

Written evidence submitted by the Institute for Global Prosperity (IGP) at UCL

The [Institute for Global Prosperity \(IGP\)](#), University College London (UCL) is a world-leading academic institution with a mission to rebuild prosperity fit for the 21st Century.

We welcome this inquiry and the committee's focus on ensuring the Treasury puts in place policies that will deliver an equal recovery from COVID-19. This is the moment for bold and effective policy, as overcoming persistent inequality cannot be achieved with the same economic thinking that repeatedly failed to address these problems before the pandemic. Treasury – and other Government departments - must do things differently.

IGP has a unique insight into the type of policies needed to truly build back better for all. In 2017, we carried out ground-breaking research across [five east London neighbourhoods](#)¹ to create a [London Prosperity Index \(LPI\)](#). The [LPI is the UK's first citizen-led Prosperity Index](#) which measures what prosperity means to those living in communities, as opposed to a top-down metric focused on aggregate economic wealth and growth.

Our work has now expanded to Camden with the 'Good Life Euston' Project, where we are training citizens to lead the research and design of a ['Wellbeing and Prosperity Index' for Euston](#). Furthermore, the IGP will be conducting a 10 year longitudinal study seeking to track household prosperity across 12 post-industrialised neighbourhoods in London.

Ethnicity and prosperity are another strand of work the IGP has explored using the LPI survey data. A forthcoming report will discuss the relationship between racial inequality and prosperity as well as, in light of the COVID-19 pandemic, emphasise the need for policy-makers to work towards building equitable pathways to prosperity for individuals and communities of diverse ethnicities. That is providing the necessary resources and tools for meaningful inclusion and place-based policies that would empower people who experience the impact of racial and socioeconomic inequalities.

This submission focuses on the overarching conclusions from our research and IGP's subsequent policy recommendations. In response to the committee's specific questions relating to racial inequality, we have also provided some deeper analysis of our data through the lens of ethnicity.

In summary, based on our ongoing research in east – and now north London – we have the following policy recommendations to the committee.

- **Redefining prosperity** to make [secure livelihoods](#) for all a central aim of COVID-19 recovery planning, as well as the forthcoming Levelling Up white paper and the innovation strategy.

¹ Hackney Wick (Hackney), Olympic Park (Newham), Heath (Barking & Dagenham), Coventry Cross (Tower Hamlets) and Canning Town (Newham).

- **Implementing local [Universal Basic Services](#)** experiments in digital, food and transport, to enable access to economic and civic participation for all through a shared infrastructure of public services.
- **Creating a new interdepartmental Government committee** tasked with looking at the most effective policies to deliver an equal recovery, with a broader remit and membership than the Treasury's Build Back Better Business Council.
- **Tasking the Office for National Statistics (ONS) to undertake a feasibility survey to measure the foundations of prosperity.** This would support the redefining of prosperity and the creation of citizen-led prosperity indices across the UK.

Redefining Prosperity.

To rebuild a fairer, more equitable society post-Covid, the single most important policy change that must be made is for the Government to redefine prosperity. We need a definition of prosperity that is less concerned with aggregate economic wealth and growth, and more attentive to the things that people care about – secure and good quality livelihoods, good public services and a clean and healthy environment. Only by changing the thinking at the root of Treasury policy will we see meaningful change in how people live.

GDP has been the universal measure of prosperity in the UK since the 1930s. Although useful when comparing the respective prosperity of nation states, it offers little or no insight into inter- and intra- regional prosperity. It will not be an effective tool as the Government aims to tackle the north-south divide, and level up in every area of the UK.

IGP has a unique insight into what a new definition of prosperity relevant for communities across the UK could look like, thanks to our world-leading research programme. Our research is carried out by [Citizen Social Scientists](#) – a cohort of local people that IGP have trained to work as social scientists in their own communities. Working alongside IGP's academic researchers, these citizen social scientists are able to design research that captures local experiences and reflects what matters to local people and their communities.

As a result, these [Citizen Social Scientists working in east London](#) have been able to work with their communities to co-create a completely new definition of 'prosperity'. Rather than the outmoded and largely meaningless measures of growth, productivity and income, this research identified 15 headline indicators of prosperity reflecting the actual lived experience of prosperity for the people in these places. The outcome is a [new citizen-led Prosperity Index](#) portrayed in Figure 1, that measures what really influences prosperity for local communities.

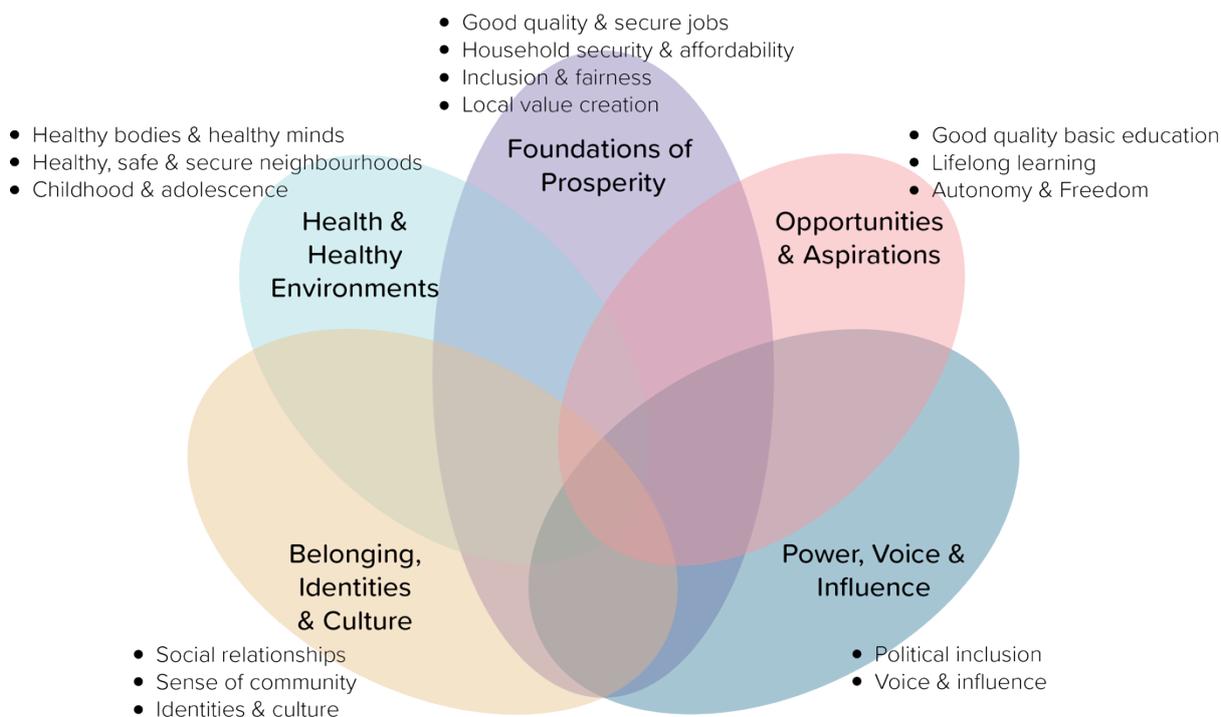


Figure 1 - IGP Prosperity Model (IGP, 2016)

We discovered that in these parts of east London that the foundations of prosperity, although also affected by other factors², could be characterised as ‘Secure Livelihoods’ which includes the following:

1. Good quality and secure work/income,
2. Access to key public services, good quality and genuinely affordable homes,
3. A sense of inclusion in the economic and social life of the city (including digital inclusion) are the foundations for a prosperous life – without them people struggle to get by.

Below we have focused on aspects of each of these three key areas that may be of interest to the Treasury and the committee. This includes policy recommendations that we believe the Government should consider immediately, in order to implement the right kind of rebuilding policies to deliver a fairer post-COVID 19 society.

1. Secure Livelihoods.

The LPI found that ‘[secure livelihoods](#)’ was not just overwhelmingly important for individuals but a [key determinant](#) in defining what prosperity looked like for their community. Livelihood security relates to more than just income and work. It depends on a set of interconnected, interdependent ‘assets’ that make up the infrastructure for secure livelihoods as depicted in Figure 2. These assets cut across multiple sectors and policy silos that commonly decide economic policy.

² Such as rewarding work, lifelong learning, having a voice in society, being part of the community, being in good health and having a healthy environment to live in, personal freedoms and hope for the future.

At the time of undertaking our research, London had the fifth largest economy of any city worldwide and since 2008, London's economy had grown faster than any other region of the UK, increasing by 34 per cent compared to 23 per cent for the UK as a whole.³ The employment rate was at a record high of 75 per cent⁴, and total household wealth (including financial, property and pension assets) equated to £1.8 trillion.⁵

However, the picture within these 5 sites was remarkably different. Many households reported on multiple forms of insecurity demonstrating how insecure livelihoods were hindering prosperity. For example, on household security and housing affordability across all research sites, 25-30 percent of respondents reported having less than £200 per month of income remaining after taxes, housing costs, utilities and debt repayments. Median Real Disposable Household Income (RHDI)⁶ across the five sites was in the range of £400-499. In comparison, based on data from the Labour Force Survey, the London median was approximately £1230.

On digital inclusion, 4 out of the 5 areas fell below the Greater London Average with one area, the Olympic Park (East Village), marginally above. In 2018, across the UK, 11.3 million people or 21% of the UK population lacked the digital skills needed for day-to-day life.⁷

Therefore, 'work' in itself is not sufficient when the work is insecure and housing is extremely unaffordable. Citizen-led research tells us that livelihood security needs to take account of a range of things, not just job growth and employment.

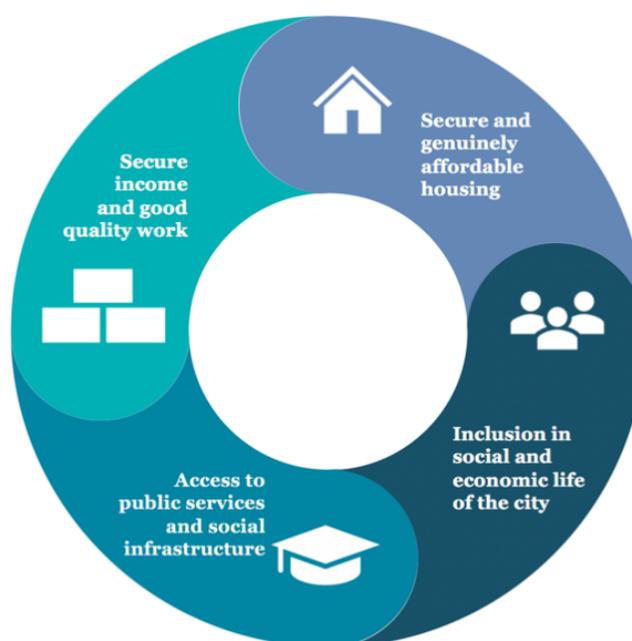


Figure 2. Infrastructure for Secure Livelihoods (IGP, 2021)

³ Cities as a means to the SDGs: London Case Study. March 2018. London Sustainable Development Commission

⁴ London's Economic Outlook: Spring 2018. May 2018. GLA Economics

⁵ Wealth distribution data. London Poverty Profile 2017. Trust for London

⁶ Developed by the IGP and London Prosperity Board (LPB) that includes housing costs (rent, mortgage repayments, council tax), tax and national insurance payments and other 'unavoidable costs' (loan repayments and bills).

⁷ UK Consumer Digital Index 2018, Lloyds Bank.

The demand for secure livelihoods illustrates how knowledge based on lived experience generates a fundamentally different way of understanding prosperity and the financial, social and economic policies required to deliver it. For example, a macroeconomic policy focused on housing expansion to create jobs, planning gain and subsidise affordable housing, generates microeconomic effects that undermine social inclusion. It is therefore important that a more holistic approach is taken, and that such policy challenges are not merely considered in isolation. We urge the Government to make secure livelihoods the baseline for levelling up policy-making.

IGP recommends that the Government make secure livelihoods for all a central aim of COVID-19 recovery planning, and the forthcoming Levelling Up white paper and innovation strategy.

2. Universal Basic Services

Long before COVID-19 struck, the welfare system was struggling to respond to the challenges of the 21st century — from the social care crisis to the climate emergency to the unequal impact of new technologies and automation on jobs and wages. As the pandemic has unfolded, the need for a new concept of universality that can effectively reduce inequality and rebuild prosperity has become ever clearer.

The current parameters for universal services were created as the UK recovered from the trauma of World War II. They were built on principles of solidarity, collective responsibility, and shared needs and these are the same principles that underpin the UK's existing offer of health and education as universal services.

However, while these key services are critical, alone they are not sufficient to address the many challenges currently faced by communities across the UK. A 21st century welfare system must acknowledge that health, education, employment and poverty are not issues that are experienced in isolation but are intricately and inextricably linked. Therefore, an effective system must be expanded to include new services essential to our modern lives, such as childcare, food security, digital access and free transportation.

IGP has been working with a range of partners including, for example, [Poplar HARCA](#), Camden Council, and Heseltine Institute and Liverpool City Region to explore the options for the universal provision of key public services — such as digital services and transport — to enable access to economic opportunity and civic participation for all.

For example, the first phase of the [Connected Communities Inclusive Broadband](#) project launched by Poplar HARCA and other partners in June 2020 targeted between 100 and 200 low-income households in Poplar, Tower Hamlets. The project provided each participant household family with free broadband Internet, a Google Chromebook device, and basic information and communications technology (ICT) training and support. The [IGP found](#) this to be critical in not just in reducing the everyday costs of living, thereby helping to tackle poverty and inequalities, but also by supporting and creating the capacities and capabilities that allow people to participate fully in society from home schooling and learning to job searching, through access to essential e-government services, GP appointments, cultural entertainment and/or connecting with loved ones.

Equally, Camden Council's Inclusive Economy team have prototyped the impact of UBS access to transport and internet connectivity (hardware and data provision) on people's journey into work.

IGP recommends implementing local Universal Basic Services experiments in digital, food and transport, to enable access to economic and civic participation for all through a shared infrastructure of public services.

However, to fully explore the potential of such a policy approach, we need central Government to take a leadership role. While such a responsibility would naturally fall to the Treasury, it cannot be the work of one Government department alone. Instead, we recommend that the Treasury supports the Cabinet Office in convening a new Interdepartmental Committee on Rebuilding Prosperity. Such a committee would require a far broader remit and membership than the Treasury's Build Back Better Business Council. It should take as an example the Committee chaired by Beveridge to look at post war recovery, with the ambition of creating similar revolutionary, long-lasting policies that will be effective at delivering equality for the 21st century.

IGP Recommendation: The Treasury should support the Cabinet Office in creating a new Interdepartmental committee tasked with looking at the most effective policies to deliver an equal recovery, with a broader remit and membership than the Treasury's Build Back Better Business Council.

3. Foster inclusion.

As the Committee rightly identifies in their call for evidence, there are current inequalities across different geographical regions of the UK, which has contributed to the sense of alienation from politics felt by many communities. There is a clear misalignment between economic policy-making and lived experiences, which creates a participation gap.

That is why we are calling on the Government to focus on promoting new collaborations where shared knowledge allows citizens, local government, businesses and community organisations to collaborate, make decisions, trial radical new approaches, and rapidly evaluate change.

With access to new kinds of knowledge, new and innovative policy options can be identified, suggesting new pathways to prosperity that are more targeted and more effective. By looking at prosperity measures from a place-based, citizen-led perspective we can create policies and indices that will actually impact on the lived experience of the communities most directly affected. This in turn will help repair the fractured trust between citizens and governments, and give people access to the tools, skills and relationships to improve their lives.

National Statistics that underpin effective policy-making.

While the Prosperity Index and further Citizen-Led indices across the UK can inform policy making on a new definition of prosperity, it would also be useful to have comparable national statistics in place to help measure inter- and intra- regional prosperity and inform policy interventions. We therefore propose that the Office of National Statistics (ONS) should do an

initial internal assessment of the feasibility of a survey to measure the foundations of prosperity. This should then be followed with a public consultation to look at:

- The need for improved statistics to measure place-based prosperity
- The impact of not having this data
- The key elements of the survey
- Whether one or more methodologies should be piloted to evaluate the usefulness of the data in informing public policy to measure place-based prosperity

IGP Recommendation: Office for National Statistics to undertake a feasibility survey to measure the foundations of prosperity to support the redefining of prosperity and the creation of citizen-led prosperity indices across the UK.

Ethnicity and Prosperity Index

We are aware that the committee is looking for specific insight into inequalities and race.

IGP has explored the London Prosperity Index survey data through an ethnicity lens and below are some preliminary findings⁸ on the relation between racial inequality and prosperity.

Capturing the diversity of lived experience related to ethnicity and race is not trivial. The urgency to address the intersecting nature of systemic racial, social and economic inequalities has become greater than ever and emergent phenomena such as the disproportionate impact of Covid-19 signal the need for meaningful place-based policies.

Our key findings were:

- **Black and Minority Ethnic groups have lower household disposable incomes compared to people who belong to White ethnic groups:** Mean Real Household Disposable Income⁹ appears to be significantly higher for people from White ethnic groups compared to people from Black and Minority ethnic groups. More specifically, Mean RHDl for the White ethnic group is £732, while the range of mean RHDl for all the other ethnic groups is £444 to £590, which is much lower.
- **Financial stress appears to be higher for people of Mixed or Multiple ethnic backgrounds, especially those living in affordable and social-rented accommodations:** Respondents were also asked whether they were up to date with all their household bills. More than one in ten people with Mixed or Multiple ethnic background (13%) responded that they were not able to pay every household bill when it was due, and this percentage was significantly higher in relation to other ethnic groups. These differences tend to be greater for people living in affordable and social-rented accommodation. In this case, the data shows that only 1.7% of people from White ethnic

⁸ Working paper to be published in July 2021.

⁹ Defined from the survey question: *How much of your monthly income would you say you (if applicable: and your partner) has left after paying tax, national insurance, housing costs (e.g. rent, mortgage repayments, council tax), loan repayments (e.g. personal loans, credit cards) and bills (e.g. electricity)?*

groups are not up to date with household bills compared to 23% of people from the Mixed or Multiple ethnic groups.

- **The distribution of the different ethnic groups between private-rented and affordable and social-rented accommodation is disproportional:** Overall, the LPI household survey data suggest that 80% of our respondents in our east London research sites lived in rented accommodation. This includes both private-rented accommodation and those rented from a council or a housing association (affordable and social-rented accommodation). However, the percentage of people with a White ethnic background who live in private-rented accommodation is significantly higher than the percentage of people from Black ethnic groups. 42% of people from White ethnic groups and only 12% of people with Black ethnic background live in private-rented accommodation while almost two thirds of the latter group (71%) live in affordable and social-rented accommodation.
- **There is a significant difference between people of different ethnic groups who live in rented accommodation and their Real Household Disposable Income:** Less than one in five people (18%) from White ethnic groups who live in rented accommodation have less than £200 RHDl compared to almost half of people (47 %) with Asian background.
- **Unemployment:** The relationship between the employment status of the respondents and their ethnic background suggests that one in ten people from Black ethnic groups (11%) is unemployed and looking for paid work compared to less than three in one hundred people from White ethnic groups (3%), which is a significant difference.
- **People of Mixed or Multiple ethnic backgrounds appear to feel less secure about their future and experience a lack of autonomy and/or ability to change or improve their lives compared to people from White ethnic groups:** Previous community-based research identified that being able to act to improve one's life and to influence the decisions that affect local areas are important component of the experience of good life. In our 2017 household survey captured to what extent the respondents disagreed with the statement: "There is no point in trying to improve my life, there's nothing that can be done". The data analysis shows that just under one in five people (18%) from Mixed or Multiple ethnic groups disagree with this statement. At the same time almost half of people (48 %) from the White ethnic groups reported disagreement. The LPI data, therefore, suggests that people of Mixed or Multiple ethnic backgrounds appear to feel less secure about their future and experience a lack of autonomy and/or ability to change or improve their lives compared to people from White ethnic groups.

The London Prosperity Index dataset demonstrates that ethnicity is linked to differences in the experience of good life and local prosperity. The ethnicity-related analysis of the dataset illustrates significant disparities in people's livelihoods as well as their perceptions about their local area and their future. These differences in the everyday experience of people with different ethnic backgrounds indicate clearly that pathways to place-based prosperity are not equitable. Therefore, policymakers need to work towards building equitable pathways to prosperity for individuals and communities of diverse ethnicities. IGP believes that it is community-based research, which starts from local lived experience and considers ethnic

diversity, that will provide an important evidence-base needed to drive these urgent policy responses and actions.

Way forward

To conclude this response, by the time of the next general election - scheduled to take place in 2024 - every city and area of the UK could have its own secure livelihoods strategy; its own citizen-led Prosperity Index and its own pathway to levelling-up based on local experiences; and Central Government could have scoped and begun to deliver Universal Basic Services to provide the framework for successful local interventions; policies underpinned by a robust ONS data set focused on place based prosperity. This would truly be the foundation for a more equal recovery, one that tackles the problems inherent prior to Covid.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Henrietta Moore', written in a cursive style.

Professor Henrietta L. Moore

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