

<b>Committee:</b>	<b>Date:</b>
The City Bridge Trust Committee	28 <sup>th</sup> January 2015
<b>Subject:</b> Strategic Initiative – London Fairness Commission	<b>Public</b>
<b>Report of:</b> Chief Grants Officer	<b>For Decision</b>
<b>Summary</b>	
<p>This report requests funding to support the establishment of an independent London Fairness Commission to address growing inequality in London.</p> <p><b>Recommendation</b></p> <p>Members are asked to:</p> <ul style="list-style-type: none"> <li>• Approve funding of £36,040 over two years (£23,150; £14,890) to complete the funding package required to establish a London Fairness Commission.</li> </ul>	

## Main Report

### **Background**

1. Members will be aware that London has the greatest extremes of wealth and income inequality in the U.K. My Fair London is an autonomous, self-organised group of Londoners, working together to achieve greater equality for Londoners. It is affiliated to the Equality Trust, a national charity formed to campaign for a fairer society.
2. During 2014, My Fair London joined forces with Toynbee Hall to establish a London Fairness Commission Steering Group to look at the feasibility of establishing a London Fairness Commission. Toynbee Hall is providing the secretariat for the Steering Group.
3. The feasibility study was funded by Trust for London which found that there was potential to create an independent, politically neutral body to address inequality in London. It consulted with a wide range of partners to be involved as potential commissioners, as well as to ensure that a prominent and respected Londoner would Chair the Commission. This has resulted in a fully worked-up and costed proposal for a London Fairness Commission with key Commissioners and a Chairman in place.

### **Inequality in London**

4. According to the *London's Poverty Profile 2011*<sup>1</sup>, the top 10% of households by income in London account for 40% of all income. The richest 10% by

<sup>1</sup> © 2010-2014 Trust for London and [New Policy Institute](#)

financial wealth (savings and non-property assets) account for two thirds of the financial wealth in London. The wealth of the bottom half is effectively zero. For most of the bottom 30%, total liabilities (debts) are greater than total assets.

5. The top 10% of households by property wealth account for 45% of that wealth. The bottom 40% has no or nearly no property wealth, mainly because they rent.
6. Inequality in London has increased in recent years and there has been a corresponding decrease in life expectancy in those boroughs experiencing greatest increases in inequality. Between 1999 and 2001, the difference between the worst and the best boroughs was 5.4 years for men and 4.2 years for women. By 2007-2009, it had increased to 9 years for men and 8.5 years for women. In 2007-2009, in the Royal Borough of Kensington & Chelsea, life expectancy for women was 89 years whilst in Newham the figure was 80.5 years; and for men the figures were 84.4 years and 75.4 years.

### **An Independent London Fairness Commission - the Proposal**

7. In the lead up to the 2016 London Mayoral elections, it is proposed that the London Fairness Commission, consulting widely with Londoners through a series of meetings and consultations, will develop a set of policy recommendations for a fairer London to which each of the major 2016 Mayoral candidates will be asked to pledge. It is essential to the success of a London Fairness Commission that it receives cross-party support and that it is seen as independent.
8. To date, 15 Commissioners have been appointed representing a broad range of interests of relevance to London. These include Baroness Lane-Fox; Liz Meek, Chairman of the Centre for London; Rosie Ferguson, CEO of London Youth; Jerry White, Professor of History at Birkbeck College; Sean Baine, of My Fair London; and Geeta Nanda OBE, CEO of Thames Valley Housing Association. The Commission's Chairman is Lord Victor Adebawale, Chief Executive of the charity Turning Point.
9. The work of the Commission will be guided by a set of operating principles that underpin its commitment to transparency, impartiality, inclusivity and inquiring nature.
10. It is envisaged that there will be a series of 10 meetings prior to the 2016 London Mayoral elections. Additionally, the Commission will host a number of open meetings to engage Londoners in evidence gathering, testimonials and discussion about fairness in London. Specific topic areas will also be delegated to a number of Sub-Commissions.
11. A London Fairness Commission website or portal will be developed to provide Londoners with additional opportunity to feed into the London fairness debate.

12. The Commission and Sub-Commissions will be supported by a dedicated Secretariat, suitably skilled and experienced, and therefore able to provide professional advice and assistance as well as secretariat support.
13. The Commission will develop policy recommendations to the Mayoral candidates, GLA, London Councils and other public bodies to make London a fairer place. A final report will be published by the Commission in March 2016, providing its over-arching findings and recommendations for action.

### Cost

14. The total cost of this initiative is estimated to be £163,040 over two years as set out in the table below:

Item	Year 1	Year 2
Policy & Communications Officer (0.6fte)	28,260	14,390
Communications and Advocacy Consultant	10,000	10,000
Chief Adviser	31,590	16,000
Operating Costs	15,800	4,000
Commissioned Research & policy modelling	25,000	8,000
<b>Total</b>	<b>110,650</b>	<b>52,390</b>

15. Funds totalling £127,000 have been secured, as set out in the table below, leaving a shortfall of £36,040 over two years (£23,150; £14,890). It is recommended that you approve the funds to meet this shortfall:

Item	Year 1	Year 2
Trust for London	65,000	25,000
Tudor Trust	12,500	12,500
London Funders	5,000	
Match funding in kind (free venues for public meetings)	5,000	2,000
<b>Sub-total</b>	<b>87,500</b>	<b>39,500</b>
<b>Balance of funding needed</b>	<b>23,150</b>	<b>14,890</b>

### Financial Information

16. Toynbee Hall's audited accounts for the year ended 31<sup>st</sup> March 2014 show that the charity did not hold any free unrestricted reserves but were in a negative position of £971k. However, the charity did hold total net assets amounting to £4,171k at 31<sup>st</sup> March 2014, including investment property of £2,746k, operational property of £2,582k, other fixed assets of £19k and restricted funds of £1,163k, partly offset by long term loans of £1,368k. The charity has advised that its buildings are not generating an adequate yield and have suffered significant disrepair and it has provided the following statement of how it plans to reach its cash reserves target:

*“Over the last couple of years we have utilised those small cash reserves to enable us to fund an estate redevelopment strategy. This strategy aims to transform both the physical environment of our buildings and improve service delivery as well as making the charity more sustainable by increasing the yield we receive from our built assets to generate increased unrestricted funds. Over the past two years we have spent a considerable sum of £600k in*

*professional fees, much of which has been drawn from cash reserves to enable us to create and now begin to deliver this strategy. Over the next three year period we will undertake the capital works and from 2017 onwards begin to reap the intended financial benefits of the strategy. This will then enable us to begin to build an effective cash reserve with a target investment of £200k per annum from 2017 onwards until we reach our target level of cash reserves of approximately £800k/£1m. The trustees are aware this is relatively high risk period for the charity but is strategically essential to improving our long term financial sustainability.”*

The capital works referred to are estimated by the charity to cost £13.4m. As at 9<sup>th</sup> January 2015, £2.3m had been raised through grants (£1.7m from the Heritage Lottery Fund and £575k from a number of trusts and foundations). Towards the balance, the charity hopes to borrow £2.5m through social finance and raise £7.3m from its existing property interests. If secured, these sums would leave a further £1.3m to raise.

Total forecast operating income in the current year is £6.4m, all of which has been confirmed.

<b>Year end at 31 March</b>	<b>2013/14 Audited Accounts</b>	<b>2014/15 Current Year Forecast</b>
<b>Income and Expenditure</b>	<b>£</b>	<b>£</b>
Income	6,734,000	6,437,401
Expenditure	6,390,000	6,495,450
Unrestricted Funds Surplus / (Deficit)	(92,000)	(30,860)
Restricted Funds Surplus / (Deficit)	366,000	(27,189)
Unrealised gain on investments	897,000	
<b>Total Surplus / (Deficit)</b>	<b>1,171,000</b>	<b>(58,049)</b>
Surplus / (Deficit) as a % of turnover	17.4%	(0.9%)
Cost of Generating funds (% of income)	930,000 (13.8%)	1,091,699 (17.0%)
<b>Free unrestricted reserves</b>		
Unrestricted free reserves held at Year End	(971,000)	(1.0m)
How many months' worth of total expenditure	-	-
Reserves Policy target	512,000	537,116
How many months' worth of expenditure	2 months' worth of unrestricted expenditure	2 months' worth of unrestricted expenditure
Free reserves over/(under) target	(1.5m)	(1.5m)

## **Conclusion**

17. The London Fairness Commission will bring together a number of respected and influential thinkers, representing a broad range of interests of relevance to London. It will use the occasion of the 2016 London Mayoral elections as an

opportunity to gain a cross-party commitment to address inequality in the Capital.

18. To be successful, it is vital that the Commission is deemed to be independent and politically neutral. Its structure and planned wide consultation with Londoners will ensure that its recommendations reflect the concerns of Londoners and that it speaks with an authoritative and influential voice.

**Jenny Field**

Deputy Chief Grants Officer

T: 020 7332 3715

E: [jenny.field@cityoflondon.gov.uk](mailto:jenny.field@cityoflondon.gov.uk)