

# *Towards A Fairer Society*

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# *Towards A Fairer Society*

## 1 Introduction

1.1 Building a fair, free and open society is at the core of our constitutional values as Liberal Democrats. Fairness is something everybody in Britain wants - and something that we all recognise is too often lacking across our country.

1.2 This paper sets out a range of policies to engage with the big economic challenges facing our country. Our vision is to create a fairer society that offers every person the space they need to grow. Our offer is distinctive and radical, taking a holistic approach to economic unfairness and setting out a transformative agenda that liberals can be proud to campaign on.

### 1.3 Our Top Four Commitments to Unlock a Fairer Britain are:

- End Deep Poverty, including a radical overhaul of the welfare system so no family ever has to use a food bank in Britain.
- A Universal Work Service, providing lifelong support, training and advice no matter where you are in your career and the funds you need to retrain with a Skills Wallet.
- A new Workers Charter, with modern protections for a modern workforce including fairer flexible working rights.

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- Real Community Control, giving money and power to local communities to lead their own way to growth.

### **1.1 Our Remit**

1.1.1 In this paper we primarily focus on economic fairness in social security, workplaces, and rebalancing the wider economy.

1.1.2 We recognise that social justice is key to our objectives and is frequently intertwined with economics. This paper cannot cover all relevant policy and should be taken as setting out primary themes rather than as a comprehensive view of all the areas it could potentially touch upon.



1.1.3 Taxation policy has largely been left outside the scope of this paper and will be tackled elsewhere in the party's policy processes. Some other key areas within the framework of economic fairness including social care and early years development are also not covered here because they are being tackled by other Federal Policy Committee policy working groups.

## **1.2 Defining Fairness**

1.2.1 We recognise that fairness is a contested term - and that we as Liberal Democrats define fairness in a distinct, liberal way.

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1.2.2 We do not see it as just 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 every individual should have a fair chance and a level playing field to make their aspirations a reality. This means the private and public sectors alike supporting people to succeed and not restricting them as they do so.

1.2.3 Our core values of building a more equal, fair, and open society support each other through this vision. Freedom is based on fair treatment, equal opportunities and democratic decisions that put people first, while a lack of

openness is a key driver of unfairness in our society. Our definition of fairness has several features including:

- Access to opportunities and justice for every individual across society regardless of their background, inherent characteristics, or where they live.
- Access to the social and economic support each individual and community needs to maximise their own ability to make decisions and make use of opportunity.
- Consistent and fair processes that enhance trust in employers, the government, and other actors across

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the economy, and that encourage such actors to place trust in people.

- A fair playing field throughout the economy where large and established players can't shut out innovators and challengers.
- Encouragement of vitality and non-conformity that honours people's own ambitions whatever they are, rather than a narrowly economic test of 'success'.

## 2 Britain's Economic Challenges

2.1 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.

2.2 Low and unstable incomes, along with poor working conditions, have put people under immense financial and emotional stress while those in power party behind closed doors. These pressures have been redoubled with the current cost of living crisis, which is showing once again the lack of effective support for those who need it most across Britain.

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2.3 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 working rights not enforced.

2.4 As Liberal Democrats, we are optimists about what is possible and evidence-driven when it comes to what needs to be done to achieve that. By rolling

back the barriers of unfairness we can have a society where:

- People can live and work with respect and fair conditions.
- Success is valued and not held back by where you come from and who you are.
- Our economy is given new life by making it easier to take risks, improve skills, and take advantage of better regional investment
- We strengthen the bonds of trust in our society, so people are free to choose their own paths when it comes to accessing government support and ensuring they can trust in turn that

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businesses and politicians play by the rules.

2.5 Before outlining our vision, there are two distinct challenges that provide important context for our task – the cost of living crisis and our broken political system.

### **2.1 Cost of Living Crisis**

2.1.1 The British people are facing a serious cost of living crisis driven by the continuing economic impact of Covid-19, soaring energy and food bills, sluggish international trade, stagnating wages, rising inflation and unfair tax rises.

2.1.2 The crisis is not just an immediate concern but also symptomatic of the deep



structural problems within the British economy. Ingrained inequality makes it more difficult for many people to cope in the face of challenges like this.

2.1.3 The Liberal Democrats recognise the need for urgent action to tackle the short-term crisis. The party has proposed a series of measures focused on:

- Reducing the tax burden on working families, including a 2.5% cut in the rate of VAT.
- Providing security to those reliant on Universal Credit and State Pension.

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- Redistribution of energy giant profits to households struggling with rising bills.

2.1.4 As the Cost of Living Crisis evolves, with rapidly rising inflation and other challenges emerging, the party will continue to innovate short-term policy solutions to help the nation through this fairly.

2.1.5 However, this paper's proposals will focus on the longer-term reforms required to make Britain fairer and give more people the resilience they need to ride out hard times in the future.

2.1.6 Liberal Democrats propose to take the following actions to tackle the immediate crisis:

- Introduce an emergency VAT cut from 20% to 17.5% - saving families £600 a year.
- Scrap the unfair National Insurance hike which disproportionately impacts low earners.
- End the unfair freeze of the Income Tax personal allowance, which is a stealth tax falling disproportionately on low earners.
- Protect pensioners from rising prices, including the 1.5 million low-income people on pension credit, by uprating

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pensions in line with the OBR's inflation forecast of 8%.

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

### **2.2 A Broken Political System**

2.2.1 The British political system favours existing concentrations of wealth and corporate interests in a way that makes society less fair and reduces opportunity for everyone else.

2.2.2 Whilst raising taxes on working families, the Conservative Government cut

taxes on big banks. They abandoned struggling workers to play party politics with unions. They were quick to cut £20 from Universal Credit but gave up on reclaiming billions of Covid corporate fraud. They lowered the Global Minimum Corporation Tax Rate and trashed international trade agreements with our longest serving partners.

2.2.3 Disgracefully, this Conservative Government has presided over a scandalous and incompetent misuse of public funds. From billions wasted on unsuitable PPE, to unaccountable Covid contracts for friends of ministers and a

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staggering £37 billion spent on an inadequate test-and-trace system.

2.2.4 Hard working families, who are struggling to make ends meet, will be outraged that the Conservatives have squandered their money while those that engaged in blatant profiteering at taxpayers expense face no consequences.

2.2.5 The great majority of the British people don't want the Government to behave in this way. But they get away with it because there are fundamental structural problems with the British State which tilt the playing field away from the

general public interest and towards special interests.

2.2.6 The Liberal Democrats are committed to fixing our broken political system. That means:

- Better scrutiny of public contracts.
- Improved transparency of corporate lobbying.
- Proper regulation of political donations.
- Constitutional reform including decentralisation and a fairer voting system.

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2.2.7 The party has set out its policies for fixing our broken political system more comprehensively elsewhere. However, there can be no economic justice until such reforms take place and so it is important to outline this as context for this paper.



### 3 Poverty, Universal Basic Income and Guaranteed Basic Income

#### **3.1 Chapter Summary**

3.1.1 Our immediate priority is to relieve poverty by patching the many holes in the Universal Credit safety net and increasing Universal Credit allowances by £20 a week.

3.1.2 Our long term objective is to end deep poverty in Britain, including a radical overhaul of the welfare system.

3.1.3 Ending deep poverty requires systemic change across the board. From addressing skills gaps to tackling job security, providing affordable homes to

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reforming childcare – the challenge is huge. Some of this is tackled elsewhere in this paper, some of it in other party policy papers.

This chapter focuses on long term changes to the welfare system and presents three choices to Conference.

### *Universal Basic Income (UBI)*

3.1.4 Over the past 18 months the party has developed a proposal for a UBI of £70-90 a week, which would replace tax and national insurance personal allowances for all working age adults. This would operate alongside the existing welfare system.

3.1.5 Anyone of working age currently paying tax would see no overall change in their financial circumstances; they would receive a UBI but pay an equivalent amount of extra tax.

3.1.6 But those who do not have enough earnings to pay tax would benefit from an additional non-contingent cashflow. This would include all those in the very lowest income households, though also many individuals who do not do paid work but live in well off homes. It would result in significant reductions in poverty.

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3.1.7 This additional payment will be universal between childhood and the state pension age – not in itself subject to means testing or any potential stigma associated with receiving state welfare.

### *Guaranteed Basic Income (GBI)*

3.1.8 Guaranteed Basic Income is a close cousin of UBI, but more directly focussed on the goal of ending deep poverty and destitution, which has worsened under the Conservative Government.

3.1.9 It sets a long term target of providing enough financial support to

every household to ensure they can afford to live in dignity and can pay for the essentials of housing, heating and food - even if the household has no opportunity for work.

3.1.10 This would be achieved by regular increases in welfare payments until this long term target was reached. A similar approach (in a different context) has been taken with the minimum wage, which started at a low level, and has been steadily increased over time.

3.1.11 Its overall costs in the long term could be similar to the proposed UBI above. But, for the same amount of spend,

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it will lift a greater number of people further out of poverty. This is because all the additional money is targeted on low income households, rather than some of it being provided to individuals who have little or no income but live in well off households.

It does not include any welfare payments unrelated to income levels for working age people.

## *Trialling UBI/GBI*

3.1.12 The third approach would be to use very extensive trials to determine whether UBI or GBI would be the best way forward.

<b>Impacts of UBI and GBI compared</b>		
	£78 <sup>1</sup> weekly UBI	GBI costing the same as a £78 weekly UBI
Illustrative households: % increase in income <sup>2</sup>		
Single person with no earnings.	+45%	+88%
Couple with two children with no earnings	+26%	+50%

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<sup>1</sup> £78 is the value of the tax and national insurance personal allowances based on policies which are currently in place or have been announced.

<sup>2</sup> Figures do not take account of any tax changes that may be introduced to fund the reform (other than the elimination of personal allowances under the UBI proposal)

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Couple, 2 children, each earning £35,000	No change	No change
Couple, no children, one earning £70,000	+8%	No change
Impact on poverty		
% reduction in households in poverty (having less than 60% of median income) <sup>3</sup>	24%	34%

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<sup>3</sup> After housing costs



## **3.2 Background**

3.2.1 While the cost of living crisis and Covid pandemic has left many households with very little resilience against any kind of financial shock, deep poverty has been a persistent and growing problem in Britain for a very long time.

3.2.2 According to the Joseph Rowntree Foundation, 'very deep poverty' is defined as having less than 40% of median income. The number of people living in very deep poverty in our country has increased by a quarter in the last 20 years – from 8% to 10% of the population since 2001/2.

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3.2.3 Such a significant increase means that a wide section of society has been hit. However, deep poverty is particularly prevalent among certain groups such as people living in lone parent families, large families, the disabled, black and minority ethnic groups and women.

3.2.4 There is no quick fix to tackling deep poverty. Even systemic change focused solely on the welfare state can take time, as the decade long rollout of Universal Credit demonstrates. Any radical change proposed will need to be rolled out carefully over time, with appropriate testing and scaling along the way.

3.2.5 This chapter will outline the current welfare system and its problems, outline our immediate fixes to the broken safety net and then present Conference with three choices for radical, long-term change.

### **3.3 The Current Welfare System and its Problems**

3.3.1 Universal Credit is the core of the UK's welfare system for working age people, replacing a number of different legacy benefits.

3.3.2 Eligibility for Universal Credit is based on the income and assessed needs of a household. It includes standard

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allowances and further allowances for children, housing and those with a disability or health condition. Amounts paid are reduced as a household's earnings increase.

3.3.3 The average weekly amount is £180 per household. For those living in areas of high housing costs or with health conditions the amounts could be significantly higher, with as many 10% of households on Universal Credit receiving awards of more than £320 a week.

3.3.4 Welfare payments for those out of work and on low incomes have become meaner over time. The Conservative

Government froze welfare payments from 2016 to 2019. Subsequent increases have been in line with inflation rather than earnings. The temporary £20 a week uplift during the pandemic effectively reversed recent real terms cuts but was then ditched again. Now rapidly growing inflation is causing particular hardship due to the lag in uprating benefits.

3.3.5 Over time, the reductions for some groups – particularly those without children – have been very significant. Out of work incomes for a single childless person made up 23% of average weekly earnings in 1975 and just 14% in 2019.

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3.3.6 The result of all this is Universal Credit leaves many households far below the poverty line. Put simply it is far too low.

Table: Current level of welfare provision for those with no income other than welfare payments<sup>4</sup>

Household type	Income as % of poverty line (60% of median income)	Income as % of JRF minimum income	Income as % of median income
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<sup>4</sup> The table is based on income after housing costs, and for each group is based on household income on an equivalised basis as is standard when making this kind of comparison. Figures are for households containing at least one individual aged over 25. See the below referenced report for the background to the minimum income standard

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	for type of househol d)	standard <sup>5</sup>	
Single, no income other than welfare	44%	35%	27%
Single, 2 children, no income	63%	55%	38%

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<sup>5</sup> We have used data collected by Loughborough University for the Joseph Rowntree Foundation based on systematically asking representative groups of people what they view is the minimum necessary for a decent living standard. This is described at <https://www.jrf.org.uk/report/minimum-income-standard-uk-2021>

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other than welfare			
Couple, 2 children, no income other than welfare	56%	53%	33%

3.3.7 There are also significant issues in how Universal Credit is administered and in its more detailed provisions. While in some respects better than the jumble of welfare entitlements it replaced, some



aspects of it have caused hardship from the beginning. Liberal Democrats have long been calling many of these out:

- It takes five weeks for a household's first Universal Credit claim to be assessed and paid, and payments are made in arrears. This does not work for people on precarious incomes and repaying an advance still creates hardship for many.
- Large families are penalised. There are no payments made in respect of children after the first two, and the overall cap on benefits (of all kinds) payable places an arbitrary restriction

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on the total amount which can be claimed.

- Universal Credit is not available to those with money and savings over £16,000, a limit which has not been changed since 2013.
- It is unfair that those without children and second earners within a family do not receive an earnings allowance.
- The sanctions regime is harsh, ineffective and unnecessary, disproportionately affecting those with mental health issues
- Administering Universal Credit as part of the same process as providing employment support leads to employment support being

suboptimal because it does not create the trust between an individual and their job coach which is necessary to create good outcomes.

- Levels of housing support are not consistently indexed to rising local rental costs.

3.3.8 This paper includes urgent action to address these issues as well as proposals for long-term change.

### **3.4 Urgent Action: Fixing the Broken Safety Net**

3.4.1 Whatever we decide in terms of long term systemic change, urgent changes to Universal Credit and our welfare system

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are needed. These need to be addressed now.

3.4.2 Most importantly, current levels of Universal Credit are not sufficient. We would immediately reintroduce the £20 weekly uplift to Universal Credit standard allowances, adding over £1000 annual income to those on UC. For the short remaining period in which older “legacy” welfare payments are in place, they would also benefit from this uplift.

3.4.3 We would also ensure that the value of these entitlements is not again eroded over time by inflation by:

- Indexing all elements of Universal Credit to the higher of earnings, inflation and 2.5% as a minimum
- Basing the indexation on earnings growth and inflation in the previous January rather than the previous September, or indexing Universal Credit twice a year – thus significantly reducing the lag in indexation which is causing hardship at present;
- Annually uprating the Local Housing Allowance so that it keeps pace with local rent levels.

3.4.4 We would reform the significant issues in the calculation and administration

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of Universal Credit which the government has long failed to address. We would:

- Introduce emergency grants instead of advance loans
- Stop deducting debt repayments at unaffordable rates by capping total deductions to repay government debts at 5% of the standard allowance and to repay all debts at 15% of the standard allowance
- End the two child limit and the benefit cap.
- Increase the savings limit from £16,000 to £21,000 and index it thereafter to reflect inflation since the

level was set in 2013. We would also increase the savings disregard

- Reinstating the earnings allowance for those without children, introducing a new second-earner work allowance and increasing support for self-employed people.
- Removing financial sanctions.
- Setting up separate processes for providing employment support, rather than linking this to the administration and assessment of Universal Credit

3.4.5 We would also retain other existing party policy on welfare, including:

- Scrapping the bedroom tax.

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- Reversing cuts to ESA for the work related activity group.
- Reinstating the independent living fund.
- Increasing support for bereaved parents.

### **3.5 Radical Systemic Change: Three Choices**

3.5.1 Many of the most urgent changes required by our welfare system are obvious and have long been party policy. But the longer-term objective of radical systemic change requires more discussion and debate.



3.5.2 In this paper we set out three potential approaches for discussion by conference:

**1. Universal Basic Income (UBI):**

replace tax and national insurance allowances with a £70-90 per week UBI for working age adults, while retaining Universal Credit.

**2. Guaranteed Basic Income (GBI):**

rapidly increase Universal Credit to the level required to end deep poverty within the decade and remove the work requirement.

**3. Major trials of both UBI and GBI:**

conduct large-scale trials of both

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proposals in order to test the potential outcomes of each proposal.

3.5.3 This section will describe each option in principle before outlining the proposal as if it were our policy. We will compare and contrast the different choices.

### **3.6 Universal Basic Income**

3.6.1 Universal Basic Income (UBI) is an income paid unconditionally to all on an individual basis without means-testing or work requirement.

UBI is not only a long-term solution to a broken welfare state but a liberalising policy that provides everyone with some certainty of cashflow and a payment free of

the indignity of hoops to jump through and sanctions regimes.

3.6.2 A UBI would not not provide additional income if a household suffers a financial 'catastrophe' such as loss of a job .

### **3.7 Autumn Conference 2020 UBI motion**

3.7.1 Members at the Autumn 2020 conference backed a motion supporting the phased introduction of UBI but it did not specify the financial level of a UBI. A working group reviewed this in detail during 2021 and the results are briefly summarised here.

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3.7.2 Firstly, the cost of a substantial UBI of around £200 a week was deemed impractically high in the medium term, costing an estimated £250bn of tax increases even after eliminating welfare payments and income tax personal allowances. To put this in perspective, HMRC estimates that a 1% rise in income tax for everyone raises £7-8bn. The option of replacing pensions was also ruled out on grounds of fairness and cost.

3.7.3 The working group settled on a proposal that replaced the existing tax and national insurance personal allowances with a weekly UBI of £71 for all working age adults - equal to the financial value of

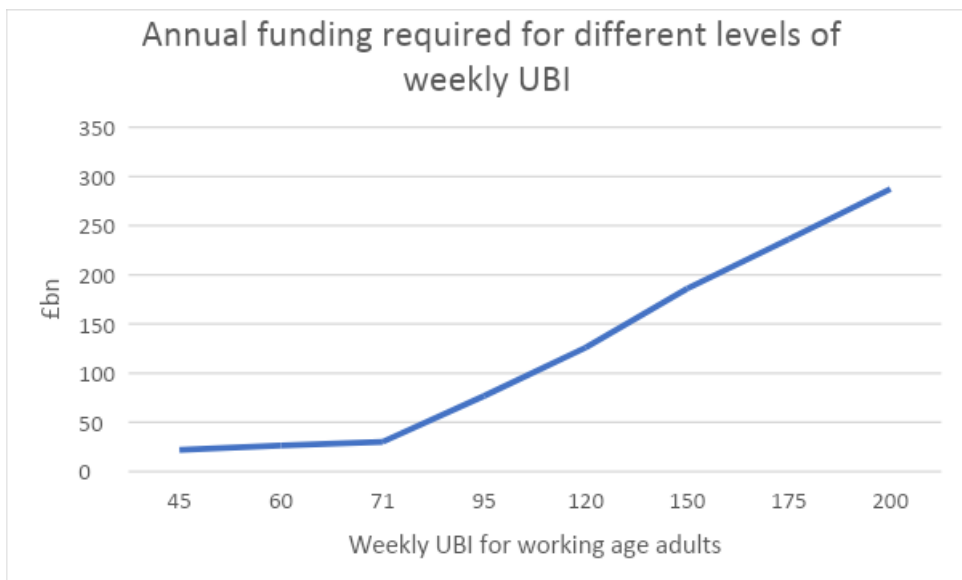
personal allowances at that time. This means that anyone not currently paying tax would see a benefit of up to £3,692 a year while those currently paying tax would receive the same from UBI as they currently do from their personal allowance.

3.7.4 This UBI level is much lower than the average Universal Credit award, so it would be necessary to retain some form of welfare payment in order to ensure it reduces poverty.

3.7.5 The chart below shows estimates of the cost of different levels of weekly UBI

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that were made in the consultation document<sup>6</sup>.



### **3.8 Proposed Option 1: UBI**

3.8.1 Liberal Democrats are committed to replacing income tax and national insurance personal allowances with a UBI

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<sup>6</sup> Costs will have changed since the time of this document, but the broad picture will have remained very similar.

for all working age adults. This takes a benefit which is currently only available to people who pay tax and makes it available to everyone. This is fairer.

3.8.2 This UBI, worth £70-90 a week, will operate alongside a welfare system in order to maintain a basic standard of living. The changes will not apply to those over the state pension age.

3.8.3 The long-term cost of the implementation is likely to be in the range of £35-40bn a year. There will be extensive real-world testing before a full rollout.

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3.8.4 As part of the necessary preparation we would also need to:

- Identify everybody who is entitled to UBI.
- Resolve how UBI would be paid to the 'unbanked'.
- Establish how UBI, tax and benefit systems will work together operationally.
- Ensure the public understands and supports the change.

3.8.5 Our UBI will create a fairer society by:



- Providing everyone with a level of stability and continuity of income.
- End stigma historically associated with welfare.
- Create greater resilience both for society and individuals in a rapidly changing world of work.
- Deliver significant reductions in levels of poverty.

### **3.9 Guaranteed Basic Income**

3.9.1 A Guaranteed Basic Income (GBI) is a commitment that every household, regardless of whether any of its members can obtain paid work, is entitled to a certain level of income.

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3.9.2 The GBI level will be set by an independent commission with the aim of lifting every citizen out of deep poverty. The state will up their income to the minimum level, while ensuring that everyone sees some benefit from additional paid work.

3.9.3 The GBI does not prioritise universality and instead seeks to maximise poverty reduction for any given level of state expenditure. It can therefore deliver greater reductions in poverty for the same cost of the proposed UBI.

## **3.10 Proposed Option 2: Guaranteed Basic Income**

3.10.1 Liberal Democrats are committed to introducing a Guaranteed Basic Income (GBI) by steadily increasing welfare payments and removing the work requirement. This has the potential to end deep poverty in Britain within a decade.

3.10.2 The GBI will require immediate changes to Universal Credit and then a managed increase in the payment level by an independent commission, similar to the Low Pay Commission, over ten years.

3.10.3 The GBI commission will:

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- Define what the required level is.
- Outline how to reduce poverty as quickly as possible.
- Keep in mind impact on the wider economy and fiscal cost.

3.10.4 The GBI amount will depend on how costs for essential requirements change over the coming years and what target level is deemed appropriate.

3.10.5 If GBI was set at 50% of median earnings this would require further weekly increases, on top of the initial £20 uplift, of approximately £50 on the allowance for a household with one adult. The costs of a

GBI at that level would in the long term be similar to those of the proposed UBI.

### **3.11 Proposed Option 3 Trialling UBI/GBI**

3.11.1 By the end of the next parliament we will have evidence for a fully tested radical overhaul of our welfare system.

3.11.2 UBI has not been implemented at scale in any developed economy. Some trials were operated in the United States and Canada in the 1970's, though these were in the context of a very different welfare set-up. There have been more recent small-scale trials targeted at specific groups, like the Finnish trial involving 2000

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unemployed people and a Welsh trial involving 250 people leaving care.

3.11.3 We plan to have three communities each of approximately 10,000 people receiving the full benefits of a UBI rather than tax personal allowances, as set out in Option 1.

3.11.4 The challenges of implementing a GBI are less significant than those of a UBI, but we would also do trials on this, and look at a direct comparison between the two proposals.

3.11.5 After comprehensive testing, we will have a blueprint for radical change to

recommend to the electorate in the following election.

### **3.12 Time Frames and Costings**

3.12.1 Almost all of the immediate changes to our welfare system which are included here were also included in the 2019 manifesto; we estimate that these welfare enhancements would now cost in the region of £8bn a year.

3.12.2 In addition the proposed £20 weekly increase on Universal Credit would cost approximately £7bn.

3.12.3 Radical change is much harder to plan and to cost. However, we estimate

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that the long term costs of both Options 1 and 2 could be similar, depending exactly on what level each is set at. This cost is around £35-£40bn a year, with lower costs in the first parliament and higher costs in the second.

### **3.13 Appendix; Impacts of Proposed Reforms on Some Illustrative Households**

	%	%	% increase
Weekly	increase	increase	by provided
Household	provided by	provided by	by GBI - at
Income	immediate	provided by	level of
	increase	UBI	same total
			cost as UBI



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	Income now	Welfare changes	(longer term)	
Single, no earnings	£ 77	26%	45%	88%
One adult, 2 children no earnings	£ 226	9%	16%	33%
One adult, 4 children	£ 255	52%	58%	76%

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children  
with no  
earnings

Two adults, 2 children	£ 270	7%	26%	50%
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children,  
no earnings

Two adults, only one earning	£ 948	0%	8%	0%
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,  
£70,00  
0  
income

Two	£	0%	0%	0%
adults,	1,104			
two				
children,				
both				
earning				

,  
£35,00  
0 each

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### 4. Jobs and Training

4.1 To build a fairer society, we need to give everyone the chance to develop the skills they need to fulfil their potential. It is tragic that many people who are capable of much more are out of work or stuck in low-skilled jobs, due to lack of training and advice. Extra support is particularly important for those who for whatever reason do not do well in school - opportunity should not be a one-off experience, we believe that people should have opportunities to improve their position throughout life. Delivering the skills business needs will also be good for overall economic performance which benefits everyone. We therefore propose:

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- A 'Universal Work Service' to replace the flawed support service currently offered through JobCentres.
- New Skills Wallets for every adult, giving them £10,000 to spend on education and training throughout their lives. These Skills Wallets will empower people to develop new skills so that they can thrive in the technologies and industries that are key to the UK's economic future.
- Expanding the apprenticeship levy into a wider 'Skills and Training Levy' to help prepare the UK's workforce for the economic challenges ahead.

- Introducing a Training Tax Credit to incentivise training in the private sector.

## **4.1 Universal Work Service**

4.1.1 The existing arrangements for supporting people who are out of work or on low incomes to find better jobs are deeply flawed. Three main problems are:

- Jobcentres combine the role of work mentoring with policing Universal Credit, which creates a conflict.
- Support is limited to those in receipt of Universal Credit, whereas many others on low incomes could benefit from support to move up the income

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scale.

- The system is national rather than local or regional and not well suited to local economic conditions.

4.1.2 Liberal Democrats proposed to reform the system for supporting those who want to find work (or better paid work). along the lines proposed by Demos in their proposal for a 'Universal Work Service'. This would be separated out from the DWP and not be responsible for Universal Credit administration (under our proposals the current UK sanctions regime would be ended in any case - see chapter on Poverty/UBI). The service would be commissioned by local authorities or



combined authorities (in future we would transfer it to the regional structure as set out in our proposals *A Framework for England in a Federal UK*). They would choose whether to deliver it through the public sector or voluntary sector. The service would also be available to people not currently on benefits but who would like to learn how to improve their skills and marketability, although greater levels of support would be given to those currently out of work. We would also aim to give support to self-employed people on low incomes who wish to improve their skills

## **4.2 Skills Wallets and the Apprenticeship Levy**

4.2.1 With technology advancing and the world of work always and rapidly changing, skills learned at 18 or 21 will not last a lifetime and it has never been more important for people to continually develop new skills. The system is not set up for this though – opportunities are limited and people do not get the chance to make the most of their talents. We need to empower people to develop new skills so that they can thrive in the technologies and industries that are key to Britain’s economic future.

4.2.2 The Liberal Democrats are embracing the future, championing flexible

lifelong learning that gives people the power to follow the path that best suits their ability. We will:

- Introduce new Skills Wallets for every adult in England, giving them £10,000 to spend on education and training throughout their lives:
  - The government will put in £4,000 at age 25, £3,000 at age 40 and £3,000 at age 55.
  - Individuals, their employers and local government will be able to make additional payments into the wallets.
  - Individuals can choose how and when to spend this money on a range of approved education and

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training courses from providers who are regulated and monitored by the Office for Students.

- Individuals will have access to free careers guidance to help them to decide how to spend the money in their Skills Wallets.
- Government will work with industry to identify skills needs and to evaluate and certify courses.
- Expand the apprenticeship levy into a wider 'Skills and Training Levy' to help prepare the UK's workforce for the economic challenges ahead with 25 per cent of the funds raised by the levy going into a 'Social Mobility Fund'

targeted at areas with the greatest skill needs.

- Develop National Colleges as national centres of expertise for key sectors, such as renewable energy, to deliver the high-level vocational skills that businesses need.
- Identify and seek to solve skills gaps such as the lack of advanced technicians by expanding higher vocational training like foundation degrees, Higher National Diplomas, Higher National Certificates and Higher Apprenticeships.

### **4.3 Training Tax Credits**

4.3.1 There is evidence that private sector training led by businesses is the most effective in increasing productivity, and therefore in the long run incomes. However there are 'externalities' in relation to training in the sense that the benefit to companies which provide training is smaller than the benefit to society (because many employees will leave at some point and so the benefits will be reaped by others).

4.3.2 So companies do not do as much training as they ideally should. A report by the Learning and Work Institute (L&W) in 2019 found that the UK skills shortage will cost the country £120 billion by 2030.

Overall, there will be a shortfall of 2.5 million highly skilled workers and an oversupply of 8.1 million people with traditionally intermediate or low skills. The Global Readiness Index is a global study to provide data and insight on how people feel about future employment challenges and opportunities; and the factors that are driving personal and corporate readiness in the world of work. Overall it gave the UK a score of only 7.3 out of ten, compared with 7.6 for France and 8.0 for the USA.

4.3.3 For some years there has been a programme of tax super-deductions (or additional tax credits) designed to encourage R&D. In the normal course of affairs companies are able to reduce their

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taxable profits and hence their corporate tax bills by expenses such as training and R&D. The UK regime for R&D allows businesses to make a higher deduction. The regime is different for large and for small companies but the effects are that if a company spends £100 on R&D, it is able to treat this as a reduction of between £150 and £230 of its taxable profits.

4.3.4 We are therefore proposing to extend this to training. We would however restrict the scope of the credits to the training of relatively low-paid employees, so it doesn't end up being a subsidy for, say, MBAs for the senior executives. We would consult with business on what types of training should qualify for this



incentive and at what employee income level it should be available.

4.3.5 In addition there is a gap in the current system as it relates to training costs which individuals pay for themselves. Current rules do not allow that these should be treated as tax deductible expenses at all. The government consulted on this in 2018 but decided not to do anything about it. We think that was a mistake.

4.3.6 We believe that these reforms will boost the level of high quality training provided by business and help more people fulfil their potential while also benefiting overall economic performance.

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## 5. Workplace Rights and a Workers' Charter

5.1 The UK's workplaces and labour market 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, underpaid, and suffering from economic instability. Too often, people suffer from discrimination, exacerbating these challenges. Many of those 'key workers' celebrated during the pandemic are affected by these challenges - but deserve so much better.

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5.2 At the same time, the UK's labour market has a number of strengths. Employment is high, and the UK's employers proved impressively able to meet the challenges of the pandemic. Millions of people switched overnight to working from home, while many of those unable to do so worked hard to put in place covid protections wherever possible.

5.3 We now have an almost unique opportunity to reshape our economy and our workplaces. By embracing the flexibility offered by remote and hybrid work, we can spread well-paid jobs around the country, turbo-charging 'levelling up' and putting money into local communities, and making

it easier to balance work and personal life. And we can learn from the experience of the pandemic, to make sure that those most essential to running the country are never again exposed to poverty and unfair work practices.

5.4 The Liberal Democrats are proposing a package of stronger workplace rights, a Workers' Charter to make sure everyone is treated fairly at work and help unlock this moment to transform our economy.

## **5.1 Unlock Flexible Working**

5.1.1 Despite instances of abuse, we believe flexibility in the world of work can be massively positive – some individuals

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positively chose this option, and in a period of great economic change, it aids innovation. However individuals need to have more control and a real choice over this flexibility. It needs both active enforcement of existing employment rights and new forms of rights to match the greater flexibility. The Taylor Review published in July 2017 made a number of positive recommendations for modernising the regulatory framework for the labour market, but the government's response so far has been disappointing.

5.1.2 We will improve the rules around hours not guaranteed by contract by:

- Establishing a new 'dependent contractor' employment status in between employment and self-employment, with entitlements to basic rights such as minimum earnings levels, sick pay and holiday entitlement.
- Setting a 20 per cent higher minimum wage for overtime and non-contracted hours (including zero-hours contracts), to discourage abuses of zero-hours contracts and compensate them for the uncertainty of fluctuating hours of work.
- Creating a right to switch to a contract which reflects a worker's normal hours. This is not about a worker

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requesting a change to the amount of work they do, but rather proper recognition of their normal hours.

- Creating a right to reasonable notice of work schedule – to encourage employers to provide workers with their work schedule in advance so that individuals can plan their lives.
- Introducing forced compensation for shift cancellation or curtailment without reasonable notice – to discourage employers from cancelling shifts at the last minute or part way through a shift.
- Changing the law so that flexible working is open to all from day one in the job, with employers required to



advertise jobs accordingly, unless there are significant business reasons why that is not possible.

- Reviewing rules concerning pensions so that those in the gig economy don't lose out, and portability between roles is protected.

## **5.2 Strengthening and Enforcing Rights at Work**

5.2.1 We also believe there is a need to achieve greater coordination and coherence between the patchwork of existing government agencies – GangMasters and Labour Abuse authority licensing, HMRC, ACAS, CAC, Director of Labour Market Forces – currently

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responsible for protecting workers at the 'bottom end' of the labour market. We propose a new streamlined Worker Protection Enforcement Authority which would both enforce rights more effectively and give employers a simplified institutional contact. It would among other things deliver stronger enforcement of core rights – minimum wage, sick pay and holiday pay – for all dependent contractors and employees, actively enforce tribunal findings and name and shame bad employers. We will also restore the right to legal aid in employment tribunals.

5.2.2 We want to empower people in their workplaces: as well as ensuring that

employers do the right thing, we recognise that workers need support to take on poor bosses and support to ensure that their rights are protected and stood by in the workplace. Liberals have a strong tradition of supporting the rights of workers to unionise and we think this is a key part of our offer going forward.

5.2.3 We will strengthen the ability of unions to represent workers effectively in the modern economy by:

- Allowing unions to have access to workplaces, as has been shown to work in New Zealand. This includes unions who have no members in a

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workplace, where they receive consent from the employer which cannot be unreasonably withheld or until two working days have passed with no reply since the request was made.

- Initially simplifying the rules and procedures around having a union recognised by an employer then having a full Review into the ability of unions to access workers across all businesses, but particularly those that are complex or include remote work.
- Broadening the right to collective bargaining to all pay and conditions, including pay and pensions, working time and holidays, equality issues (including maternity and paternity

rights), health and safety, training and development, work organisation and the nature and level of staffing.

- Ensuring that the right to collective bargaining does not include the right to agree lesser rights than statutory protections in any area.
- Making discriminating against workers on the basis of their union membership or activities (blacklisting) a criminal offence.
- Working with unions and industry to introduce sectoral collective bargaining.
- Committing to reducing the unfair dismissal threshold back to one year.

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- Maintaining that there will be no deposit to fight an employment tribunal.
- Creating the right for a worker not to monitor or respond to any work-related communications, or to carry out any work, outside of the worker's agreed working hours.

### **5.3 Supporting Families**

5.3.1 Women participate in the workforce in increasing numbers and are awarded the majority of degrees.

Nevertheless, we face a persistent gender pay gap, and if current trends continue it will take 60 years to close completely. The evidence suggests that this gap is largely driven by parenthood. Women's salaries

are largely keeping pace with men until they have children, after which point they diverge rapidly and do not catch up. While some of this difference is driven by the high cost of childcare - addressed in other policies - attitudes and outright discrimination in the workplace often conspire to force women into lower-paid work or out of the workplace altogether. At the same time, men suffer from a lack of flexibility meaning they are often unable to prioritise family in the way they would wish.

5.3.2 The party currently has a working group on Early Years Education and Childcare which will report next year, but

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subject to their recommendations in the meantime we propose to:

- Make parenthood a protected characteristic under the Equality Act.
- Ensure shared parental leave is offered on the same terms as enhanced maternity leave, where this is in place.
- Extend the Maternity Pay period of 90% salary payment from six to twelve weeks.
- Review health and safety protections around pregnant employees.
- Create a right to take sick leave to look after ill children.



- Strengthen enforcement of existing rights.

## **5.4 Employee Participation and Ownership**

5.4.1 Another important aspect of work and workplaces is the question of ownership. The Liberal Democrats have long-backed alternative models of ownership like co-operatives, mutuals and social enterprises. There are a large number of barriers to the creation of these alternative model businesses, including raising funds, complicated legal requirements and an almost total lack of knowledge or support from institutions. The Liberal Democrat Policy Paper

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*“Mutuals, Employee Ownership and Workplace Democracy”* makes a collection of still very relevant proposals on reforming the tax and legal systems around these types of alternative ownership systems to make them easier to create and expand. Further to this, we propose that:

- A new type of employee trust called an Employee Share Trust (EST) will be created based on the share incentive plan trust that involves a permanent holding of business shares. Each employee would have an equal say and share in this trust while they are employed or contracted by the relevant business, starting and ending

with the employment with no entry pay-in or exit pay-out.

- Any sale of a share or all of a business that is to an EST should incur no capital gains tax.
- Employees and contractors at a company should have a right to elect a proportion of directors at least as large as the proportion of the company the EST owns.
- An EST would have the right, following approval from its members, to raise finance to purchase shares against the future income from those shares where applicable.
- At the point of transfer of any business, employees should have the

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right to put in a bid for the firm that employs them via their EST.

- Companies over a certain size have an EST by default and contribute a proportion of their revenue to their EST for their employees to then purchase shares with.

5.4.2 Outside of direct ownership, we propose that:

- Workers' rights to participation in organisations with over 250 employees should be enshrined in legislation. The way in which such participation should be enshrined should be flexible and the detail would

be subject to consultation prior to implementation.

- Government to work with the Financial Reporting Council to amend the UK Corporate Governance Code so that companies are required to establish a policy concerning employee participation.
- Employee participation should be having a say on such issues as:
  - The remuneration policies of the company (including at board level).
  - The terms and conditions of employment of the company.
  - The strategic direction of the company.

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- Provisions for dealing with employee suggestions and concerns.
- Employees have as much right to participate in the public and voluntary sector as they do in the private sector. Precisely how this is enshrined should be the subject of consultation

### **5.5 Healthy Workplaces**

5.5.1 Finally, the pandemic has shone a bright light onto the safety of workers from illness and onto the immorality of some businesses who have forced workers to come to work, even if they are Covid-positive.

5.5.2 We will tackle this by:

- Increasing the rate of statutory sick pay by closing eligibility gaps and linking it to at least  $\frac{2}{3}$  of a full time weekly minimum wage (or 90% of earnings, whichever is lower) to make workplaces safer.

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6. Real Community Control – giving every part of the country the power and resources to unlock growth

6.1 For too many people, accessing opportunity and fulfilling their potential is limited by where they live, not what they are capable of. The UK has some of the most entrenched and extreme regional inequalities in the world, because investment in the things that drive growth, like transport connectivity, digital infrastructure and R&D funding aren't fairly spread across the country. Recovery from the pandemic and the impact of the cost of living crisis look set to make this issue worse, not better, as economic performance in London continues to pull



away from that of the rest of the nations and regions in the UK.

6.2 It's no coincidence that the UK government is also one of the most centralised in the world. For decades a centrally controlled approach to public investment has resulted in funding and policy decisions that have reinforced regional inequalities rather than address them. Power and resources remains concentrated in Whitehall, and the Conservatives' newly-discovered commitment to 'levelling up' simply isn't going to deliver the fundamental change needed. Local and regional access to funding in England remains highly

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fragmented: small scale, competitive pots continue to proliferate. Our local communities must participate in unedifying and resource intensive beauty parades to secure funding. Successful projects must expect micromanagement in silos by government departments, while local government funding for essential services has been slashed by approximately 40% over the last 10 years. If a centralised approach to economic growth and productivity hasn't worked for the last 50 years, why should anyone believe it can be fixed by central government now, with less money, not more, for the places that need it most?

## **6.1 Giving Back Real Community Control**

6.1.1 Liberal Democrats have long understood that a radical shift of power and resources away from the centre is essential, and that this will help drive a rebalancing of regional growth. Every part of the country needs to get a fair share to enable them to achieve their potential, and better decisions will be made if power is shifted closer to the people and communities impacted by them.

6.1.2 Liberal Democrats would make this power shift a reality by:

- Making economic growth a regional responsibility rather than a national

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one, through the federal model set out in *A Framework for England in a Federal UK*<sup>7</sup> and passed by Conference in September 2021

- Taking steps to shift 50% of all public spending to regional and local government, through the accountability model set out in *A Framework for England in a Federal UK*. This will not only reverse the squeeze on local government funding, and the pressures this has put on essential front line services, it will also recognise the leading role that our local and regional authorities play in leading

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<sup>7</sup><https://www.libdems.org.uk/a21-federalism-background-paper>

economic development, and responding to the climate emergency,

6.1.3 This approach would be the most effective way of ensuring the differing needs of our places and communities across the country could be met: tackling the productivity gap and concentration of poverty in our cities, addressing the challenges in accessing jobs and services in many of our towns, and ensuring that the often overlooked challenges in our rural communities are tackled head-on.

## **6.2 Linking Skills to Local Business Needs**

6.2.1 The *Jobs and Training* section of this paper sets out the Liberal Democrat

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policies that will give everyone the skills they need to fulfil their potential, but at the same time, it is important to recognise that delivering the skills that businesses need will vary according to the sectoral strengths of different parts of the country.

6.2.2 The devolution of the Adult Education Budget to Combined Authorities has helped better align regional skills delivery to business needs, but it needs to go further and faster.

6.2.3 To help accelerate the contribution that improved skills can deliver to local economic performance, Liberal Democrats would:

- Accelerate the roll out of devolution of Adult Education Budgets in England to all upper tier or County Combined Authorities.
- Plan to devolve post- 16 education funding on the same basis, starting with Mayoral Combined Authorities where Adult Education Budget responsibilities are already embedded.
- Devolve and integrate careers funding and provision with proposals for a Universal Work Service, as set out in the *Jobs and Training* section.
- Expand the Institute of Technology network, so that every region has the opportunity to develop Specialist

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Colleges as national centres of expertise linked to business and HE provisions in key sectors, to deliver the high-level vocational skills that businesses need.

### **6.3 Investment in Critical Infrastructure, in Every Corner of Our Country**

6.3.1 Transport infrastructure investment has for decades been heavily concentrated in London and the South East, reflecting a self-fulfilling cycle, validated by the Treasury's "Green Book," where high-growth regions are more likely to secure additional funding due to the value for money calculations used in



assessing new projects. Strategically important rural projects often lose out, because they can't compete with the return on investment that other areas (often more urban, where economic activity is more concentrated) can provide. Poor connectivity between and within regions holds back economic growth - it fundamentally limits the ability of people to access good jobs. We must reverse this cycle if we are to unlock the potential of all our nations and regions.

6.3.2 How and where capital infrastructure is directed also has massive climate implications. Moving more freight and human transport to rail is vital if we are to meet climate goals, while regional

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investment in green jobs and a just transition is critical to unlocking growth and tackling poverty. Yet many of these key funding decisions are retained centrally and are siloed across departments, making it impossible for local and national policy makers to 'join the dots' and understand the combined impacts in a place of investment decisions.

6.3.3 Liberal Democrats are committed to giving places the powers and resources to grow by:

- Abolishing all departmentally-led regional funding pots as part of creating a £50 billion capital

investment fund.<sup>8</sup> This will be distributed as 'single pot' funds, on a needs-led basis to address historic underinvestment in left behind communities and regions, on an empowered 'single pot' basis.

- Ensure there is formal and strengthened regional representation on key national infrastructure bodies such as the National Infrastructure Commission and the Major Projects Authority, to improve their place-based, as opposed to national accountabilities. The main headquarters of these bodies will also be relocated to outside London. The

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<sup>8</sup> Existing policy from [A Fairer Share for All](#), agreed Autumn 2019

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approach to transport investment decision making will also be reviewed with the same objectives.

- Establish a fiscal devolution commission to bring forward recommendations on how to further financially empower local and regional authorities, and to ensure there are clear benefits / incentives to helping support economic growth in their places.

### **6.4 Rural Futures**

6.4.1 Rural poverty is widespread but often hidden, with those living in rural poverty facing interlocking challenges including high housing costs, lack of jobs,

low wages, expensive and unreliable public transport, and difficulty in accessing vital services. At the same time, rural areas contain enormous potential that could be unlocked through investment in broadband and public transport. We also must consider support to our farmers; while agriculture makes up a minority of rural employment, it lies at the heart of rural economies and in an increasingly unstable world it has particular national strategic importance. But our agricultural industry has been badly let down by Brexit and support is needed to stave off collapse.

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6.4.2 There is not the space in this paper to cover all aspects of rural policy but our key proposals include:

- Major investment in broadband for underserved and hard-to-reach communities.
- Developing Rural Service Hubs where key services could be co-located.
- Renegotiating the Australia and New Zealand Free Trade deals, and reforming the way farming support payments are made (see policy paper 147 *The Natural Environment*; our new Food and Farming policy working group will also be developing more detailed proposals).

- Tackling the issue of second homes distorting local housing markets by allowing communities to limit the number of second homes and holiday lets in their local area.
- Improving transport (see below).

## **6.5 Better Buses for All**

### 6.5.1 Not all connectivity

improvements require heavy up front and long term capital investment - buses are the mainstay of public transport in this country. They can be scaled quickly without large capital investment costs and can be used in contexts where rail is not appropriate, such as radial transport in cities, rural areas, and shorter journeys to

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connect to transport hubs. But not all local authorities have the powers and resources to take action to ensure their communities get the services they need to grow. If we are to get people out of cars and meet climate goals, a reliable bus network will be a vital part of the picture. This will also have benefits for 'levelling up' – people consistently report that they see revitalising local high streets as a key priority, but with people forced into cars, the trend towards out-of-town shopping centres, where ample parking is available, is likely to accelerate.

6.5.2 Key policies include:



- Strengthening the Bus Services Act to encourage all types of local authorities to take buses back into public control, setting fares and timetables
- Free travel/freedom pass for job seekers accessing the Universal Work Service, and requiring transport to / from interviews.
- Opportunities to invest in electrifying the bus network, and kick start new routes in rural areas through the £50bn infrastructure fund.

## **6.6 Research and Development Funding and Innovation as a Driver of Place-based Growth**

6.6.1 Public R&D investment in the UK is highly concentrated in a small number of institutions, driven by a funding allocation model in which success breeds success, where resources are highly concentrated in a small number of research intensive universities in the 'Golden Triangle' spanning Oxford, Cambridge, London and the areas in between. With the UK a world leader in science, we must maintain funding to existing globally important research hubs, recognising the valuable Intellectual Property, high quality jobs and

economic growth potential that they deliver.

6.6.2 However, across the public and private sector, there is a responsibility to ensure that the entire country is able to benefit from the growth and jobs that R&D funding can catalyse - particularly in new and emerging industries where the UK has the opportunity to drive global innovation and growth.

6.6.3 The government has made a welcome commitment to bring R&D funding up to the OECD average. This creates a unique opportunity to invest in innovation all over the country without cutting investment to areas that benefit

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under the current model, driving high-quality jobs and higher wages across the country. It also provides the opportunity to scale up research in those areas that will be needed as we seek to address the climate crisis. They have also made explicit commitments to ensure that R&D funding makes a contribution to their levelling up ambitions. In the Levelling Up White Paper they commit as one of their core missions to increase public investment outside the Greater South East by at least 40% by 2030. However, with relative funding levels so low in some regions outside the golden triangle, this commitment is far, far too modest.

6.6.4 Liberal Democrats believe the scale of rebalancing ambition should be much greater. As set out in “The Missing £4 billion” report by NESTA, some regions have missed out by up to £4bn of public R&D investment, with further up to £8bn lost in private sector leverage. We need to see significant absolute increases in R&D funding outside the Greater South East, to adequately capture the potential for private sector leverage in these regions, and funding bodies should face much tougher targets to ensure that they are working collaboratively with all regions to help them improve their ability to secure R&D funds, and to improve how it is translated into business environments.

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6.6.5 Liberal Democrats would help R&D unlock regional growth by:

- Adding a regional rebalancing score to the granting process to benefit projects located in previously under-served regions or which have the potential to drive jobs and growth.
- Allocating at least half of the absolute uplift in R&D funding allocation to be spent through regions (note: so this is an absolute increase, on top of the relative government's commitment is simply to 'increase' this amount other regions get – the current levels are so low that this is essentially meaningless as a commitment)

- Improving regional focus and accountability of the funding agencies by introducing a Nations and Regions Advisory Council for UKRI
- English cities and regions that can demonstrate the capacity to allocate R&D funding wisely should receive devolved funding through Innovation Deals; those that do not yet demonstrate this capability should be supported in developing it
- Cities and regions should consider using their devolved funding to establish translational research centres whose technological foci work with the grain of their local economies to support national missions. New

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institutions should be set up in a way that creates new poles for innovation and productivity growth, attracting new private sector investment as well as supporting the existing business investment base

- Creating a Civic Mission Framework - as developed by Universities Wales to formalise the commitment between the Welsh Parliament and Universities to ensure that they are embedded, accessible and relevant to their local communities and economies

### **6.7 Conclusion**

6.7.1 Taken together, these measures will give places the tools, powers and



resources they need to ensure their local economies are firing at their full potential, and that everyone has the ability to benefit from and access the good jobs that flow from economic success. If a future government is to be serious about addressing the economic imbalances across different parts of the country, it must accept the failings of the last 50 years, take no policy or resource off the table, and ensure places themselves have the authority, money and decision making powers to both seize and shape economic opportunity for their citizens.

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### 7 Conclusion

7.1 Fairness is a vast topic and inevitably one policy paper does not cover all aspects of it. There are important policy areas with big implications for fairness, such as housing or childcare, which are currently being addressed by other working groups. Even once these are completed, there will be further issues of fairness that the Liberal Democrats will wish to develop policy on before the next General Election. And of course we already have many policies to promote fairness.

7.2 This paper focuses on tackling economic unfairness. This includes both helping those currently trapped by poverty

to escape from it; and helping those who are not necessarily poor but are being held back from achieving their full potential to overcome the barriers they face.

7.3 We set out a few key reasons why people are being held back and our approach to solving them.

7.4 **The cost of living crisis.** There is a short-term crisis facing households which the UK government is not doing enough to address - we set out a number of policies to help deal with this, including a 2.5% VAT cut.

### **7.5 A broken political system.**

Government in Britain is far too beholden to privileged interest groups, meaning that everyone else does not get a fair chance - this requires change such as fair votes and reform of the funding of political parties, but also action to tackle abuses in specific areas like public procurement.

**7.6 A wholly inadequate safety net.** The current system still allows millions of people to live in deep poverty - we propose short term measures to tackle the worst inadequacies of Universal Credit, such as restoring the £20 uplift, but also a series of options for major long-term reform.

**7.7 Lack of access to training and careers advice.** There are many people who could do better if only they had more support with advice and training - we are proposing a Universal Work Service, Skills wallets and a Training Tax Credit.

**7.8 Lack of empowerment at work.** There are many good employers but there are too many exceptions to this and workers often lack voice and influence in their own workplaces - we are proposing a Workers Charter to empower everyone in their working lives.

**7.9 An overcentralised economy.** Your economic opportunities may be

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significantly less if you happen to live in one part of the country rather than another - we plan to give every part of the country the power and resources they need to unlock growth.

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### **Policy Paper 146**

This paper has been approved for debate by the Federal Conference by the Federal Policy Committee under the terms of Article 7.4 of the Federal Constitution.

Within the policy-making procedure of the Liberal Democrats, the Federal Party determines the policy of the Party in those areas which might reasonably be expected to fall within the remit of the federal institutions in the context of a federal United Kingdom.

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The Party in England, the Scottish Liberal Democrats, the Welsh Liberal Democrats and the Northern Ireland Local Party determine the policy of the Party on all other issues, except that any or all of them may confer this power upon the Federal Party in any specified area or areas.

The Party in England has chosen to pass up policy-making to the Federal level. If approved by Conference, this paper will therefore form the policy of the Federal Party on federal issues and the Party in England on English issues. In appropriate policy areas, Scottish, Welsh and Northern Ireland party policy would take precedence.



The Fairer Society Working Group

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

Julia Goldsworthy  
(chair)

Paul Noblet  
(vice-chair)

James Baillie

Gail Bones

Claire Convallaria

Adam Corlett

Olly Craven

Bobby Dean

Laura Gordon

Chris Hibbs

Chloe Hutchinson

Ian Jones

Tom King

Kevin Langford

Janey Little

Claire McLaren

Katharine Pindar

Keith Sparkes

Robin Stafford

Romilly Wakeling

Liam Willis

## *Towards A Fairer Society*

### **Staff**

Christian Moon

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