collaborate on the development of a single framework for social value requirements across central London, with shared guidelines on how social value is defined and monitored, good practice toolkits and training and capacity building**. This could be linked to the co-ordinated monitoring and evaluation of the impacts of social value procurement requirements across CLF on outcomes in central London to build the case for progressive procurement and demonstrate proof of concept.

Anchor institutions across CLF should explore the **creation of a progressive procurement network** and agree a handful of outcomes that the network will support (e.g. Good Work Standard).

Nationally, **a single Whitehall framework is required to complement new procurement legislation** and promote progressive approaches across government departments and agencies. This should **incentivise the payment of the Real Living Wage across all businesses, include collective bargaining arrangements and fair wages clauses and**

strong equality policies, adhere to high environmental standards, and promote investment in local economies.

Recommendations		
2.1	Develop whole-organisation objectives for progressive procurement outcomes, and set out clear guidelines on a sector-by-sector basis.	Local Authority
2.2	Develop progressive procurement strategies that aim to shift the balance in favour of locally based SMEs, Cooperatives and Social Enterprises.	Local Authority
2.3	Develop and share their procurement expertise in economic sectors of local significance.	Local Authority
2.4	Some boroughs may wish to establish their own Anchor Network or network of influence, where this does not already exist, and do their own focussed spend analysis.	Local Authority
2.5	Build on the progress of the London Anchor Institutions' Network to explore other cross-borough collaborations.	Greater London Authority/ CLF
2.6	Promote peer to peer support for procurement officers and commissioners across central London.	CLF
2.7	Collaborate where systems allow on the measurement of local spend, disaggregated by SMEs, Social Enterprise/Cooperatives, and women and BAME-owned businesses across central London.	CLF
2.8	Develop a single framework for social value requirements across central London, with shared guidelines on how social value is defined and monitored, good practice toolkits and training and capacity building.	CLF
2.9	Ensure co-ordinated monitoring and evaluation of the impacts of social value procurement requirements across CLF on outcomes in central London.	CLF
2.10	Engage anchor institutions across CLF to create a progressive procurement network.	CLF
2.11	A single Whitehall framework to complement new procurement legislation and promote progressive approaches across government departments and agencies.	Central Government

03 GOOD WORK

Theme introduction

An inclusive economy is one that provides good and fulfilling work in healthy workplaces. However, wages have fallen in real terms over the last decade, in-work poverty has risen and insecure work is a serious issue in many central London boroughs (see above Sections 1.2 and 2.5). The Taylor Review has also highlighted how poor mental health results from poor quality work. It suggests that 15% of people at work have symptoms of an existing mental health condition.⁵⁶

There is a close association with low wages and limited access to benefits such as sick pay, holiday pay, and pension contributions. This leaves workers vulnerable to financial instability and can contribute to income inequality.

Workers in insecure jobs may also experience underemployment, where they desire more working hours than they are able to secure. This can result in financial strain and hinder career progression. There is also a lack of career progression opportunities and skill development compared to more stable employment. This can contribute to a cycle of low-wage and low-skilled work.

Certain groups, such as women, ethnic minority and young workers, are disproportionately affected by insecure work. This can contribute to existing inequalities in the labour market. Workers in these jobs are less likely to join unions or engage in collective action due to fears of job loss. This can contribute to a wider erosion of workers' rights and bargaining strength. Migrants are particularly vulnerable to exploitation and modern-day slavery.⁵⁷

The Chartered Institute of Personnel and Development believes that good work is fundamental to individual wellbeing, supports a strong, fair society, and creates motivated workers, productive organisations and a strong economy.

They define 'good work' as work that which:

- Is fairly rewarded
- Gives people the means to securely make a living
- Provides opportunities to develop skills and a career and gives a sense of fulfilment
- Delivers a supportive environment with constructive relationships
- Allows for work–life balance
- Is physically and mentally healthy for people
- Gives people the voice and choice they need to shape their working lives
- Is accessible to all
- Is affected by a range of factors, including HR practices, the quality of people management and by workers themselves.

Overview

Good work initiatives established as a part of a broader suite of interventions have taken the form of employer pledges or standards that seek to ensure a more inclusive economy by promoting fairness, equality, and opportunity for all individuals, regardless of their background, gender, race, or other factors. These initiatives are designed to improve

working conditions, create equitable employment opportunities, and foster a sense of belonging and diversity in the workplace.

Often these initiatives focus on:

- Eliminating discrimination in the hiring process and ensuring that all individuals have equal access to job opportunities. This helps to create a diverse workforce that reflects the broader population
- Advocating for fair wages, including the Real Living Wage, and other benefits for all employees, irrespective of their demographic characteristics
- Closing the gender and ethnic pay gap, addressing wage disparities, and providing comprehensive benefits
- Recognising that workers should have a voice in the workplace and are entitled to trade union representation

They also emphasise the importance of diversity and inclusion in the workplace. This involves creating an environment that respects and values differences, fostering a culture of inclusion, and providing equal opportunities for professional growth. Flexible work arrangements, such as remote work options, flexible hours, and parental leave, can also contribute to a more inclusive economy. This allows individuals with diverse needs and responsibilities to participate in the workforce more effectively.

Prominent examples include:

- Mayor of London/GLA Good Work Standard⁵⁸
- Greater Manchester Combined Authority Good Employment Charter⁵⁹
- The North of Tyne Good Work Pledge.⁶⁰

These initiatives also include criteria that recognise the value of training and skill development programmes, which ensure that employees have access to continuous learning opportunities and progression in the workplace. This is particularly important for individuals from underrepresented groups who may face barriers to skill acquisition and career advancement. There are potential opportunities to link 'good work' accreditation schemes with any skills development programmes.

Initiatives of these types aim to foster an inclusive economy by addressing systemic inequalities, promoting diversity and inclusion, and ensuring that workplaces are fair, supportive, and accessible to all individuals. These initiatives contribute to building a more equitable and just society. There are many good models, and the lessons that have been learned need to be drawn out and shared with other employers.

Employers are encouraged to apply for recognition as good employers through the schemes and provide evidence of compliance. Most of the central London boroughs are signed up to the Mayor's Good Work Standard and all are accredited as London Living Wage employers through the Living Wage Foundation.

Sector specific initiatives include Westminster Works, which is focussed on improving conditions, rewards and progression opportunities in the hospitality and leisure industries (see Case Study, below).

There is also the potential to use planning permission conditions to drive better employment. Lambeth Council are rolling out new co-working buildings across the borough. The planning conditions specify that tenants will pay the London Living Wage to employees.⁶¹

Challenges

Schemes of this nature are powerful and easy to understand, but there are limitations.

A lack of knowledge about employment rights and responsibilities among employers as well as employees was noted by workshop participants. This is particularly problematic among small businesses, and for workers whose first language is not English. Options to address this could include: employment rights hubs; working locally with community organisations; and promoting awareness of employment rights through SME business support activity.

Social care is an example of a sector where the public sector ‘makes the market,’ yet it is infamous for bad working conditions, exploitation, and low pay. Efforts have been made in London boroughs to improve matters in this sector, with Camden Council ensuring that all staff working in care homes are paid the London Living Wage, and with Hackney supporting the development of an Equal Care Cooperative for the provision of domiciliary social care. Several central London boroughs have signed up to the UNISON Ethical Care Charter.

There is also a general recognition that not all employers are in a position to pay the Real Living Wage in this period of high inflation and economic stagnation. Employers in voluntary and community sectors, and small and medium size enterprises, may struggle, for example, while otherwise offering good employment opportunities.

Case Studies

The Mayor of London’s Good Work Standard

The Mayor's Good Work Standard aims to improve working lives for Londoners by bringing together best employment practice and links to resources and support from across London to help employers improve their organisations.

It is a free accreditation programme that provides employers with a set of best employment practices alongside information and resources to help achieve them.

The initiative has been developed in collaboration with London's employers, trade unions, professional bodies and experts and it sets the benchmark the Mayor wants every London employer to work towards and achieve.

Organisations able to meet the Good Work Standard criteria can apply for accreditation and recognition as leading employers from the Mayor.



Fair pay and conditions
(Pay, contracts and financial wellbeing)



Workplace wellbeing
(Workforce dialogue, working with trade unions, health and wellbeing and work-life balance)



Skills and progression
(Management and leadership, skills and development and in-work progression)



Diversity and recruitment
(Equality, diversity and inclusion and recruitment practice)

Lewisham Council: Business rates discounts for Living Wage employers

Lewisham Council was the joint first local authority to become a Living Wage employer in 2012. However, the wider local economy still has a significant number of workers on low pay, with 15% of workers in the borough paid below the London Living Wage.

The council **is committed to promoting the London Living Wage** across the borough, **and to supporting more employers to become accredited Living Wage employers.**

In order to promote the Living Wage, Lewisham Council offers incentives to employers who do the right thing and commit to the Living Wage. Employers that become accredited with the Living Wage Foundation are eligible for a business rates discount worth up to £6,000.

In addition to the business rates incentive, Lewisham Council also incentivises Living Wage accreditation through its procurement. The Living Wage is also a central focus of the Lewisham Deal, the network of anchor institutions which seeks to improve job quality and drive inclusive growth in the borough.

Newham Council: Employment Rights Hub

Newham Council launched their employment rights hub in 2021. The hub is part of the Council's community wealth building agenda, which seeks to ensure that the benefits of economic growth in Newham are widely locally.

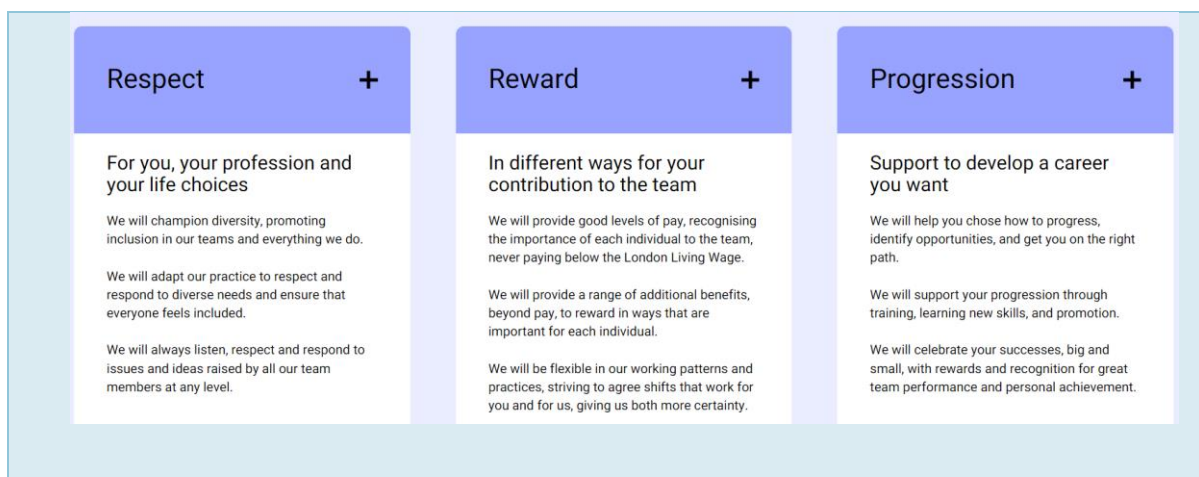
The hub was set up after the Council identified a widespread challenge with employment rights abuse, but a lack of support for individuals affected. The first of its kind in the UK, the hub aims to prevent and tackle employment rights abuse, through advising residents on their rights at work.

The hub provides free confidential support and advice for Newham residents. This includes advice relating to:

- **Support for employees who lose their job, including advice on redundancy pay, unfair dismissal, notice periods and pay;**
- **Fair and equal treatment at work;**
- **Rights for families and parents;**
- **Pay, including the minimum wage and equal pay;**
- **Working hours and conditions;**
- **Health and safety at work;**
- **Rights to request flexible working and hours**

Westminster Works

Over 400 businesses benefiting from the Westminster Works recruitment scheme have signed up to a pledge to offer more flexible work, more certainty and a better work / life balance. 407 businesses have been supported and 452 London Living Wage vacancies have been filled to date.



Cost of non-intervention

The implications of not acting on insecure work and poverty wages are significant as there are wider cost implications. The Health Foundation have identified a close relationship between low quality work and bad health and claim it is just as bad, if not worse, than the relationship with unemployment.

- Proportionately more than twice as many (3.8%) employees with low job security and employees with low job satisfaction (3.8%) report poor health status, compared with all employees (1.6%)
- Nearly a quarter (24%) of employees with low job satisfaction report their general health to be fair or poor, compared with 15% of employees experiencing low pay
- The proportion of employees with low job security reporting a fair health status is 8.6 percentage points higher than the average across all employees⁶²

The Living Wage Foundation has also highlighted the connection between low pay and poor mental health.⁶³

There are therefore clear potential savings to the Exchequer through the impact on health, as well as potential revenue benefits derived from additional NI and tax contributions.

Policy Horizon

The Conservative Party conducted a review of modern employment with a view to improving job quality in 2017, but have not fully implemented the findings.

Emerging themes among those developing policy propositions in anticipation of an election next year include an emphasis on good work, making work pay, and improving employment rights associated with more sustainable prosperity plans.

The Labour Party has set out a series of commitments as part of their planned New Deal for Working People. This includes a commitment to ending in-work poverty, introducing a genuine living wage, establishing Fair Pay Agreements in adult social care, and banning the use of zero hours contracts and 'fire and rehire' practices. They have also committed to strengthening the law to enforce workplace rights.⁶⁴ Proposals also include repealing some of the latest trade union controls, simplifying the process for union recognition, and ensuring that unions have access to all workplaces for recruitment purposes.

There is a growing consensus that the conditionality regime in universal credit (UC) is not working, and that a tailored approach that fosters genuine engagement should be adopted by jobcentres.⁶⁵ People navigating the welfare system are too often forced take up jobs that lack flexibility and career progression while offering little in income security. Indeed, the DWP's harsh sanctions and the conditionality regime underpinning it is contributing to 55% of workers on UC working in severely insecure jobs.⁶⁶ The DWP's work-first, or any-job, better-job, career (ABC) approach is not only bad for people, but bad for businesses too.⁶⁷

The government are committed to the ABC approach, and have taken steps to bring more people on social security within the scope of conditionality. The purported aim of recent reforms has been to support more people into work, however the OBR has forecast that the upcoming changes in the eligibility of the health element of UC will reduce income support for 370,000 people while only increasing employment by 10,000.⁶⁸

Some within the Labour frontbench have openly criticised ABC, stating "just any job won't work - it's got to be the right job, the right journey at the right speed". It should however be noted that Labour has not adopted a formal policy on conditionality beyond reducing the prevalence of sanctions.⁶⁹

A national move from a minimum wage to a Real Living Wage, at a rate set by an independent arbiter would also ameliorate 'in-work poverty' without the need for voluntary accreditation schemes. At the 2023 Labour conference, Angela Rayner MP promised to raise the floor on wages "with a genuine living wage that working people can actually live on".

Recommendations

While considerable progress has been made by the London boroughs, including a universal commitment to the London Living Wage, there are further actions that could be taken. The principle of leading by example is key to expanding good work initiatives. This might be, for example, by **undertaking reviews of their own employment standards and practices**, with a commitment to think beyond just pay and hours and to incorporate wider aspects of good work.

It is essential that these practices are rolled out and mainstreamed. Boroughs should, for example, **set ambitious targets to increase the proportion of their residents that receive the London Living Wage by 2030 and promote adherence to the Good Work Standard**, using procurement, conditions on access to public goods and services, and business support and advice to drive change. There are clear opportunities for boroughs to collaborate more closely with the GLA to promote the Mayor's Good Work Standard.

Boroughs are also in a position to **use their employment support services to provide employment rights support targeted and tailored support to vulnerable groups**.

Options to address this could include: employment rights hubs; working locally with community organisations; employment rights awareness as part of business support for SMEs; the provision of written advice targeted at specific groups such as migrant groups, especially those without English as their first language.

Boroughs should also **engage employers via employment support services, which could be expanded to be 'job brokerage services'**. In this format, boroughs can work with engaged employers at an early stage to ensure good work practices in participating organisations.

Planning powers should also be used to ensure that appropriate provision is being made in new commercial spaces to support job quality. For example, this could include: physical space for worker wellbeing, the assurance of provision of affordable workspace, skills enhancements, and energy infrastructure that helps ensure lower long-term energy costs. The Living Wage Building example in Lambeth should also be emulated elsewhere.

Working together, boroughs could **jointly target sectors of common concern with poor employment practices across CLF** (e.g. social care, childcare, retail, hospitality, and logistics) to get employers to sign up and adhere to the Good Work Standard and support worker-led redesign of roles. Worker groups in these sectors can help to better define the conditions that would support their wellbeing at work.

Research should be undertaken at a central London level to fully understand the impacts – positive and negative – of high-GVA areas of the economy on the population employed in support services to these businesses. This should identify how support roles might be improved to ensure they are more inclusive, offering progression opportunities for local people, ensuring that their workforce reflects the local population, and providing good work through their supply chains. Boroughs should build on the findings to produce an inclusive economic development strategy for the London's Central Activities Zone.

Intervention is ultimately required at a national level. **Fair pay agreements that provide basic rights and protections in key sectors, should be mandatory**, including new regulations on pay and pensions, working time and holidays, training, work organisation, diversity and inclusion, and health and safety. **The National Living Wage should be raised to the level of the 'real living wage'** to reflect the true cost of living and a London weighting should be included.

Employment support is best delivered at a local level by those who understand the local employment market. **Central Government should accelerate the devolution of power and resources to design and deliver employment support locally**, in line with broader local economic development strategies. Conditionality requirements drive people into any jobs available. **Provision should instead ensure that plans are developed and agreed with people about the sort of work they would like to do, with a focus on secure and well-paid roles with opportunities for progression.**

Good work schemes need to be properly resourced. **A Good Work Fund should be developed to resource accreditation and ongoing support of SMEs working to improve their good work standards.**

Legal Aid support is lacking for those challenging unfair employment arrangements. **National reforms are required to expand its availability and to widen its scope to include, for example, claims common in exploitative labour practices**, such as unauthorised deduction of wages or a failure to pay the National Minimum Wage.

A greater focus is required on employment rights. Local Government should be adequately resourced and given new powers of enforcement.

Recommendations

3.1	Boroughs should undertake reviews of their own employment standards and practices.	Local Authority
3.2	Boroughs should set ambitious targets to increase the proportion of residents that receive the London Living Wage by 2030 and promote adherence to the Good Work Standard.	Local Authority
3.3	Boroughs should use their employment support services to provide specifically targeted and tailored support to vulnerable groups.	Local Authority
3.4	Boroughs should engage employers via employment support services.	Local Authority
3.5	Sector specific minimum job requirements should be rolled out to other sectors.	Local Authority
3.6	Planning powers should be used to ensure that appropriate provision is being made in new commercial spaces to support job quality and skills enhancements.	Local Authority
3.7	Collaborate across the GLA to promote the Mayor's Good Work Standard.	Greater London Authority
3.8	Joint targeting of specific sectors with poor employment practices to get employers to sign up and adhere to the London Good Work Standard.	CLF
3.9	Research should be undertaken at a central London level to fully understand the impacts – positive and negative – of high-GVA areas of the economy on the population employed in support services to these businesses.	CLF
3.10	Boroughs should collaborate to produce an inclusive economic development strategy for the CAZ area to implement findings.	CLF
3.11	Roll out Fair Pay Agreements to provide basic rights and protections in key sectors.	Central Government
3.12	Raise the National Living Wage to reflect the true cost of living and introduce a London weighting.	Central Government
3.13	End the use of conditionality to drive people into any jobs available and instead reform provision.	Central Government
3.14	Accelerate the devolution of power and resources to design and deliver employment support at a local level.	Central Government
3.15	Set up a good Work Fund to resource accreditation and ongoing support of SMEs.	Central Government
3.16	Increase Legal Aid support available and widen its scope to include claims common in exploitative labour practices.	Central Government

04 SOCIAL ECONOMY

Theme introduction

A bigger and stronger social economy presents a counterweight to the profit-oriented model of economic development exemplified in much of central London. This drives the extraction of wealth from the local economy and reproduces the problems described in the first part of this report: low pay, insecure employment, and high levels of inequality.

Social Economy

The term social economy refers to a broad range of businesses and organisations where profits are retained by members and/or re-invested to deliver community benefit, often alongside democratic structures of ownership and control, and a focus on ethical and community-based outcomes. This includes a variety of organisational models including cooperatives and some social enterprises, which can be incorporated under many different legal forms – for example, community interest companies, cooperatives, municipally owned companies, mutuals, employee-owned companies or charities with trading arms.

Growing the social economy can play an important role in strengthening local economies and driving economic inclusion. Social businesses help build a wider base of local economic power, provide affordable services, and promote inclusivity in employment and decision-making processes. In particular, supporting the social economy can lead to:

- **Bigger local economy:** Like other businesses, the social economy generates employment and income. But in addition, the profits generated in the social economy are more likely to be reinvested, and reinvested locally, rather than transferred to far removed shareholders. This leads to further economic activity through local multiplier effects.⁷⁰
- **Fairer local economy:** Organisations in the social economy distribute the wealth they create more equitably. For example, evidence shows that cooperatives not only have smaller pay ratios, but also smaller gender pay gaps than other businesses.⁷¹
- **Lower cost of services:** Social businesses can sometimes provide more affordable services as they do not have a specific required rate of profit. While they must cover costs of providing services (including equitable wages), ensure quality of end-product, and pay back investors, they do not require the same high rate of immediate profit as commercial businesses. This is of particular relevance in the provision of foundational services such as social care or food retail, where high profit requirements throughout the supply chain lead to significantly higher consumer prices than could otherwise be the case considering the relatively long-term and low-risk nature of these activities.⁷²
- **Stronger communities:** Cooperative models, in particular, emphasise democratic ownership and control, ensuring that decision-making power is distributed among members or stakeholders. This fosters a sense of community engagement and empowerment, as individuals have a direct say in an organisation's direction and priorities, and these priorities will in turn be more likely to reflect community needs.

- **Greater resilience:** The community-oriented nature of cooperatives and social enterprises fosters a commitment to long-term sustainability. Evidence suggests that they are more resilient compared to commercially orientated SMEs, and diversified ownership with emphasis on local markets can help buffer communities from the negative impacts of global economic fluctuations.⁷³

While conceptually different, there can be an overlap between social businesses and the voluntary and community sector, which also helps to build the community capacity needed to grow the social economy. Similarly, there is some overlap between the social economy and locally owned micro businesses that are often employee-owned and reinvest resources by the very nature of their scale and activity.

Overview

The social economy benefits described above provide a strong argument for local authorities to direct spending power towards social businesses and offer other forms of support to help grow the social economy. This is reflected by a number of existing initiatives in central London boroughs, spanning voluntary and community sector grants; business grants and finance; business support and development programmes; affordable workspace provision; and discretionary rate reliefs. Examples include:

- Hackney Council has announced that at least 50 cooperatives and social enterprises in the borough will be able to access dedicated business support as part of a larger training and advice programme, to be delivered by the Council.⁷⁴ Partners include Hackney Cooperative Developments, the Social Founders Network and the East End Trades Guild.
- Islington Council has been working with local cooperatives to develop a bespoke cooperative development programme, Cooperate Islington (see below).
- Camden Council is working on several ambitious social finance initiatives, including the development of a self-sustaining Community Wealth Fund and a recent introduction of Match Trading fund (see below)
- Southwark is one of six Local Access places in England, and the Southwark Local Access Partnership Enterprise Development specifically focuses on the development of minority and female-led organisations in the social economy.

A number of UK Shared Prosperity Fund supported initiatives are also being developed that will contribute to this agenda, including potentially through a pan-London activity.

However, it is important to recognise that the social economy only represents a small slice of central London's employment and economic output at present. Quantifying the exact, size of London's social economy is also riddled with issues related to unclear definitions, multiplicity of legal forms, and limited data availability. While cooperatives only represent one part of the social economy, it is illustrative that there are only 407 cooperatives recognised by Cooperatives UK registered in central London with estimated employment of less than 2,500 people (excluding John Lewis).

This is a reflection of the challenges faced by social businesses, and by local authorities in attempting to steward economic activity in their respective areas. Some of these challenges are listed below and addressed through the subsequent recommendations.

A key learning from the more recent and more ambitious local authority initiatives aimed at the social economy is that challenges faced by social economy organisations vary, and there is a need for targeted, sector-specific support. Correspondingly, an overarching theme in our recommendations is the need to target support in specific sectors where the case for changes to business-as-usual models is particularly strong and perhaps most easy to deliver, such as in the social care and community energy sectors.

Challenges

- Organisations operating in the social economy find it difficult to access finance. Social economy organisations often cannot easily access commercial finance in its most standard forms, and there are often few suitable alternatives that could be more easily accessed, such as long-term blended finance.
- Local authorities do not have the financial and organisational resources, funding discretion, and financial security to develop the multi-year, targeted support programmes needed to grow the social economy.
- Social economy organisations need consistent partners and champions in their local authorities, but local councils are often lacking in understanding of the social economy and how to provide council-wide commitment to the sector. With notable exceptions, relationships are often reliant on individual officers, and support is small in scale. In particular:

There is a lack of London-specific examples of good practice and success, and limited buy-in into the merits of supporting the social economy across different council departments. The lack of organisation-wide commitment also affects the ability of local authorities to use procurement as a lever to support the social economy.

Similarly, the use of public land and assets is often guided by immediate financial pressures and considerations, rather than long-term strategic priorities for delivering social value.

Most local authorities do not recognise their potential role as a social finance provider and facilitator, and feel more comfortable in the realm of smaller scale programmes of non-repayable grants.

Case studies

Cooperate Islington

Cooperate Islington is a consortium of local cooperatives in Islington, working in partnership with Islington Council to build a Cooperative Development Agency. Originally funded through a £250,000 COVID recovery grant, by the end of 2022 the programme had delivered £150,000 of direct grants for 19 start-up cooperatives matched with one-to-one advice, training sessions, workspace, and networking opportunities. The programme also included working with large anchor institutions in the borough to help grow local supply chains and embed local, ethical suppliers into these.

Social Investment in Camden

In 2023, Camden Council unveiled plans to set up a social investment fund – the Camden Community Wealth Fund – with a focus on resident initiatives, businesses, and organisations that deliver social value and who face barriers in accessing finance via more traditional investment routes. The fund will provide patient finance through equity-based investment and repayable loans, as well as non-repayable grants, and also alongside non-financial support such as business advice, and access to work or market spaces. The council plans to put £30m into the fund over the long term, starting with a smaller amount. Overall the fund will aim to make healthy returns on investment, becoming self-sustaining over time.

Camden has also been experimenting with smaller blended finance schemes. In 2023, it opened the second round of the Future Camden Fund which will award £350,000 to start-up businesses and social enterprises, alongside business support to recipients including mentoring, learning courses and peer support. The fund was developed together with Action for Race Equality and the School for Social Entrepreneurs, and focuses on two types of funding - loans and match-trading grants which match new trading income pound-for-pound with a grant.

Cost of non-intervention

The opportunity presented by a stronger social economy is as big now as ever. While incomes have been squeezed by high inflation and many struggle to afford life necessities, the largest companies within some sectors including energy, food manufacturing, logistics, private care and retail have protected and even driven up their profit margins.⁷⁵

There are several sectors where the case for growing a social economy as an alternative to the status quo is particularly strong – energy, adult social care, and childcare. These are sectors with major market failures, or where the state plays an important role in service provision. In these sectors, local and national government has the power to substantially shape the market, and non-intervention will only see worsening outcomes for employees as well as service users.

Energy is explored in some detail in the next chapter. Both social care and childcare are growing parts of the economy facing workforce crises with substantial current and projected workforce shortages, low pay, and poor working conditions. Solving these workforce crises will require increased funding for care, but it is also an opportunity to grow the social economy instead of reinforcing the dominant extractive model of care delivery.⁷⁶

Striking research in adult social care has shown that while wages represent the largest cost in adult social care delivery, for every additional £1 paid to care providers, just 14p in care homes and 18p in homecare makes its way to care workers' pay. Private, for-profit providers and those managed by a national chain are least likely to distribute the benefits of improved social care commissioning and improved employment standards.⁷⁷

Policy horizon

The Labour Party has set out several proposals relating to the social economy. In particular, these are the pledges to:

- Double the size of the cooperative economy⁷⁸

- Facilitate more patient investment in the economy by reforming the British Business Bank, convening BBB Regional Funds, and crowding in investment – including from pension funds.⁷⁹
- Set up a National Wealth Fund to invest in new industries.⁸⁰

In addition, both the Government and the shadow cabinet have signalled moving away from competitive funding pots in some areas of local government funding, and recent devolution deals set precedent for longer-term financial settlements. If these principles were extended to other parts of local government finance, this would enable local authorities to deliver longer-term and better programmes aimed at growing the social economy.

Recommendations

Creating the conditions under which the social economy in central London can grow requires collaborative and coordinated action across different levels of government. The recommendations below build on learnings from recent local authority initiatives and respond to common challenges faced by social businesses, such as difficulties in accessing finance.

They also reflect the fact that the social economy in London is, at present, small, and that challenges differ considerably from economic sector to economic sector – hence our focus on mobilising efforts in specific sectors.

Individually, local authorities can get started by:

- **Producing analyses of local authority and anchor institution supply chains** to understand the opportunities to grow social economy through procurement. The combined spending power of the wider public sector (including the NHS) and large organisations like universities, is much higher than that of local councils alone.
- **Adopting local targets to double the size of the social economy in strategic documents and identifying priority sectors** – for example social care, childcare, housing construction and retrofit, or energy. Priority sector identification should reflect the make-up of the local economy, opportunities presented by procurement, and the strength of the case for intervention (e.g., prevalence of poor employment practices). Integrating targets into corporate and economic development strategies is a first step on the path to an organisation-wide commitment.
- **Building skills and capacity in relevant local council teams.** In particular, there is limited understanding of finance needs in the social economy, different models of finance, and the role that local councils can play in facilitating access to it.
- Local community capacity is a pre-condition of social economy growth. To set the seeds for future social economy start-ups, local authorities need to **invest in capacity building programmes for community groups**. These should prioritise local groups with links to the priority sectors and those at the sharp end of the local labour markets – often women, migrant communities, and (other) minority groups.

The potential for collaboration on a sub-regional or regional basis is particularly strong in some areas:

- We recommend boroughs should explore the potential for **commissioning and maintaining a London-wide Social Economy Directory**. Such a directory would give local authorities a better understanding of the composition and shape of the local social economy, and could be used for procurement as well as the development of other effective strategies. As a starting point, the directory could focus on a small number of priority sectors. Different models for identifying social businesses should be explored, including elements of self-identification or certification.
- Cooperatives and other social businesses face specific challenges, further differentiated by the specific economic sector in which they operate. To be able to provide effective support, boroughs should join forces and build on borough-level initiatives such as Cooperate Islington, and the London Ownership Hub programme launched by Greater London Authority, Co-operatives UK and Employee Ownership Association, to **create a London Cooperative Development Agency**. The agency could provide business advice tailored to cooperative business models; help identify funding and finance opportunities; act as a broker between social businesses and anchor institutions; and facilitate cooperative consortia to tender for larger contracts.
- Boroughs should **pool resources for cooperative economy pilots in priority sectors**, jointly bidding for SPF if renewed. These pilots would provide valuable lessons and a precedent for all boroughs to follow.
- Boroughs should **collaborate on the provision of finance to support start-ups and scale-ups in the social economy**, for example through a sub-regional Community Wealth Fund supported by seed funding from public sector pension funds. The model should learn from recent borough-level initiatives, encompass a range of finance options including blended finance and should target social businesses alongside locally owned minority-led businesses.

While a broad set of changes is needed create the right environment for the growth of the social economy, Central Government should facilitate this local action by:

- **Giving the British Business Bank a mandate to support the social economy** and to work with the regions on this. The bank should be mandated to establish a specialist function to understand and support the growth of the social economy; supply a share of patient capital into the social economy; and work with local areas to provide capital into local social investment funds alongside advice and expertise.
- **Creating and devolving a Cooperative Development Fund** in order to support the local growth of the cooperative sector, including cooperative start-ups and scale-ups as well as employee buyouts and the cooperatisation of existing businesses.

Recommendations

4.1	Produce analyses of local authority and anchor institution supply chains to understand opportunities in procurement	Local Authority
-----	---	-----------------

4.2	Adopt local targets to double the size of the social economy in strategic documents and identifying priority sectors	Local Authority
4.3	Building capacity in relevant local council teams	Local Authority
4.4	Invest in building capacity in community groups, especially those at the sharp end of the local labour market	Local Authority
4.5	Commission and maintain a London-wide Social Economy Directory	Greater London Authority, London Councils
4.6	Create a London Cooperative Development Agency	Greater London Authority, London Councils
4.7	Pool resources for cooperative economy pilots in priority sectors	Groups of local authorities
4.8	Collaborate on the provision of finance to support start-ups and scale-ups in the social economy	Central London Forward
4.9	Mandate the British Business Bank to support social economy and work with regions	Central Government
4.10	Create a devolved Cooperative Development Fund	Central Government

05 COMMUNITY ENERGY AND RETROFIT

Theme introduction

Community energy and retrofit are two key areas where social economy growth could play a significant role in developing a more inclusive local economy. On the one hand, the transformation of our energy supply from centralised energy generation to a system based on distributed generation of renewable energy presents new opportunities for local, community owned energy schemes. On the other hand, the need to improve energy efficiency across our building stock will generate significant demand that could be met by social economy suppliers. In practice, the two – community energy generation and building retrofit – often go hand in hand.

Community projects carry similar benefits as the wider social economy, including bigger and fairer local economy and stronger communities. In particular, community energy projects can lead to:

- **Bigger local economy:** Community energy can stimulate local economy via new local jobs and the retention of wealth in the local economy through investor dividends, reduced energy bills, and local project spend. In turn, greater spending can take place in the local economy, stimulating indirect and induced multiplier benefits.
- **Increased resilience and energy security:** Communities involved in energy projects gain a degree of energy independence by reducing energy use and producing their own power. This leads to reduced dependence on external sources, increased resilience, and a more secure energy supply.
- **Stronger communities:** Local energy projects empower communities to actively participate in and control their energy need and production. By involving residents in decision-making processes, they enhance community engagement, cohesion, and a sense of ownership.
- **Better institutions:** Successful community energy projects often involve collaboration with local government, creating a positive partnership between communities and public institutions. This collaboration can lead to more effective policies that support the expansion of community energy initiatives, as well as similar initiatives in other sectors.

Central London Overview

The UK is lagging significantly behind our European counterparts, such as Germany or Denmark, in community energy development. In particular, there has been a considerable decrease in activity across the country since 2015 as the national community energy strategy, associated funding, and energy market arrangements were disbanded.

In London, some progress has been made both before and since 2015, and there are now many successful community energy projects – in part due to support from the Mayor of London and individual local authorities. However, the scale and number of existing projects is still marginal compared to London's potential.⁸¹

Many local authorities in central London introduced community energy funds, and in some cases already administered several rounds of funding – this includes Hackney, Southwark, Haringey, Lewisham, or Islington. There is also a scheme led by the Mayor of London. These typically provide funding for elements of feasibility and pre-feasibility, as well as capital funding for projects.⁸²

Alongside opportunities for community energy generation, a huge challenge for the years and decades ahead is comprehensively retrofitting London's housing stock, with buildings responsible for nearly one third of London's emissions. Alongside individual community and local authority-based initiatives across the capital, London Councils' Retrofit London is at the forefront of the collective effort to scale up retrofit in London, bringing together local and regional government, the private sector, and community organisations, and producing action and implementation plans.⁸³

While local authorities in England do not have a statutory duty to oversee local energy transition, councils across London are in the process of developing Local Energy Action Plans (LAEPs) in response to declarations of a climate emergency.⁸⁴ LAEPs will provide a holistic and costed data-driven spatial plan that identifies the change needed to the local energy system and built environment to achieve net zero. LAEPs are co-developed with local stakeholders and present an opportunity to identify new community energy sites, as well as to provide a basis for joint working between public sector, anchor institutions, and community initiatives.⁸⁵

Challenges

- Community energy initiatives are often missing a strong partner in local authorities, where climate teams tend to be small and lack capacity. As a result, some community energy organisations have not been able to establish a working relationship with their local councils. In other cases, climate teams have limited influence over important decisions and are disempowered by siloed working in council structures.
- Local authorities would be best placed to lead on the energy system transition. Energy transition is intrinsically local, and local authorities have the much needed convening power while also controlling significant amount of land and assets. However, they do not have the funding, powers, or duties to do so.
- Inconsistencies in the approach to local energy generation and retrofit, both between local authorities and over time, adds uncertainty and costs to local projects. Greater certainty would encourage higher uptake of retrofit and improve viability of community energy generation, but also incentivise growth of social economy providers and increase investment in skills formation.
- Retrofitting central London's building stock will require large scale private investment and different finance and funding models for commercial and residential, and privately and publicly owned properties. In particular, financing residential properties will require new models of bringing forward future savings that are not currently available at the scale needed.
- A shortage of skilled workers is another significant challenge in retrofit. A retrofit labour demand analysis for Central London Forward estimates that in some occupations, the

demand generated by retrofit in central London alone will exceed, or come near to, the currently available workforce across the whole of London.⁸⁶

Case studies

Tollesbury Primary School Decarbonisation Project

The Tollesbury Primary School Decarbonisation Project is a joint retrofit project between a primary school in Tollesbury, Essex and a local community energy group, The Tollesbury Climate Partnership. The project takes a fabric first approach to retrofit and will reduce the school's carbon emissions by 90% through a series of improvements including replacing windows and lighting, loft insulation, and installation of solar panels and a ground source heat pump. The estimated cost is of £612,000 is funded by a combination of a the Public Sector Decarbonisation Scheme grant and a community share offer - the Tollesbury Climate Partnership reached their £250k fund raising target in April 2023. Thanks to the substantial energy savings, the school should be able to repay the investment over a 10 year period.

Retrofit Balsall Heath

Retrofit Balsall Heath is an example of a community-led retrofit project in Birmingham. Spearheaded by local residents John Christophers and Jo Hindley, the initiative managed to significantly increase the take up of available public retrofit funding under the LAD 3 scheme, with 1,400 households signing up for retrofit works. The key to Retrofit Balsall Heath's success was a street-by-street, deep engagement led by local residents and volunteers and building on existing local networks. The street-by-street approach led to information sharing and increased interests from residents, while also creating efficiencies for contractors and bringing down costs.

Cost of non-intervention

Over the coming decades, we will see a complete transformation of our energy system. The change is already well underway, but the shape of future energy will also be hugely influenced by key decisions made in the next few years. This pertains to the technologies used, but also the ownership and organisational structures behind them – the decisions made today will largely determine who the winners and the losers of the transition will be.

If we do not promote local, community-owned energy, the energy transformation will further enrich large energy companies who made enormous profits from renewable energy in recent years, and who also benefit from the current government's focus on large and capital intensive infrastructure, including offshore wind and hydrogen. The alternative is to use this moment as an opportunity to build wealth locally, while also increasing resilience and building community power.

Likewise, retrofit is a unique opportunity to retain wealth and increase spend locally through reduced bills, while creating high quality jobs in the social economy. On the supply side of retrofit, it is estimated that 163,000 person-years of work – largely in construction – are needed to retrofit the building stock in central London, and this work will be subsidised by public investment.⁸⁷ The sheer scale of the effort required highlights the size of the

opportunity missed if retrofit is not used to drive change in the construction sector, already riddled with significant labour shortages and skills problems.

On the demand side of retrofit, we know that existing retrofit programmes have underspent and under delivered, only reaching certain households, and failing to deliver at the speed required.⁸⁸ Here, community energy groups can play a vital role in driving engagement and uptake.

Policy horizon

Across England, the roll out of community energy has stalled due to a lack of financial, institutional, and regulatory support. However, there are several proposals from the Labour Party as part of their mission on clean energy.⁸⁹

The Local Power Plan promises to increase the levels of distributed power generation to bring the UK closer to the continental European counterparts like Denmark or Germany, and makes reference to the high proportion of community and citizen ownership of energy projects in these countries. The plan sets building the distributed energy capacity as a first major programme for GB Energy, with up to £600m in funding for local authorities and up to £400m low-interest loans each year for communities pledged through GB Energy.

Recommendations

The recommendations in this section respond to key challenges faced by community energy initiatives, as well as the wider opportunities presented by the energy transition and mass retrofit. While some steps towards supporting the growth of the social economy in these areas can be taken by local authorities already, there is also a need for sub-regional and regional collaboration and considerable support from national government.

Individually, local authorities can:

- Consider the role of community energy and community retrofit in Local Area Energy Plans and **set up local Net Zero Partnerships**. Net Zero Partnerships should be tasked with coordinating the delivery of the Local Area Energy Plans, and bring together relevant local authority teams, anchor institutions and major businesses and landowners, and local community energy groups.
- Work within the Net Zero Partnerships to **provide clarity on where community energy can play role in achieving net zero** locally, e.g. through identification of sites for local energy generation, through retrofitting of public and anchor organisation assets, or through deep resident engagement in neighbourhood-level retrofit initiatives.
- **Set up local authority retrofit 'one stop shops'** to provide tailored advice and guidance for residents and businesses, aggregate demand, work with community organisations and social economy suppliers, and ensure the deployment of available retrofit funding including government schemes and local authority Carbon Offset Funds.

In collaboration and at the regional and sub-regional level, local government can:

- Work with established experts in this space including successful local organisations such as Community Energy London, SELCE, or Repowering London to **provide guidance for how communities can establish their own energy cooperatives and to help develop viable business plans**. Support should be particularly focused on developing

community energy on social housing sites and building capacity in communities under-represented in the community energy sector.

- **Produce a retrofit-specific procurement strategy for public bodies and anchor organisations** with emphasis on retrofit pipeline co-ordination, skills formation, and supporting the growth of the social economy. Co-ordinated approach to retrofit procurement will create cost efficiencies and stable long-term demand, which can be used to direct spend towards the social economy and require suppliers to provide training and apprenticeship opportunities. In addition, the London Cooperative Development Agency should provide support for existing, or help set up new, retrofitting cooperatives that bring together single suppliers and train up and expand the retrofit workforce.
- **Encourage LA pension funds to start co-investing in local and community energy schemes** where viable opportunities exist. This might require the pooling of local schemes to create the scale that is necessary.
- **Collaborate as a sub-region to trial and scale new retrofit finance models.** While retrofit finance models are not currently available at the scale necessary, there are numerous promising initiatives including warm rents, which establishes a mechanism to bring forward future energy savings, or property linked finance.⁹⁰
- At a regional level, **work with businesses that have large roof space or large energy consumption to enter in partnership with local energy groups.** Privately owned sites such as supermarkets or local distribution centres have a great solar energy potential, but there are few examples in central London of large businesses partnering with local energy groups. The GLA can use its convening power to help set up new energy projects owned, operated and managed by local communities on such sites.

Local authorities should also work together to influence national policy in the following areas:

- Provide additional funding to support local government in building the capacity needed to plan for and deliver local energy system transition. This will help local authorities expand their climate teams and set up Net Zero Partnerships. Building local authority capacity is a first step towards establishing local energy system transition as a new statutory duty for local government.
- **Devolve funds to local and regional authorities,** including funding for a locally managed National Retrofit Scheme to help deliver place based retrofitting schemes, and funding to support the development of new community energy schemes – including through pre-feasibility and core funding.

Recommendations

5.1	Set up local Net Zero Partnerships	Local Authority
5.2	Provide clarity on where community energy can play role in achieving net zero	Local Authority
5.3	Set up local authority retrofit 'one stop shops'	Local Authority

5.4	Provide guidance for how communities can establish their own energy cooperatives and to help develop viable business plans	Central London Forward, Greater London Authority, London Councils
5.5	Produce a retrofit-specific procurement strategy for public bodies and anchor organisations	London Anchor Institution's Network, London Councils, London Cooperative Development Agency
5.6	Encourage LA pension funds to start co-investing in local and community energy schemes	Central London Forward
5.7	Collaborate as a sub-region to trial and scale new retrofit finance models.	Central London Forward
5.8	Work with businesses that have large roof space or large energy consumption to enter in partnership with local energy groups	Greater London Authority
5.9	Provide additional funding to support local government in building the capacity needed to plan for and deliver local energy system transition.	Central Government
5.10	Devolve funds to local and regional authorities	Central Government

CONCLUSIONS

This review has highlighted high levels of inequality and economic exclusion across central London; a result of insecure and poorly remunerated work, the comparatively high cost of living, including disproportionately high housing costs, and continued racial disadvantage. While many of these issues are driven by factors outside of the control of local government, and despite the financial stress that councils currently face, boroughs across central London have introduced a range of measures aimed at reversing these trends and establishing more inclusive local economies.

Interventions have been influenced by CWB approaches, with their emphasis on the social economy, good work, and progressive procurement. This report has highlighted many positive examples but has also identified the need to consider wider determining factors. Local authorities have also intervened at the level of place. Access to affordable and sustainable energy, transport, and housing options are crucial elements in a genuinely inclusive economy. The renewed focus on social housing delivery in many parts of London is clearly a crucial element in ensuring a more inclusive economy, as are the approaches to regeneration that put existing residents first, and the air-pollution mitigation and active travel schemes that have been developed.

Central London boroughs are particularly well placed to deliver some of the necessary interventions either locally or in collaboration. CWB and place-based interventions need to be strengthened and embedded further, and local government needs to be resourced adequately to ensure that it is able to expand its activities, train-up staff or attract the expertise required.

The policy review and the stakeholder workshops have highlighted the need for national reforms. The cost of living crisis requires interventions which ensure that all people, in or out of work, are able to cover the necessities of life, including the high housing costs in London. Central London boroughs are looking to central government to resolve these structural issues and to ensure that the necessary resources and powers are allocated locally. They have ambitions to create more inclusive economies. They have supported fair wage and good work initiatives, and have sought to use procurement and social value requirements to promote the expansion of the local economy - with an emphasis on supporting businesses that have social and environmental objectives. Some local authorities have developed targeted support for social businesses, and many have introduced community energy funds. Place based interventions associated with creating more genuinely affordable homes alongside infrastructure and spaces that work for all, also have a key part to play. Experience in individual boroughs can be rolled out across central London and stakeholders saw options for collaboration with neighbouring authorities and at a wider regional level.

Community engagement and empowerment is a crucial element in the development of the social economy and the renewal of places. Training and capacity building are crucial if local solutions are to genuinely meet local need and lead to sustainable solutions. Boroughs have the potential to work together at a central London level, or across the capital as a whole, to establish the infrastructure and the resources required. A series of recommendations have been developed at a national level, as well as recommendations focused on what can be done by boroughs individually or by working together.

A proactive approach to place, planning and development is required and a renewed emphasis on this crucial local government role should be supported in a desperately needed resettlement between central and local government. Part of this process at a local level should be to ensure that the local population benefits from any land value uplift.

Community engagement should be central to place interventions with clear mechanisms for resident participation in the co-design of schemes and any land assembly initiatives. Residents must be guaranteed the right of return following displacement through regeneration initiatives. A social value framework for land should be used by local authorities to ensure that land use decisions are guided by a broader set of social value considerations.

Progressive procurement initiatives across the public sector should shift the balance in favour of locally based SMEs, cooperatives and social enterprises. Local authorities can help provide a foundational baseline of demand from these organisations, which supports economic activity locally. While the scale of the impact should not be exaggerated, this is an existing lever of power that should be utilised as far as is possible to support the development of an inclusive economy. There are many things that can be done by central London boroughs, acting alone or in collaboration. Joint work might be undertaken on identifying and filling gaps in the local supply chain and a key recommendation of this review is that CLF should support the establishment of a single framework for social value requirements, with shared guidelines on how this should be defined and monitored.

There is unanimity across the central London boroughs on the need to ensure 'good work' is available to local residents. Given the scale of the issues highlighted in this review, ambitious targets are required for the London Living Wage and for rolling out the Good Work Standard. Nationally, minimum wage requirements should be upgraded to ensure that it meets the costs of living and equates to the Real Living Wage. A London weighting should apply in recognition of the additional costs associated with living in the capital.

Central Government should accelerate the devolution of power and resources to design and deliver employment support locally, in line with broader local economic development strategies. Employment support and employment rights should be tailored and targeted at vulnerable groups including migrants and those without English as a first language.

Conditionality requirements drive people into any jobs available. Provision should instead ensure that plans are developed and agreed with people about the sort of work they would like to do, with a focus on secure and well-paid roles with opportunities for progression.

The social economy has a key role to play in promoting inclusive models of delivery. In particular they can present a more inclusive alternative to status quo in extractive areas of the economy such as energy, adult social care, and childcare. Boroughs should support targeted, sector-specific support to grow the social economy. Progress in this area will require specific training and support for economic development officers. There is a lack of knowledge within business support agencies and this might be significantly improved by the development of a social economy directory and bespoke infrastructure support, such as a London-wide Cooperative Development Agency. One of the key barriers faced by social businesses is limited access to suitable finance options and finance more generally. This is an area with significant potential for cross-borough collaboration. In addition, support should be provided nationally via the British Business Bank and a new cooperative development fund.

This review has also highlighted the significance of community energy and retrofit as two key areas of social economy activity that could play a significant role in developing a more inclusive local economy. Building on the momentum behind Local Area Energy Plans, the establishment of local Net-Zero Partnerships would create opportunities for community energy project development. Similarly, local authority 'one stop shops' could both accelerate and facilitate retrofit, but also stimulate growth of the social economy by aggregating demand and working with social economy suppliers. Regional collaboration should be focused on building the capacity in both communities and local councils, co-ordinating public procurement, and the deployment of new finance models.

Beyond the specifics of these thematic observations there are two overarching principles that cut across the findings. First, local government has been increasingly constrained by dwindling resources over the last decade and has suffered a decline in capacity in many areas as a result. This is particularly apparent in the realm of economic development. The current government's "tournament financing" - levelling up and towns funds - needs to be replaced with a fair settlement for local government, with at minimum a return to the funding levels of 2010. The former Bank of England economist Andy Haldane has stressed that a £1 trillion investment in our urban centres will be required from now to 2050 to meet the attainment of net zero, the development of 394,000 new homes annually, workforce upskilling, and climate adaptation measures.⁹¹

Second, there is a hill to climb with disenfranchised communities, especially those on the margins of society that have faced severe economic exclusion. The empowerment process need to begin on the ground with these groups and create capacity through community organising initiatives that starts with the concerns of the people, builds on community assets, develops the social economy and ensures that the needs of people, regardless of background and geography, are met within stretched planetary boundaries.

REFERENCES

- ¹LGA (2020) *Building More Inclusive Economies* London: LGA
https://www.local.gov.uk/sites/default/files/documents/5.66%20Driving%20inclusive%20growth%20in%20local%20areas_04_0.pdf
- ² Sacks, J. (2002). *The Money Trail: Measuring your impact on the local economy using LM3*. London: New Economics Foundation. <https://neweconomics.org/uploads/files/money-trial.pdf>
- ³ Birley, A. (2017). *Six Steps to build community wealth*. Manchester: The Cooperative Party.
<https://party.coop/publication/6-steps-to-build-community-wealth/>
- ⁴ Lockey, A. and Glover, B. (2019). *The Wealth Within: The 'Preston Model' and the new municipalism*. London Demos. <https://demos.co.uk/wp-content/uploads/2019/06/June-Final-Web.pdf>
- ⁵ Porter, I. and Johnson-Hunter, M. (2023). *Inadequate Universal Credit and barriers to work*. York: JRF. <https://www.jrf.org.uk/social-security/inadequate-universal-credit-and-barriers-to-work>
- ⁶ The social economy and social finance and investment themes were subsequently merged.
- ⁷ Office for National Statistics (2023). *Business Register and Employment Survey (BRES)* [dataset].
- ⁸ *ibid.*
- ⁹ Foundational Economy Collective (n.d.). Activity Classification [webpage]. Retrieved from [Activity Classification – The Foundational Economy](#)
- ¹⁰ Foundational Economy Collective (2022). *Foundational Economy*. Manchester: Manchester University Press.
- ¹¹ GLA Intelligence (n.d.) *Insecure Employment*. Retrieved from <https://data.london.gov.uk/economic-fairness/labour-market/insecure-employment/>
- ¹² Office for National Statistics (2020). *Proportion of workers in insecure jobs by NUTS 2 region, UK, 2004 to 2019* [dataset].
- ¹³ GLA Intelligence (n.d.) *Insecure Employment*. Retrieved from <https://data.london.gov.uk/economic-fairness/labour-market/insecure-employment/>
- ¹⁴ Trades Union Congress (2021). *Insecure work*. Retrieved from <https://www.tuc.org.uk/sites/default/files/2021-07/insecurework2.pdf>
- ¹⁵ Office for National Statistics (2023). *Employees earning below the London Living Wage (LLW)* [dataset]. Retrieved from <https://data.london.gov.uk/dataset/earning-below-llw>
- ¹⁶ GLA Intelligence (n.d.) *London Living Wage (LLW)*. Retrieved from <https://data.london.gov.uk/economic-fairness/labour-market/london-living-wage-llw/>
- ¹⁷ Office for National Statistics (2023). *Annual Survey of Hours and Earnings (ASHE)* [dataset].
- ¹⁸ Office for National Statistics (2024). *Annual Population Survey (APS)* [dataset].
- ¹⁹ *ibid.*
- ²⁰ Pollard, T. (2024, 14 February). Tired stereotypes of the long-term sick have returned. *The New Statesman*. Retrieved from: <https://www.newstatesman.com/spotlight/economic-growth/2024/02/long-term-sickness-mental-health>
- ²¹ Raleigh, V. (2023). The health of people from ethnic minority groups in England. *The Kings Fund*. Retrieved from <https://www.kingsfund.org.uk/insight-and-analysis/long-reads/health-people-ethnic-minority-groups-england>
- ²² Office for National Statistics (2024). *Annual Population Survey (APS)* [dataset].
- ²³ Office for National Statistics (2023). *Annual Survey of Hours and Earnings (ASHE)* [dataset].
- ²⁴ Office for National Statistics (2024). *Annual Population Survey (APS)* [dataset].
- ²⁵ Leeser, R. (2023). Poverty in London 2021/22. Retrieved from: <https://data.london.gov.uk/blog/poverty-in-london-2021-22/>
- ²⁶ Trust for London (n.d.). *Poverty rates by London borough*. Retrieved from <https://trustforlondon.org.uk/data/poverty-borough/>
- ²⁷ Trust for London (n.d.). *Children in poverty by borough, before and after housing costs*. Retrieved from <https://trustforlondon.org.uk/data/child-poverty-borough/>
- ²⁸ Trust for London (n.d.). *Poverty and employment status*. Retrieved from <https://trustforlondon.org.uk/data/employment-rate-over-time-in-poverty/>
- ²⁹ Leeser, R. (2023). Poverty in London 2021/22. Retrieved from: <https://data.london.gov.uk/blog/poverty-in-london-2021-22/>
- ³⁰ Greater London Authority (2024). *GLA cost of living polling* [dataset]. Retrieved from <https://data.london.gov.uk/dataset/gla-poll-results-cost-of-living-2022>

-
- ³¹ Office for National Statistics (2023). Census 2021 [dataset].
- ³² Trust for London (n.d.). Housing. Retrieved from <https://trustforlondon.org.uk/data/topics/housing/?tab=rent-affordability-borough>
- ³³ Office for National Statistics (2023). Census 2021 [dataset].
- ³⁴ Central London Forward (2023). *Central London's Economy in 2023*. Retrieved from <https://centrallondonforward.gov.uk/wp-content/uploads/2023/11/Central-Londons-Economy-in-2023-1.pdf>
- ³⁵ GLA Intelligence (n.d.) *Wealth Inequality*. Retrieved from <https://data.london.gov.uk/economic-fairness/equal-opportunities/wealth-inequality/>
- ³⁶ Brien, P. and Sandford, M. (2024) *Local Government Finance Settlement 2024/25* London: House of Commons Research Briefing CBP-9956.pdf (parliament.uk)
- ³⁷ The Association of Public Service Excellence (2021). *Local government: Skills shortages and workforce capacity* Stretford: APSE. <https://www.apse.org.uk/index.cfm/apse/members-area/briefings/2021/21-56-local-government-skills-shortages-and-workforce-capacity/#:~:text=When%20it%20comes%20to%20skills,skills%20shortages%20in%20their%20area.>
- ³⁸ London Councils <https://www.londoncouncils.gov.uk/our-key-themes/local-government-finance/finance-pressures>
- ³⁹ English Housing Survey, 2021-22, <https://neweconomics.org/uploads/files/plugging-the-leaks.pdf>, <https://nefconsulting.com/wp-content/uploads/2017/05/TheMoneyTrail.pdf>, <https://ubdc.ac.uk/news-media/2023/october/private-renting-and-the-suburbanisation-of-poverty/>, <https://neweconomics.org/2023/11/when-owning-the-land-is-the-only-answer>
- ⁴⁰ Centre for Cities. <https://www.centreforcities.org/blog/geography-of-household-incomes-in-english-cities/>, Barnes, J.H., Chatterton, T.J. and Longhurst, J.W.S. (2019). *Emissions vs exposure: Increasing injustice from road traffic-related air pollution in the United Kingdom*. Transportation Research Part D: Transport and Environment, 73, <https://parksforlondon.org.uk/resource/access-and-inclusion/#>
- ⁴¹ Populo Living. <https://www.populoliving.co.uk/the-carpenters/>
- ⁴² Mayor of London (2021) *The London Plan: The spatial development strategy for Greater London*. London: GLA. https://www.london.gov.uk/sites/default/files/the_london_plan_2021.pdf
- ⁴³ Southwark Council (2023) *Southwark Land Commission*. <https://www.southwark.gov.uk/council-and-democracy/southwark-land-commission>
- ⁴⁴ RTPI (2023) <https://www.rtpi.org.uk/news/2023/may/local-authorities-struggle-as-over-a-quarter-of-planners-depart/>
- ⁴⁵ OECD (2022) *Fiscal Federalism 2022: Making Decentralisation Work*. Paris: OECD Publishing. [https://read.oecd-ilibrary.org/economics/fiscal-federalism-2022_3d15c97e-en# https://www.oecd-ilibrary.org/sites/4f9559ee-en/index.html?itemId=/content/publication/4f9559ee-en#section-d1e161](https://read.oecd-ilibrary.org/economics/fiscal-federalism-2022_3d15c97e-en#https://www.oecd-ilibrary.org/sites/4f9559ee-en/index.html?itemId=/content/publication/4f9559ee-en#section-d1e161)
- ⁴⁶ Perera, J. (2019) *The London Clearances: Race, Housing and Policing*. London The Institute of Race Relations. <https://irr.org.uk/wp-content/uploads/2020/09/The-London-Clearances-Race-Housing-and-Policing-1.pdf>
- ⁴⁷ OECD (2022), *Global Compendium of Land Value Capture Policies*, Paris: OECD. <https://doi.org/10.1787/4f9559ee-en>.
- ⁴⁸ GLA (2022) *Tax Increment Financing*. London GLA. <https://www.data.gov.uk/dataset/2a9108b5-41a4-43ea-b2b3-fe43c0e9d0cf/tax-increment-financing-tif>
- ⁴⁹ Harrison, D. and Edwards, P. (2018) *Making Procurement Work for All: Procurement practices as a route to fulfilling work in North East England*. Durham: Institute for Local Government. https://d1ssu070pg2v9i.cloudfront.net/pex/pex_carnegie2021/2018/11/06101052/Making-Procurement-Work-for-All.pdf
- ⁵⁰ Ibid.
- ⁵¹ London Anchor Institutions' Network (2022) https://static1.squarespace.com/static/617fdae34892976b1d49dd0a/t/6390ab47a16fc858ade542c0/1670425447109/LAIN_Building+Community+Benefit+through+London%E2%80%99s+Local+Anchor+Networks.pdf
- ⁵² London Anchor Institutions' Network (2021) <https://www.anchors.london/blog/why-its-vital-for-higher-education-institutions-to-support-small-businesses-for-pandemic-recovery-professor-wendy-thomson-cbe-vice-chancellor-university-of-london>

- ⁵³ London Anchor Institutions' Network (2023) <https://www.anchors.london/news/mayor-announces-investment-in-londons-small-businesses>
- ⁵⁴ Lloyd Goodwin, T. Power, H., Bond, L. and Longlands, S. (2023) *This Must be the Place: A new vision for community wealth and power*. Manchester: CLES. <https://cles.org.uk/wp-content/uploads/2023/11/Building-community-wealth-and-power-FINAL.pdf>
- ⁵⁵ OECD (2023) *Government at a Glance: Size of public procurement*. Paris: OECD. <https://www.oecd-ilibrary.org/sites/ce2208f6-en/index.html?itemId=/content/component/ce2208f6-en#:~:text=Public%20procurement%20expenditures%20as%20a,countries%20between%202019%20and%202021.>
- Booth, L. (2024) *Components of GDP: Key Economic Indicators*. London: HOC. <https://commonslibrary.parliament.uk/research-briefings/sn02787/#:~:text=GDP%20by%20Expenditure,compared%20with%20the%20previous%20quarter.>
- ⁵⁶ Taylor, M., Marsh, G., Nicol, D. and Broadbenmt, P. (2017) *Good Work: The Taylor Review of Modern Working Practices*. London: BEIS <https://assets.publishing.service.gov.uk/media/5a82dcdce5274a2e87dc35a4/good-work-taylor-review-modern-working-practices-rg.pdf>
- ⁵⁷ Boelman, V., Radicati, A., Clayton, A., De Goot, S. and Fisher, O. (2023) *Rights and Risks: Migrant labour exploitation in London*. London: The Young Foundation. [Rights-and-Risks-Migrant-labour-exploitation-in-London-Final.pdf](https://www.theyoungfoundation.org/~/media/2023/05/Rights-and-Risks-Migrant-labour-exploitation-in-London-Final.pdf) (b-cdn.net)
- ⁵⁸ Mayor of London (2024) *Good Work Standard*. <https://www.london.gov.uk/programmes-strategies/business-and-economy/support-your-business/good-work-standard-gws>
- ⁵⁹ Greater Manchester Good Employment Charter (2024) <https://www.gmgoodemploymentcharter.co.uk/>
- ⁶⁰ North of Tyne Combined Authority (2023) *Good Work Pledge*. <https://goodworkpledge.co.uk/>
- ⁶¹ *The Living Wage Foundation* (2019). [https://www.livingwage.org.uk/news/rolling out-living-wage-buildings-create-well-paid-job-opportunities-all](https://www.livingwage.org.uk/news/rolling-out-living-wage-buildings-create-well-paid-job-opportunities-all)
- ⁶² The Health Foundation (2022). *Relationship between low-quality jobs and health*. <https://www.health.org.uk/evidence-hub/work/job-quality/relationship-between-low-quality-jobs-and-health#:~:text=24.1%25%20of%20employees%20with%20low,the%20average%20across%20all%20employees>
- ⁶³ Living Wage Foundation (2021). *Wages and wellbeing: the link between low pay and poor mental health*. <https://www.livingwage.org.uk/news/wages-and-wellbeing-link-between-low-pay-and-poor-mental-health>
- ⁶⁴ Labour List (2023) <https://labourlist.org/2023/05/fair-pay-agreements-collective-bargaining-labour-rights-new-deal/>
- The Labour Party (2024) *A New Deal for Working People*. <https://labour.org.uk/wp-content/uploads/2022/10/New-Deal-for-Working-People-Green-Paper.pdf>
- ⁶⁵ Pollard, T. (2023) *From compliance to engagement: rethinking the use of conditionality in our social security system*, London: NEF <https://neweconomics.org/2023/08/from-compliance-to-engagement>
- Tomlinson, D. (2024) *'Work first' can work better*. York: JRF <https://www.jrf.org.uk/work/work-first-can-work-better>
- IPPR (2023) *'Support in name only': Jobcentre employment services failing jobseekers and businesses*. <https://www.ippr.org/media-office/support-in-name-only-jobcentre-employment-services-failing-jobseekers-and-businesses>
- ⁶⁶ Florisson, R. (2024) *The UK Insecure Work Index*. Lancaster: Work Foundation. <https://www.lancaster.ac.uk/media/lancaster-university/content-assets/images/lums/work-foundation/UKInsecureWorkIndex2024.pdf>
- ⁶⁷ Jones, K. and Carson, C. (2023) *Universal Credit and Employers: Exploring the Demand Side of UK Active Labour Market Policy*. Manchester: Manchester Metropolitan University <https://www.mmu.ac.uk/sites/default/files/2023-01/UniversalCreditandEmployersFinalReportJan2023.pdf>
- ⁶⁸ HMT and DWP (2023) *Back to Work Plan*. <https://www.gov.uk/government/news/employment-support-launched-for-over-a-million-people#:~:text=The%20Chancellor%20Jeremy%20Hunt%20and,part%20of%20the%20Autumn%20Statement.> OBR (2023) *Office for Budget Responsibility: Economic and fiscal outlook*. London: OBR

https://obr.uk/docs/dlm_uploads/E03004355_November-Economic-and-Fiscal-Outlook_Web-Accessible.pdf

⁶⁹ The Guardian (2023) <https://www.theguardian.com/uk-news/2023/sep/10/its-got-to-be-the-right-job-the-welsh-employment-scheme-tailored-to-local-needs>

⁷⁰ Ward, B. and Lewis, J. (2002) Plugging the Leaks: Making the most of every pound that enters your local economy. London: NEF. <https://neweconomics.org/uploads/files/plugging-the-leaks.pdf>

⁷¹ Co-operatives UK (2022) *Co-operatives for a Stronger, Fairer, Greener Everyday Economy* <https://www.uk.coop/sites/default/files/2022-11/Labour%20Conference.pdf>

⁷² Foundational Economy Collective (2018) *Introducing the Foundational Economy*. <https://foundationaleconomycom.files.wordpress.com/2019/01/fe-intro-2.pdf>

⁷³ Birchall, J. and Hammond Ketilson, L. (2009) *Resilience of the Cooperative Business Model in Times of Crisis* Geneva: ILO https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---emp_ent/documents/publication/wcms_108416.pdf

⁷⁴ Hackney Council (2023) <https://news.hackney.gov.uk/new-council-support-for-cooperatives-and-social-enterprises-announced/>

⁷⁵ IPPR (2023) *Revealed: How powerful companies are amplifying inflation through their profit margins*. <https://www.ippr.org/news-and-media/press-releases/revealed-how-powerful-companies-are-amplifying-inflation-through-their-profit-margins>

⁷⁶ Skills For Care (2023) *The state of the adult social care sector and workforce in England*. <https://www.skillsforcare.org.uk/Adult-Social-Care-Workforce-Data/Workforce-intelligence/publications/national-information/The-state-of-the-adult-social-care-sector-and-workforce-in-England.aspx>,

The Labour Party (2020) *Start-up. Scale-up: Making Britain the best place to start and grow a business*. https://labour.org.uk/wp-content/uploads/2022/12/WEB-17247_22-Start-up-review-v12-ALT-2.pdf

⁷⁷ IPPR (2018). *Fair Care: A Workforce Strategy for Social Care*, London: IPPR <https://ippr-org.files.svdcn.com/production/Downloads/fair-care-a-workforce-strategy-november18.pdf>

Grimshaw, D., Rubery, J. and Ugarte, S. M. (2015) "Does better quality contracting improve pay and HR practices? Evidence from for-profit and voluntary sector providers of adult care services in England." In *Journal of Industrial Relations* 2015, Vol. 57(4) 502–525. <https://repositorio.uchile.cl/bitstream/handle/2250/134682/Does-better-qualitycontracting-improve-pay-and-hr-practices.pdf?sequence=1>

⁷⁸ Cooperatives UK (2024) <https://www.thenews.coop/?s=labour-reaffirms-commitment-to-doubling-size-of-co-operative-economy>

The Labour Party (2022) *Start-up, Scale-up: Making Britain the best place to start and grow a business*. https://labour.org.uk/wp-content/uploads/2022/12/WEB-17247_22-Start-up-review-v12-ALT-2.pdf

⁷⁹ *ibid.*

⁸⁰ The Labour Party (2023) *Secure the Highest Sustained Growth in the G7*. <https://labour.org.uk/wp-content/uploads/2023/09/Mission-Economy.pdf>

⁸¹ Community Energy London. <https://map.communityenergy.london/projects/>

⁸² Mayor of London (2024) London Community Energy Fund. <https://www.london.gov.uk/programmes-strategies/environment-and-climate-change/energy/london-community-energy-fund>

Hackney Council (2024) Community Energy Fund. <https://hackney.gov.uk/community-energy-fund>, Southwark Community Energy Fund (2024) <https://www.southwark.gov.uk/environment/climate-emergency/get-involved/southwark-community-energy-fund>,

Haringey Council (2024) Haringey Community Carbon Fund. <https://new.haringey.gov.uk/environment/climate/haringey-community-carbon-fund>, Lewisham Council (2024) Lewisham Community Energy Fund. <https://lewisham.gov.uk/articles/news/lewisham-community-energy-fund-returns-to-help-local-communities-cut-carbon-and-lower-energy-bills>,

Islington Council (2024) Islington Community Energy Fund. <https://togethergreener.islington.gov.uk/organisations/schemes-and-funding/islington-community-energy-fund>.

⁸³ London Councils (no date) Retrofit London. <https://www.londoncouncils.gov.uk/our-key-themes/climate-change/0/our-climate-programme/retrofit-london>

⁸⁴ Collins, A. and Walker, A. (2023) *Local Area Energy Planning: Achieving net zero locally*. London: UK Parliament. <https://researchbriefings.files.parliament.uk/documents/POST-PN-0703/POST-PN-0703.pdf>

⁸⁵ Energy Systems Catapult (2024) *Which places have a Local Area Energy Plan?*

<https://es.catapult.org.uk/tools-and-labs/local-area-energy-planning/>

⁸⁶ Forbes, D. and Vitali, D. (2023) *Central London Forward: Low Carbon Retrofit Labour Demand Analysis*. London: Whole Life Consultants. <https://centrallondonforward.gov.uk/wp-content/uploads/2023/11/Low-carbon-retrofit-labour-demand-analysis.pdf>

⁸⁷ *ibid.*

⁸⁸ Dark Matter Labs and Home Energy Action Lab (2023) *Community Powered Retrofit for London - Stage 1: Establishing the case*. <https://www.londoncouncils.gov.uk/node/40773>

⁸⁹ The Labour Party (2024) *Make Britain a Clean Energy Superpower* <https://labour.org.uk/wp-content/uploads/2024/03/Make-Britain-a-Clean-Energy-Superpower.pdf>

⁹⁰ Energy Saving Trust (2024) *Energy Efficiency: Social Housing*. <https://energysavingtrust.org.uk/a-new-energy-efficiency-standard-for-social-housing-in-england/>, <https://www.pacenation.org/green-finance-institute-report-property-linked-finance/>

⁹¹ Local Government Chronicle (2024) *Making the growth case for fiscal devolution*. <https://www.lgcplus.com/politics/lgc-briefing/making-the-growth-case-for-fiscal-devolution-15-02-2024/>