

**Online
Spring
Conference
March 2022**

Fairer Society

Consultation Paper 150

Background

This consultation paper is presented as the first stage in the development of new Party policy in relation to A Fairer Society. It does not represent agreed Party policy. It is designed to stimulate debate and discussion within the Party and outside; based on the response generated and on the deliberations of the working group a full policy paper will be drawn up and presented to Conference for debate.

The paper has been drawn up by a working group appointed by the Federal Policy Committee and chaired by Julia Goldsworthy. Members of the group are prepared to speak on the paper to outside bodies and to discussion meetings organised within the Party.

Comments on the paper, and requests for speakers, should be addressed to: Christian Moon, Policy Unit, Liberal Democrats, 1 Vincent Square, London SW1P 2PN. Email: policy.consultations@libdems.org.uk Comments should reach us as soon as possible and no later than 31 March. Further copies of this paper can be found online at www.libdems.org.uk/policy_papers

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1 Introduction

1.1 The Liberal Democrat constitution speaks of a fair, free and open society. While this consultation paper focuses on how to achieve a fair society, we know that the three are interlinked; freedom is based on fair treatment, equal opportunities and democratic government that puts people first, while a lack of openness is a key driver of unfairness in our society.

1.2 The pandemic has imposed severe restrictions on us all: but it has also highlighted how much more severe the restrictions of a harsh, unfair society can be on some people in a society under strain. Low and unstable incomes, along with poor working conditions, put people under immense financial and emotional stress.

1.3 A regionally unbalanced economy, with poor skills and infrastructure investment, freezes innovation and means that people's opportunities are often driven by where they grow up, not what they're capable of. Worst of all, successive Governments have failed to treat people with dignity and respect - with benefits claimants demonised and labour laws not enforced.

1.4 This paper sets out a range of policies to engage with these challenges: our ultimate aim is to create a fairer society that offers every person space to grow.

Our Remit

1.5 In this paper we primarily focus on economic fairness. We recognise that social justice is key to our objectives, and frequently intertwined with economics. Recent policy papers have already developed policies on social equality and fairness. Some key areas within the framework of economic fairness, housing policy, social care and early years development, are also not covered here because they are being tackled by other Federal Policy Committee working groups at present. While the tax system is often unfair, in order to keep

the remit manageable we will not be substantively reviewing tax policy in this paper, and will instead be advising the Federal Policy Committee that this will need to be considered as part of a manifesto.

Defining fairness

1.6 We recognise that fairness is a contested term - so we need to clarify how Liberal Democrats define fairness differently. We do not see it just as about state spending to redistribute wealth, nor as a 'hands-off' state model focused on enforcing order and the protection of property. Instead, we suggest that everyone should have a fair chance and level playing field to make their aspirations to succeed a reality. Our liberal definition of fairness has several features including:

- Access to opportunities and justice for every individual across society regardless of their age, background or where they live.
- Access to the social and economic support each individual and community needs to maximise their ability to make decisions and make use of opportunity.
- Consistent and fair processes that enhance trust in employers, the government, and other actors across the economy, and that encourage such actors to place trust in people.
- A fair playing field for businesses where large and established players can't shut out innovation and challengers can compete on level terms.
- Encouragement of vitality and non-conformity that honours people's own ambitions whatever they are, rather than a narrowly economic test of 'success'.

1.7 We need to explain our distinctive offer to voters: setting out how we would make society fairer and how our approach differs from that of the other parties. By taking a holistic approach to the problem of economic unfairness and asking about our message alongside the policy issues themselves, we hope to outline a strategy for a distinctive and transformative liberal approach that we can campaign on and that will change the UK's debate and direction on these issues - and ultimately help to build a fairer society.

1.8 We have a number of initial key pillars that might help to emphasise central parts of our approach. These are a number of specific major policies or areas of focus under which we could present a collection of policies, which may in turn help us structure our overall approach, and are as follows:

Tackling Poverty

Giving targeted support to those most in need.

Fighting for Fair Workplaces

Ensuring safe, fair work conditions for all, and giving people more standing and say in their workplace.

Work Open to All

Ensuring access to skills training and help to find jobs and thrive in them.

Income Security for All

A Universal Basic Income to strengthen people's baseline incomes and reduce conditionality of support.

A Wellbeing Economy

Changing objectives for how we measure and grow the economy, to put people first.

Growing our Regions

Connecting people and services, and ensuring people everywhere have support specific to local needs.

Questions

Question 1: Which element of the Liberal Democrat definition of fairness needs to be tackled most urgently in order to create a fairer economy?

Question 2: Which of the above areas do you think are the most important when it comes to a distinct liberal approach to economic fairness?

Question 3: Which words and descriptions do you most think build a coherent idea of our approach to fairness, and how could we best group the above areas and ideas in this paper together around them?

Question 4: Does our above definition of fairness above fit with how you see the Liberal Democrats' role in this debate, and are there ways we could simplify it or should add to it?

2 Tackling Poverty

2.1 Poverty in the UK is widespread, with rising deep poverty - meaning their income is at least 50% below the official breadline - and hunger, conditions which should be unacceptable in a wealthy society like the UK. There are 14 million people in the UK living in poverty, including 4 million children and 2 million pensioners, with in-work poverty on the rise.

2.2 Poverty has many drivers, including ill-health, discrimination, and family breakdown, and we also need to take into account a range of specific needs, causes, and life situations that can increase the likelihood of falling into it. While Liberal Democrat policy will seek to address the problem of poverty across its many different drivers, this paper focuses on the financial aspects of poverty.

2.3 Tackling poverty is a core Liberal Democrat commitment. We have two major direct strands of policy on financial support: reforming the current means-tested benefits system, and the additional introduction of a Universal Basic Income, which is covered below.

2.4 We currently have commitments to make a number of changes to Universal Credit, by reducing waiting times, abolishing the two-child cap and benefits cap, abolishing the benefit sanctions system and reinstating the £20 universal credit uplift. Our last manifesto committed around £5bn to reforming this system, as well as around £1bn for additional support for those with disabilities and around £4bn on extending free school meals and tackling child poverty.

2.5 We have also already committed to improve the way that the system cares for individuals, such as by separating income support claims from job-seeking support, and to introduce new legal duties to ensure people have somewhere safe to stay.

2.6 In addition, we also have a range of policies to tackle specific needs and reduce poverty for those with disabilities, including the abolition of Workplace Capability Assessments and their replacement with a locally run system of real-world testing, and reversing Employment Support Allowance cuts.

2.7 In looking at tackling poverty, we also need to consider factors other than allocating sufficient central government support in direct financial terms. Other public services, from social work to effective healthcare, can make a major difference to poverty levels. Some people in the most extreme cases of poverty in the UK cannot access government support effectively at all, and others may face other barriers to finding work or support appropriate to their situation.

Questions:

Question 5: Are our policies to reform Universal Credit sufficient, and what else could be done to improve the system? (Please note that questions on UBI will follow later so there is no need to include views on UBI at this stage).

Question 6: Which areas do you think should be most urgently prioritised for additional targeted support, and are there additional groups for targeted support that we need to consider?

Question 7: Do we have the right balance between providing financial support and strengthening state and local service provision to help those in poverty?

Question 8: Can we do more to support people out of poverty outside of direct financial support through the tax and benefits system, for example by making it easier to access support to access benefits or to find a permanent place to live?

Question 9: Other than the 'triple lock', is there anything more we should be doing to address pensioner poverty?

Question 10: What support should we be offering to children in poor families to help reduce poverty and make the most of their educational opportunities?

3 Universal Basic Income

3.1 At Autumn Conference 2020, Liberal Democrat conference voted in support of a Universal Basic Income (UBI). A specific working group on this issue has concluded and we will be working to build on their report in this policy paper.

3.2 The UBI working group suggested a starting point of turning the Income Tax Personal Allowance and the National Insurance Primary Threshold into a UBI of £71 per week: this would be a large new expenditure, costing around £30-35bn per year - or around half of the total spending increases pledged in our 2019 manifesto. The UBI would be paid to all working-age UK residents and delivered by HMRC, rather than the Department of Work and Pensions.

3.3 UBI affects a wide range of areas around fairness. Models suggest the UBI proposed by the working group would cut overall poverty in the UK by 25 percent and deep poverty by 70 percent, which in turn could reduce poverty-related pressures on public services. If the modelling was borne out in reality these would be significant reductions. Not all significant beneficiaries of a UBI on this model would be those who are in poverty - in particular, spouses who are not currently in work and students without incomes would benefit. The policy would also provide additional support for these people, making it more financially viable to choose caring and retraining rather than paid employment. For those who do not see an immediate financial benefit, UBI may help protect against sudden income drops.

3.4 It is not intended that this working group will repeat the detailed policy design and costing which last year's UBI working group performed. However, we will be considering what a UBI in the form proposed by the previous working group would deliver in terms of economic fairness compared to or in conjunction with other potential policy interventions, and, in the light of this, what is the most appropriate approach to rolling it out.

Questions:

Question 11: How far should we prioritise UBI as a policy compared to other policies which are more directly targeted on reducing poverty?

Question 12: Are there particular areas we should work on to help ensure a Universal Basic Income is fairly and effectively rolled out and can effectively reach people who need it most, such as people without permanent accommodation or people who have shared financial arrangements?

Question 13: Do you think the speed of implementation proposed in the previous paper, which would aim to replace the Personal Allowance with UBI by around the midpoint of a parliament, is about right, or should it be slower, such as covering more than one parliamentary term? Is it possible or desirable to do it faster?

Question 14: Are you happy with this proposal or would you like the group to explore alternative means of moving towards a UBI, including large-scale trials or alternative means of moving towards universality (such as minimum income guarantees) in order to enable Conference to make an informed choice?

Question 15: If the party adopted the proposals in the UBI consultation paper, could this be effectively communicated on the doorstep, and if so, what should we lead with?

4 Workplaces and Working Rights

4.1 The UK's workplaces have a number of significant problems both for workers and the economy as a whole. In particular, widespread precarity and poor working rights coupled with low access to skills and retraining across the workforce have led to a country that is overworked (eg. full-time employees in Germany work 1.8 hours a week less than those in the UK but are 14.6% more productive (Eurostat 2018)), underpaid, and lacking security. The effects of this are uneven, too, with severe and continuing gender and ethnic pay gaps across the labour markets.

4.2 Liberal Democrat policy already calls for a range of tougher measures to ensure employers play fair. These would include an independent Living Wage Review, a new Worker Protection Enforcement Authority, increased rights to flexible working, and a higher minimum wage and rights to move to permanent employment for those on zero-hours contracts. We also need to provide skills training and support to enable unemployed people to access jobs required by employers in their local areas.

4.3 We also want to empower people in their workplaces, so that workers are able to take effective action when employers fail to respect their rights. Unions have been significantly weakened in recent years and low unionisation may be harming working conditions.

4.4 We also have a long history of supporting more democratic workplaces. Our policy here has included suggesting rights for employees to request shares in specific circumstances, a minister with responsibility for the cooperative and mutual sector within the Department for Business, Energy, Innovation and Skills, and a right to participation in various important company decisions in companies of over 250 employees.

4.5 We more recently committed to specifically target startup funds and support for cooperatives, mutuals, and social enterprises, which may find it

harder to gain starting capital as a result of not providing shares to potential investors, despite their potentially higher long-term benefits to society and workforces. We are also interested in supporting social impact investment.

4.6 There are a range of areas where we could revisit some of these policies. We could look at improving minimum and fair wage enforcement, or regularising employment rules to strengthen and make more immediate the statutory protections for employees and workers. We could look at whether more specific policies are needed to tackle disparities in race and gender across the labour market. We could look again at whether we can further extend our support for wider unionisation. Finally, we could consider whether our support for alternative and more socially just forms of enterprise should be further developed.

Questions:

Question 16: For workers who are currently treated as self employed or casual workers, should we prioritise fuller working protections and higher minimum wages or maintaining flexibility for workers and maximising the number of jobs available?

Question 17: What are the benefits and disadvantages of flexible working and the 'gig economy' for individuals and the wider economy? How can we retain the former while minimising the latter?

Question 18: Should we make encouraging wider unionisation a priority, especially in the flexible/casual jobs market, and if so what are the most important measures to take?

Question 19: Conference motion F33 proposes changes to Statutory Sick Pay including making the two million workers earning under £120 per week eligible and increasing the rate so that it is always at least equivalent to the national minimum wage. Are there other reforms we should also advocate, for example in terms of extending eligibility? This might cover parents with sick children as one example.

Question 20: Should our proposals on stronger worker voices in business be a higher Liberal Democrat priority, and is the best route to do this one of regulations to promote stronger employee voices in existing businesses, or encouraging new enterprises with a greater diversity of social business models?

Question 21: What else should we be doing to address fairness at work?

5 Jobs, Skills, and Opportunity

5.1 Increasing the number of people in well-paying jobs is vital in tackling poverty, and ensuring that everyone is able to enter the labour market if they want to is an important element in ensuring a fair economy. To improve fairness we therefore need to ensure that people have the necessary support and skills to compete properly in the jobs market and access work. An education and skills system which gives every child the best start in life and offers chances for adults who have not done well at school to improve their skills later is central to this. Access to social capital - that is a network of support and advice from friends, relatives and wider civil society - is also a key driver of success in the labour market and we need to consider how those who currently lack this form of capital can be supported, for example through the voluntary sector.

5.2 We have current commitments to improve access to skills and education, via skills wallets for lifelong education, developing national colleges as key expertise centres for certain economically necessary skills, and training and job guarantees to provide free access to training and the opportunity to gain relevant experience for the unemployed and self-employed. Our Universal Basic Income proposals would help offset the cost of adult training schemes, and our universal free childcare make access easier for new entrants to the jobs market.

5.3 When it comes to skills we can look at whether we have the right capacity to deliver the training that skills wallets should unlock, and whether people have the right capacity and support to be able to use that training. We can also look at other routes to deliver that training and whether the balance between the state and private sectors for job training works well, as well as looking at services connecting people and jobs and whether we can improve the fairness and efficiency of hiring systems. An urgent review is required both of the qualifications available to people entering non-undergraduate training,

and for the funding of technical colleges and other institutions catering for this group, to ensure parity with the university route.

Questions:

Question 22: Are our systems for connecting people and jobs adequate, and are there more things we could do to reduce stigma with being unemployed and making support more effective and accessible?

Question 23: Are there particular groups who are disadvantaged in seeking work, or who get a worse deal when being hired, or who need specific support or protections they do not currently have? Are there other particular barriers that need to be addressed?

Question 24: Do we have the right balance between the state and private sector when it comes to job training, and is there more that can be done to persuade businesses to invest in training people?

Question 25: Is the apprenticeship model still the appropriate vehicle for delivering “intermediate” skills and what reforms are needed to ensure more effective public-private partnership arrangements to achieve a significant increase in the volume of training, especially in areas linked to the transformation to a zero carbon economy.

Question 26: How should we respond to the changing needs of business and the economy with regards to skills, training, and post-16 learning?

Question 27: Are there particular vital skill areas, such as digital skills, where we may need additional specific strategies or provision, or where there are barriers to retraining we may not have considered?

6 Growing Regional Economies

6.1 We recognise that economic growth and improvements have not been evenly distributed across Britain in recent decades: an economy fit for all has to be an economy that works everywhere.

6.2 The UK Government have just published their 'Levelling Up' White Paper, but this contains little new money and rehashes a lot of old initiatives. Many of the solutions to these problems will require a place-based approach, drawing on the expertise of local people and their elected representatives in designing tailored local responses. Too many parts of the UK are held back through poor infrastructure such as in transport and digital connectivity, with businesses struggling to access the finance to help them invest and grow. Universities and colleges contribute hugely to the economy, as major employers, in developing skills and training, and through research and development, but research funding is heavily skewed geographically .

6.3 The UK has also had a persistent productivity problem for many decades, showing weak increases in GDP per hours worked by the UK workforce. Regional productivity problems are economically unfair, locking whole communities out of economic success and forcing people to choose between living near family or accessing the career opportunities they want.

6.4 Our existing commitments in this area include expanding the British Business Bank to better support regional small and medium enterprises where the commercial sector fails to provide adequate financing, £50 billion Regional Rebalancing Programme for infrastructure spend across the nations and regions of the UK reinforced by a Just Transition Fund to support communities negatively affected by policies to tackle the climate emergency, and working with the major banks to fund the creation of a local banking sector dedicated to meeting the needs of local small and medium-sized businesses as well as residents. To support rural areas in particular, we support all households and businesses having access to superfast broadband (30Mbps download and

6Mbps upload), propose a £2 billion Rural Services Fund to enable the co-location of services in local hubs around existing local infrastructure, and are committed to increasing funding for buses, enabling local authorities to restore old routes and open new ones and encouraging alternatives to conventional bus services where they are not viable. We have recently adopted a strong new approach to delivering elected devolved government within England - see policy motion A Federal Framework for England in a Federal UK (September 2021).

6.5 Whilst many of these areas are wider than the scope of this working group, the particular challenges of regional inequalities do harm economic fairness for individuals, and these we aim to include in this paper. In particular, we want to look at how regional development can affect individuals' life chances and choices, and whether we need to target specific policies to help people in certain areas get ahead.

Questions:

Question 28: How can we make regional transport connections more accessible to individuals, beyond the much-needed areas of improving core infrastructure, to make sure everyone can make use of opportunities in a wider area? How best should government spread transport and infrastructure investment more fairly across the country?

Question 29: What additional measures should we consider to improve digital accessibility as part of the solution to tackling regional inequality?

Question 30: Our 2019 manifesto supported a Rural Services Fund to support the co-location of basic services in a place where they can be economically viable. Could we expand the purpose of these beyond containing banking services and post offices and if so how?

Question 31: What role should universities and colleges play in our economy? How can we get the most out of public investment in research and development and ensure that all parts of the UK benefit?

Question 32: Are there any other sectors or specific investments that we should consider as part of a plan to tackle regional inequalities, and if so what?

Thank you for taking the time to respond to this consultation. We expect to publish our full paper in August, for debate at the Autumn 2022 Conference.

Fairer Society Working Group

The members of the working group who have prepared this consultation paper are listed below.

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Further copies of this paper can be found online at

<https://www.libdems.org.uk/a-fairer-society-working-group>

Remit

The remit of this group is to develop proposals for building a fairer society, building on existing policy, which communicate our values of liberty, equality, democracy, community, internationalism and environmentalism in a way which secures the election of as many Liberal Democrats as possible, at local, regional and national level, in order to promote our vision of society and remove from power a Conservative government that is failing the country.

The group will develop further proposals for implementing and defending the party's commitment to introducing a Universal Basic Income (UBI). It will also be expected to build on existing policy proposals as set out in the 2019 Election Manifesto, Policy Paper 136 A Fairer Share for All (2019), Policy Paper 133 Good Jobs, Better Businesses, Stronger Communities (2018), Policy Paper 124 Mending the Safety Net (2016), Policy Paper 102 A New Purpose for Politics: Quality of Life and the emerging work on Universal Basic Income. Given the breadth of the remit, the group is encouraged to start by reviewing existing policy to identify where it remains valid and can be reaffirmed, and then focus effort on areas where there is a need for new policy development. While the group is expected to consider and address Liberal Democrat principles on diversity and equalities in developing their proposals, the core remit of this paper is economic fairness rather than the equalities agenda.

This group will as a top priority:

- Develop up to three headline policies for building a fairer society which the party can communicate widely to win votes.
- Develop an aspirational goal or goals which link these together.

The working group will develop policies on:

- How we can help those on low and middle incomes overcome the barriers to improving their economic position, in particular by improving skills training.
- Detailed proposals for implementing UBI and how this would fit in with the wider policy agenda to reduce poverty and improve economic efficiency
- Promoting people's wellbeing as well as economic advancement
- The fairness and efficiency of the labour market, in particular tackling the challenge of insecure employment and low pay
- The fairness and efficiency of the tax system and its role in redistribution.
- Reducing economic and social inequalities between nations and regions
- How we can build welfare and benefits arrangements that ensures dignity and a good quality of life for everyone
- Promoting fair opportunities and fair treatment throughout public policy
- Reducing absolute and relative poverty and food poverty, especially for children
- Tackling the adverse impacts of the COVID-19 pandemic on inequality
- The relationship between local government, central government and the voluntary sector in delivering these objectives

The group will also need to consider the development of more detailed proposals to implement relevant headline policies included in the 2019 Election Manifesto and the emerging paper on Universal Basic Income.

The group will also consider the need for institutional change at central, regional and local government levels to embed these approaches firmly in policy.

The group will take evidence and consult widely from both within and outside the party. This evidence should inform the group's proposals, which

will be presented alongside an analysis of costs and an Equalities Impact Assessment.

A policy paper of no longer than 10,000 words should be produced for debate at Autumn Conference 2022. Prior to that a consultative session should be held at Spring Conference 2022, and a draft policy paper should be presented to the Federal Policy Committee by June 2022.

Published and promoted by Mike Dixon
on behalf of the Liberal Democrats,
1 Vincent Square, London, SW1P 2PN.

Printed by Sarum Colourview,
Unit 8, The Woodford Centre,
Old Sarum, Salisbury, Wiltshire, SP4 6BU

ISBN: 978-1-910763-99-5