

The London Cannabis Study:

Recommendations on a framework for an equitable cannabis production, research & retail ecosystem for London



A REPORT FROM THE LONDON CANNABIS LEGALISATION COMMISSION
TO THE MAYOR OF LONDON, THE LONDON ASSEMBLY & LONDON COUNCILS

SUBMITTED 20 SEPTEMBER 2021

■ Acknowledgements

The Independent Commission would like to recognise the many Londoners, local and international experts whose valuable contributions helped to shape this report. All errors and omissions remain the authors. We would also like to acknowledge the many, many Londoners whose lives have been blighted by the criminalisation of cannabis in the city.

SUGGESTED CITATION

'The London Cannabis Study' – Hamish Stewart (2021) AVAILABLE AT: www.londoncannabisstudy.com

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Following the publication of the London Cannabis Study, the London Cannabis Legalisation Commission will continue to provide opportunities for all Londoners to provide their input and views on key questions related to the legalisation and regulation of cannabis through an online questionnaire. Written submissions can be made [here](#).

20 September 2021

Dear Mayor Khan, Councillor Gould, and APPG for London members,

Please find attached the final report of the London Cannabis Legalisation Commission. Input from experts in relevant fields around the world has been incorporated into the 20 simple recommendations below on how London could proceed with cannabis legalisation this year. It has been a privilege to consult with many people over the past months, and we are grateful to all those who provided their input, time and energy to support this work.

We hope that this report will be useful to you and your London Councils, London Assembly and APPG for London colleagues as you move forward with the legalisation and regulation of an efficient, transparent and equitable cannabis market for London. Londoners expect you to help the city catch up and participate more fully in opportunities across this global growth industry.

You will already be aware that the UK is among the world's largest growers and exporters of medical grade cannabis products,¹ and the London Stock Exchange hosts a number of cannabis companies and investment vehicles,² including a number of companies promoted by retired football superstar David Beckham.³ The growing of medical grade cannabis by British Sugar and other firms, and its processing for export to the US⁴ is enabled by Home Office exemptions from existing UK laws that would otherwise prohibit this.⁵ The pharmaceutical and medical research supply chain is well established in London, with the Medical Cannabis Research Group at Imperial College providing an example of the level of expertise and global interest in the London cannabis ecosystem.⁶ The UK Financial Conduct Authority has similarly granted exceptions to existing listing laws⁷ to enable the floating of cannabis companies and cannabis investment vehicles in the UK.⁸ Jersey⁹ and Gibraltar¹⁰ have both updated their respective regulatory approaches to cannabis to better capitalise on investment and financial services opportunities linked to the industry's burgeoning global growth.

Yet each year, around 15,000 Londoners continue to be arrested on cannabis possession and supply charges, mostly young black men.¹¹ Working together, the Mayor and London councils can end this hypocrisy and open up an enormous job creating industry, enabling new and exciting entrepreneurial and vocational opportunities across the cannabis sector, boosting local tax revenue across all councils. All Londoners should be able to participate in this globally significant growth industry that is expected to be worth over \$350 billion by 2030.¹²

*We hope that the recommendations in this report help you take steps necessary to establish a modern, efficient and equitable approach to cannabis regulation in London. The international experience with legal cannabis shows how smart regulation can open up new opportunities from sustainable agriculture to tourism and advanced pharmaceutical research as well as boost local government revenue.¹³ In piloting legal cannabis production, retail and research programmes, London can build on the experience of Canada, California, Colorado, and other jurisdictions. There is no need to repeat mistakes made in other markets or wait for the central government to update national laws. With your leadership, 2021 can be the year that Londoners move forward and celebrate the launch of legal cannabis pilot programmes centred on equity and access to new business and employment opportunities. Please join us for the public report **launch** with an international expert roundtable on 30 September.*

Thank you for considering our recommendations and continuing your work to build a healthier, happier and more prosperous future for all Londoners.

Sincerely,

Hamish Stewart
Chair, London Cannabis Legalisation Commission

Executive Summary: London can catch up

The time has come to legalise the London cannabis trade, extending from craft indoor and outdoor production of hemp and cannabis to retail, food processing, tourism and medical research.¹⁴ With the global cannabis industry expected to be worth over £200 billion by 2030,¹⁵ London's political leaders have a unique window of opportunity to enable Londoners to participate in this global story of economic growth, innovation and entrepreneurship. Leadership this year would mean that London can move ahead of the UK legal regime, recognising the city's historical independence and taking inspiration from the United States (US). In the US, state-level legalisation and city-level decriminalisation has proceeded at a rapid pace under flexible interpretation of both constitutional law, state law, and the international treaties governing illicit substances.¹⁶ Local legalisation in the US has been enabled by city and state regulatory regimes covering all aspects of cannabis regulation.¹⁷ A large number of US states ranging from Alaska¹⁸ to Arizona have legalised cannabis possession, retail and home growing, alongside licensed medical use.¹⁹ Colorado's legal regime has enabled the rapid growth of a local industry, cannabis-related tourism and retail²⁰ In the US, each state and city has taken its own approach to cannabis taxation. Cities as diverse as Denver,²¹ Oakland,²² Detroit,²³ Chicago,²⁴ and New Orleans²⁵ have all pioneered their own, progressive regulatory regimes.

Beyond America, Uruguay, a pioneer in legalising cannabis, has argued that its requirement to meet its wider UN obligations to protect the human rights, health, and security of its citizens all take precedence over technical UN drug treaty commitments. Following a Supreme Court decision, Mexico is expected to legalise cannabis this year, creating one of the world's largest retail markets and a globally significant supplier.²⁶ Jamaica has regulated cannabis production and use for religious purposes,²⁷ and Anitgua now has government cannabis production joint ventures underway.²⁸ Regarding its legalisation of coca leaf, Bolivia has simply renounced international treaties and then re-joined them with a reservation on the specific articles that prohibit coca leaf.²⁹ These are all pragmatic examples that London should take inspiration from to act this year to pilot legal cannabis programmes across the city. Closer to home, Jersey has just launched a Cannabis Services Advisory Board to ensure that the emerging cannabis industry there is world-class.³⁰

The UK is already among the world's largest growers and exporters of medical grade cannabis,³¹ enabled by Home Office exemptions from existing UK laws.³² The UK Financial Conduct Authority has similarly granted exceptions to existing UK laws³³ to enable the floating of cannabis companies and capital raising for cannabis investment vehicles in the UK.³⁴ London should apply for similar exemptions from the Home Office to enable legal pilots across the city this year. In the interim, the 20 recommendations below highlight how the Mayor can support legal cannabis pilots across London councils with a model London cannabis regulation that councils could choose to adopt to support pilot programmes.

The opportunity for London to create an equitable & efficient legal cannabis market

The Commission's mandate is to provide a set of recommendations to guide a new approach to cannabis that would enable all Londoners to participate in this rapidly growing global industry. Outlining the terms of cannabis legalisation and regulation, which this report seeks to do, must be distinguished from the decriminalisation process, which is a separate process that the Mayor should lead with support from London MPs. Our analysis assumes that the Mayor can direct the Met to immediately suspend and cease enforcement of existing cannabis prohibition rules³⁵ and then apply for exemptions from Home Office laws while simultaneously proceeding with London councils pilot programmes. Decriminalisation refers to removing criminal sanctions for most cannabis-related offences, including possession, and replacing these penalties with administrative sanctions, such as fines where appropriate. Decriminalisation should happen immediately to prevent anymore Londoners from needlessly acquiring a criminal record for simple possession. At the same time, the Mayor should publish a model London cannabis regulation that covers all necessary areas, including market structure and licensing regime for a legal cannabis industry. London councils could then adopt the Mayor's model regulation directly or choose to make amendments that reflect local needs and then proceed with pilots. In drafting the model London cannabis regulation, the Mayor and the London Assembly should incorporate the 20 recommendations below. These are explained in the body of the report.

The Mayor of London should:

1. Publish a model London cannabis regulation and let London councils run pilot programmes this year.
2. Enable safe cannabis production and manufacturing with a simplified licensing regime.
3. Build racial and gender equity considerations into the London cannabis market design and business licensing regime.
4. Regulate all cannabis product types from the beginning.
5. Manage potency for cannabis and cannabis edibles with a clear London cannabis traffic light labelling system.
6. Regulate edibles and beverages so the market can flourish alongside other cannabis products.
7. Provide a cannabis license option for community-led cannabis social clubs.
8. Seize the farm gate opportunity.
9. Start cannabis industry training programmes for youth in advance of launching London councils pilots.
10. Build regulatory capacity to support rapid growth and international trade in cannabis-related goods and services.
11. Work with academic partners to establish and promote simple laboratory standards.
12. Provide high quality training to capitalise on the cannabis retail & tourism opportunity.
13. Ensure land use & zoning rules support London's craft cannabis industry.
14. Keep London councils cannabis taxes low and simple.
15. Establish a retroactive clemency and criminal record expungement framework.
16. Introduce a civil sanction and penalty regime for illicit cannabis production and retail.
17. Provide clear provisions on workplace safety.
18. Act local, think global.
19. Start with monitoring & evaluation of the industry from the beginning.
20. Communicate a bold vision for London's cannabis industry with a clear leadership plan.

A public health and social equity-led approach to the London cannabis industry

Our recommendations are shaped by the view that decisions taken in determining the new London cannabis regulatory system should uphold and promote the health and prosperity of all Londoners while reducing harms linked to the criminalisation of the plant,³⁶ and creating new employment, local government revenue, and business opportunities for existing participants in the cannabis trade. A public health approach would include targeted interventions for high-risk individuals and groups who might be impacted by cannabis legalisation.³⁷ This would require the implementation of an evidence-based approach that builds on lessons from around the world, enabling easy access to locally grown cannabis products and access to the formal market for existing operators.

While we expect the respective London councils licensing authorities to collect appropriate licensing fees and to establish transparent cost-recovery systems, local revenue generation should be a secondary consideration for all levels of government, with the protection and promotion of public health and safety and the rapid licensing of new businesses the priorities. Rapidly licensing legal producers across all product types³⁸ will be essential to displace illicit supply. The desire to raise local tax revenue from the legal cannabis industry is important but should not be prioritised ahead of social justice, public health and economic empowerment considerations.

Establish a responsible, transparent cannabis supply chain for London

Cannabis production includes the cultivation and harvesting of the plant material, and its subsequent preparation and processing into industrial and consumer products and associated logistics, transport and distribution infrastructure. Decisions on how to regulate production, distribution and retail segments of the London cannabis industry will have implications for all businesses hoping to enter this new legal industry. The Mayor and London councils should ensure that the model London cannabis regulation includes provisions to support a diversity of participants in the sector, including in the ownership and investment into new cannabis companies. Participation in London's cannabis industry should reflect the city's diversity and global links with other cannabis markets across the Caribbean, Africa,³⁹ Asia, Europe and the Americas. With the goal of greater diversity and equity in ownership and participation in the London cannabis industry, the Mayor should ensure that the London cannabis regulation includes provisions for local production, supply chain management, and covers pricing, product quality and accessibility to prioritise small scale businesses and the transition of existing informal market participants to the formal sector.

Recommendations to the Mayor and London councils

The recommendations below are designed to support the Mayor and London councils to implement an effective cannabis regulatory framework that serves the interests of Londoners in advance of the UK legal regime catching up. The Mayor should publish a model London cannabis regulation that is comprehensive and streamlined to enable a rapid start to the industry. The model London cannabis regulation could then be adopted by London councils who want to run legal pilots. The 20 recommendations for the Mayor across four areas - priorities, capacity building, regulation, and communication - are intended to support a swift transition to a fully integrated legal market, and to significantly reduce the incidence of violent crime related to the illicit cannabis trade.⁴⁰

The Mayor of London and his partners at London councils should:

Priorities

1 Publish a model London cannabis regulation and let London councils run pilot programmes this year.

The Mayor of London should lead the way by publishing a model cannabis regulation, reviewed by but not requiring approval from the London Assembly, that can then be adopted by those London councils who want to begin pilot programmes. In crafting this model regulation, the Mayor can refer to existing cannabis licensing regimes such as that in place in the US state of Michigan which provides no cap on the number of cannabis licenses issued by cities, and provides for fixed cannabis business licensing fees at \$6,000 (£4,300) regardless of the license type.⁴¹ Unlimited London cannabis licenses and reasonable licensing fees keep barriers to entry low so that the growth of the legal industry happens at pace. Enabling London councils to approve local pilots with a uniform and streamlined regulatory process would support rapid opening up of the economic and social benefits of legal cannabis for all residents. Those London councils who require more education to understand the range of opportunities available in cannabis production and retail can learn from pilot programmes in more advanced councils, built around the model framework provided by the Mayor. Entrepreneurs and established companies interested in operating in a new borough would play a role in educating local officials and residents about the positive elements and job creation arising from a legal cannabis industry.

2 Enable safe cannabis production and manufacturing with a simplified licensing regime. Cannabis

cultivation should be licensed at different scales to enable home growing, small scale and large production for different uses. Publishing a framework for a streamlined, low cost licensing regime will help to ensure that illicit sources are replaced with licensed products and that there are limited barriers to entry into the market for London entrepreneurs. Cannabis product manufacturing and processing often involves chemical extractions, which use solvents to remove resin from plants to then convert it into hash oil and other derivatives and concentrates. High-concentrate oil can be infused into edibles, beverages, tinctures, and a range of other products, or consumed by smoking or vaporizing. Because of the volatile solvents used to process the concentrates, there should be simple guidelines covering the extraction process.⁴² In order to distinguish between different types of producers, London should introduce a simplified licensing regime with four tiers of producers:

- a. Up to 10 plants for home use per individual (no license required)⁴³
- b. Up to 100 plants for community cultivation and use (license required)
- c. Up to 1000 plants for small scale commercial use (license required)
- d. Over 1000 plants for larger scale commercial use (license required)

Personal cultivation & use

Small-scale cultivation of cannabis for personal use will contribute to the orderly transition to legal cannabis supply for Londoners. This transition could be supported with clear limits on the scale of cultivation permitted at 10 plants per individual with no maximum height or any other additional restrictions. Sharing homegrown cannabis among friends and relatives should be expected and permitted, with a prohibition on unlicensed sale and the commercial manufacturing of concentrates in homes using volatile solvents and chemicals. The Mayor's guidelines on personal cultivation should include guidelines on responsible home cultivation. Under a regulated system, adults who choose to use cannabis should be able to carry it with them to use responsibly. Generous limits on personal possession of up to 2 ounces would be reasonable.

3 Build racial and gender equity considerations into the London cannabis market design and business licensing regime. The model London cannabis regulation should be drafted in such a way as to ensure that diverse groups are afforded equal opportunity in licensing, permitting and equity ownership in the industry and that larger regulated cannabis enterprises promote participation of diverse groups and provide equal access to employment. The Mayor and London councils should engage in substantial outreach and provide business funding for economically disadvantaged Londoners and those communities who have been disproportionately affected by cannabis prohibition. The Mayor should plan to report annually on the financial performance of the industry, highlighting the inclusion of diverse groups in the lawful cannabis industry, including in the ownership matrix for a growing industry. The Mayor should explain how revenues from the cannabis industry can be directed towards investment in communities most impacted by drug prohibition. For example, the first 5% of annual revenue from cannabis-related taxes and fees could be ring-fenced for spending by councils on education, community and youth services.

In line with these equity principles, discriminatory or unduly burdensome employment policies regarding cannabis-related activities should be proscribed in the London regulations. The Mayor should be clear that employers may not impose restrictions on lawful cannabis-related activities for off-duty employees. Employers should not restrict off-duty cannabis-related activity by Londoners in a manner that is any more burdensome than for the off-duty use of alcohol. For example, an employee should not be subject to termination for off-duty driving-while-impaired due to cannabis use unless the employer has an equivalent policy for terminating employees for off-duty driving-while impaired due to alcohol use. For on-duty employees, employment policies and practices regarding on-duty cannabis use, intoxication, or smoking should not be more restrictive than policies for on-duty use of alcohol or tobacco. The model regulation should treat requests for individual modifications or exemptions from policies regarding cannabis use in the same manner as requests for reasonable accommodation on the basis of religion or disability. The model London cannabis regulation should prohibit discrimination in the hiring process on the basis of past or current cannabis-related activities.

4 Regulate all cannabis product types from the beginning. The Mayor should ensure that all cannabis production types and most commercially important derivatives including edibles, concentrates, and other industrial products⁴⁴ are included in the model London cannabis regulation, drawing on the good production practices of the UK medical cannabis sector.⁴⁵ For more local production, simple retail licenses should be used, modelled on the 'farm gate' pilots in the province of Ontario,⁴⁶ and the approach taken in Oakland, California.⁴⁷ London cannabis licensing and production regulations should be simple to encourage a diverse, competitive market that includes craft producers and more sophisticated, capital intensive businesses and research programmes. Once pilot programmes are underway, the Mayor should also consider implementing a seed-to-sale tracking system with London councils to empower local producers and support marketing of unique, craft cannabis products across London's network of town centres. This type of tracking could also help to prevent diversion and enable product recalls as required. Finally, the Mayor's industry

guidelines and model regulation should promote environmental stewardship by encouraging organic outdoor production in redundant parking lots, the flexible use of indoor growing in underutilised commercial space, and responsible disposal of commercial and industrial cannabis waste.⁴⁸

5 Manage potency for cannabis and cannabis edibles with a clear London cannabis traffic light labelling system. To encourage the use of safer, lower-potency cannabis products the Mayor and London councils should publish simple guidelines for product testing and THC labelling requirements that ensure buyers know exactly what they are consuming, and enable them to make informed choices. A London cannabis THC symbol should be created to ensure universal communication of THC levels in all London products. This should include a consumer education programme on THC potency-related issues via packaging and point of sale information and basic training requirements for vendors. These measures should not be overly burdensome for small scale producers and labelling could be in the form of a simple traffic light CBD graphic.⁴⁹

6 Regulate edibles and beverages so the market can flourish alongside other cannabis products. To enable the rapid launch of pilot production and retail programmes, the Mayor should set out a clear approach on edibles and cannabis infused beverages in the model regulation, outlining the approach to labelling THC and CBD content by weight/volume on standardised single servings of any given product. What constitutes a single unit for an individual in London should be clearly defined with an upper limit on THC and CBD content per unit indicated in the model regulation. A universal colour-coded or traffic light-type scale as indicated above for all products sold in London should be defined. Clarity of communication will be important so that all London retailers, restaurants and hotels can quickly and confidently offer high quality, locally manufactured cannabis products to their customers.

7 Provide a cannabis license option for community-led cannabis social clubs. The London cannabis system can build on the well established Spanish and Canadian models⁵⁰ to start licensing cannabis social clubs, venues and community-led indoor and outdoor grow operations. The Mayor's model regulation could recommend limiting the size of cannabis clubs to 100 adult members or fewer, with limits on per-member production similar to the limit on household cultivation of 10 plants. Creating a regulation that permits the establishment of cannabis social clubs as not-for-profit entities would support local communities alongside the larger legal retail supply and commercial product ecosystem. The Mayor can act on recommendations made by an earlier commission to the UK government⁵¹ to create a model licensing framework for not-for-profit cannabis social club management, venues and grow operations. This could serve a model for other UK cities to build on.

8 Seize the farm gate opportunity. The Mayor of London's model cannabis regulation should permit outdoor growing of both cannabis and hemp by community organisations and all existing city farms. With around 100 community gardens and city farms across the capital,⁵² and many more active allotments, London should have a booming craft cannabis production industry for local consumption and to support national and international tourism. Dried herbal cannabis currently dominates the existing UK market and a portion of the supply for this could be grown outdoors in London and in repurposed indoor growing facilities in town centres across the city.⁵³ This would support local economic recovery and employment, in line with the Mayor's vision for a Mission-led recovery for London.⁵⁴

Capacity building

- 9 Start cannabis industry training programmes for youth in advance of launching London councils pilots.** There are significant opportunities for employment in the London cannabis industry, with the retail, processing and distribution sectors having particularly high job creation potential. A formalized job training program for London cannabis business segments would benefit businesses looking for skilled workers. Cannabis industry vocational training would also boost progress on the Mayor's social equity goals and provide a means for existing operators in cultivation and distribution to formalise their qualifications and share this expertise. Those who will be enforcing the new cannabis regulatory regime, mostly London councils, and the police where necessary, will also need proper training to fulfil these new roles. While all London councils will be involved in training officials within their respective jurisdictions, the Mayor of London's model cannabis regulation should establish standards and develop standardised content for both in-person and digital training.
- 10 Build regulatory capacity to support rapid growth and international trade in cannabis-related goods and services.** To be effective, the model London cannabis regulation must be ready for rapid growth. Local governments will need to ensure that they have the resources and tools in place to participate as the industry scales across all boroughs. The Mayor should draft a plan for building technical and human resources capacity for licensing and inspection at all levels of the London government, covering production and manufacturing facilities, laboratories, distribution, retail, and community-led and home-cultivation.
- 11 Work with academic partners to establish and promote simple laboratory standards.** Laboratory testing is essential to the cannabis industry health and safety measures mentioned above and will be important to ensure the integrity of the London cannabis labelling system. Specifically, mandatory product testing and labelling would minimise the risk of contaminated products entering the market and a process for this should be outlined in the model regulation. Building this capacity with London research universities including at Imperial College⁵⁵ and King's College⁵⁶ would support London councils to verify the information on labelling, in order to help consumers and market regulators make informed decisions. London is in the fortunate position of having laboratory standards for cannabis as part of the existing medical cannabis supply chain and research ecosystem and these skills and expertise can support the scaling up of pilot production for retail use.
- 12 Provide high quality training to capitalise on the cannabis retail opportunity.** Retail outlets should be staffed with knowledgeable employees who have been trained via a formal training programme administered by the Mayor's office with international expert input. The training programme should ensure that staff are capable of providing accurate information and advice about the products being sold, and their potential risks and harms of use. Staff in cannabis retail operations should be aware of the need to enforce the minimum-age restriction, similar to alcohol, and help prevent youth access. A Mayor of London certified cannabis training course would also ensure that all cannabis sector workers and business leaders would be able to properly inform local and international tourists who purchase cannabis of their rights and obligations, especially with respect to not attempting to take cannabis across international borders or into other parts of the UK.

Regulation

13 Ensure land use & zoning rules support London's craft cannabis industry. The Mayor's model cannabis regulation should provide accommodative zoning and land use specifications for the operation of cannabis-related businesses. The burden for compliance with zoning or land use regulations and the requirements for seeking a variance to existing rules should be no greater for a cannabis-related business than for any other similar businesses currently selling alcohol. The model regulations should specify that London councils who continue to ban cultivation or retail cannabis sales will not be able to access any local grants or training programmes financed with cannabis tax revenues. The Mayor should recommend the extension of current restrictions on public smoking of tobacco products to the smoking of cannabis products and all cannabis vaping products. The model London cannabis regulation should permit each London council to dedicate places to consume cannabis including indoor venues such as cannabis lounges, social clubs and tasting rooms, and outdoor venues, including local community gardens, farms, and other, commercial venues.

14 Keep London councils cannabis taxes low and simple. Various tax mechanisms exist to tax legal cannabis. These include a tax by unit weight, by THC content, or a fixed rate value-added tax (VAT) based on sales at point of sale, for retail sales, and in the wholesale market. In addition to local tax revenue generated from cannabis production and sales, there will also be tax revenue from industry-related earnings and wages, and other sources including transport and business licensing fees. The Mayor and London councils could draw on the simple tax system used in Colorado, where retail marijuana is subject to a fixed wholesale excise tax and a retail sales tax. The wholesale tax covers the transfer of cannabis between retail marijuana business licensees. The retail marijuana sales tax is applied to the sale of marijuana to retail consumers.⁵⁷ Whichever approach is used, the London cannabis tax system should be transparent and rates low enough to ensure that legal sources of supply displace the illicit cannabis trade. In summary, the Mayor's model cannabis regulation should recommend a system in which taxes are high enough to limit the growth of consumption, but low enough to compete effectively with the illicit market from the beginning of the first pilot programmes. Mechanisms such as a minimum price should be used to prevent predatory pricing, if necessary, as early cannabis businesses run by Londoners must be given time to adapt and flourish in this new legal industry.

The international experience provides a number of instructive examples of the types of innovations that are possible once cannabis is legal and subject to local taxation. Colorado's Amendment 64 ballot initiative to legalise recreational marijuana, for example, earmarked the first \$40 million of state excise tax revenue for public school construction with other marijuana tax revenues reserved to fund public education campaigns, health-related services, and public safety initiatives.⁵⁸ The legal framework in New York State creates a cannabis revenue fund,⁵⁹ with cannabis tax revenues expected to cover costs to administer the program and implement the law. The remaining funding will be split three ways: 40 percent to Education 40 percent to Community Grants Reinvestment Fund 20 percent to a Drug Treatment and Public Education Fund.⁶⁰ The Mayor and London councils should consider their preferred approach for London as the market will grow rapidly once pilot programmes are permitted.

15 Establish a retroactive clemency and criminal record expungement framework. The model London cannabis regulatory framework should make clear provisions to repeal all prior civil and non-violent criminal penalties related to cannabis possession and supply for all London adults and youth.⁶¹ There should be no cost to the individual seeking expungement and the process should happen within 30 days of the request being made.⁶² This section of the model London cannabis regulation should supersede all prior statutory and regulatory penalties related to cannabis and drug paraphernalia as defined in existing UK law.

The Mayor should work with London councils to establish a new schedule of civil penalties for conduct related to cannabis in excess of certain weights and for use by underage Londoners. The model cannabis regulation should stipulate an expectation that any new maximum penalties and lengths of incarceration for any cannabis-related offences will be significantly shorter than at present. London courts should be granted full discretion to impose alternative sentences for all cannabis-related offenses in lieu of monetary penalties and imprisonment, including community service and participation in vocational training.

16 Introduce a civil sanction and penalty regime for illicit cannabis production and retail. The model regulation should outline how people who consume, sell or produce cannabis outside the parameters of the model legal cannabis framework would be subject to proportionate civil sanctions and penalties. These can be civil or administrative in nature, and should only involve criminal sanctions for the most serious offences where harm to others is involved.

17 Provide clear provisions on workplace safety. The international experience shows that drug and alcohol use or impairment in the workplace can pose a danger to everyone in the workplace,⁶³ including for the person who is impaired. This is particularly the case in safety-sensitive occupations and industries, such as transportation, healthcare, construction, and law enforcement, where symptoms related to impairment such as reduced mobility, coordination, or awareness, can increase the risks of injury. The Commission recommends that the Mayor's office facilitate and monitor ongoing research on cannabis and impairment, considering implications for occupational health and safety policies, with this work led by the Chief Digital Officer.⁶⁴ The GLA team should work with employers and labour representatives to facilitate the development of workplace impairment policies that could be implemented alongside pilot production and retail programmes. The parallel development of workplace impairment policies should not delay or be considered a barrier to launching a legal cannabis industry.

18 Act local and think global to develop a competitive London cannabis industry. We recommend that supply to the London retail market would be via licensed London-based producers as well as international importers from partners in Jamaica, Canada, Malawi, Uganda, and other emerging and established international producers. The model regulations should be designed to be open to global trade across a range of cannabis products and services, similar to other agricultural commodities including coffee, tea, and tobacco. A London Cannabis Regulatory Authority could license the production of a fixed volume of specified products for local use, tourism and export. London-wide production volumes could be expanded to meet growing local and international demand for London cannabis.

Communication

19 Start with monitoring & evaluation of the industry from the beginning. Data will be needed to track the evolution of the new system and communicate a growth plan for all cannabis industry segments. Analysis that compares data gathered from pilot activities under the model regulations can be compared against baseline data to help regulators determine whether London is on track to achieve the goals of reducing use by youth and reducing profits and violence arising from the illicit industry. This data would also help the London Chamber of Commerce to benchmark the growth of a world-class cannabis industry that empowers Londoners and increases the city's prosperity. Timely data collection, evaluation and reporting of results will be key to the successful development of London councils pilot programmes.

20 Communicate a bold vision for London's cannabis industry with a clear leadership plan. Provide Londoners with the information they need to understand the timeline for pilot production and the growth of a regulated cannabis system, and the intended contents of the model London cannabis regulation. London First and the Mayor's office should prepare to provide all Londoners with the facts about cannabis and its effects, alongside specific information and guidance to the different groups involved in the regulated cannabis market. Beyond London, the Mayor's office should have a communications strategy to update the international community and global city networks on the content and timeline for implementation of cannabis pilot programmes and the model London cannabis regulation.

Next steps

The Mayor of London should establish a London Cannabis Regulatory Authority which can publish the model London cannabis regulation for adoption by London councils alongside details of their intended approach to cannabis business licensing, the enforcement of laws and regulations in the new legal cannabis industry, and an intended timeline for adoption by London councils that will enable a competitive, transparent and equitable cannabis industry for London. The Commission can draw on a wealth of local and international expertise to inform the publication of a model London Cannabis Law that should be drafted this year.

The mayor should assemble a diverse, coordinated leadership team to staff the London Cannabis Regulatory Authority that draws on international experts and existing participants in the London cannabis industry. Alongside the expert Commission, the Mayor should draft a plan for deliberate, transparent community engagement and create a Cannabis Services Advisory Board similar to what Jersey has created, to ensure input from business leaders into the pilot process. The international experience shows that it will be important for the Mayor's office to provide multiple channels for community feedback including Talk London and other platforms.⁶⁵ Maps showing eligible locations for pilot cannabis production and retail businesses as well as a timeline for pilot programmes at participating London councils. Providing this information early on would ensure Londoners feel up to date on the development of a more transparent legal cannabis industry. A recommended timeline for the Mayor to follow is included in the appendix sections below.

Appendix 1 - Implementation timeline

The Mayor and his team should take a leadership role to ensure that capacity is developed among all levels of London government. This should include capacity building in key areas, including laboratory testing, licensing and inspection, and training. This process can build upon existing and new organisations working the UK and global cannabis industry to develop and coordinate a London-wide approach to all parts of the cannabis value chain.

A timeline is included here to guide work at the Mayor's office on an ambitious agenda for action:

- **September 2021** - Review of London Police & Crime Plan; Mayor directs Met to cease enforcement of cannabis prohibition in London and signals intention to publish a model London cannabis regulation and run pilot programmes with London councils
- **October 2021** - launch advisory group to draft model London cannabis regulation
- **January 2022** - review model London cannabis regulation
- **January - June 2022** - development of London councils pilot programmes across production, processing, retail and medical and commercial research
- **June 2022** - publication of model London Cannabis Regulation and launch of the London Cannabis Regulatory Authority
- **September 2022** - Launch of pilot programmes and London councils cannabis business licensing framework
- **September 2022 - September 2023** - London Cannabis Regulatory Authority takes applications for London cannabis business licenses.
- **September 2023** - Review of pilot programmes and release of new cannabis business licenses

Appendix 2 - Medical access framework for the London cannabis market

Alongside drafting a model regulatory framework for retail consumption, the Mayor of London and London councils should draft a separate medical access framework to support patients in need of cannabis-based medicines. This should include a system for monitoring and evaluating patients' reasonable access to cannabis for medical purposes through local pilot supply programmes, with action taken as required to ensure that the market provides reasonable affordability and availability and that regulations provide authority for measures that may be needed to address access issues. The Mayor could also do more to promote and support pre-clinical and clinical research on the use of cannabis and cannabinoids for medical purposes at London's research universities, with the aim of facilitating submissions of cannabis-based products for market authorisation.

Appendix 3 - London cannabis market segments

In drafting the model London cannabis regulatory, the Mayor should take care to include all parts of the industry. The cannabis value chain includes a number of distinct areas for development:

Wholesale production & distribution. A range of production methods exist, including outdoor growing, greenhouse cultivation, aeroponics (a method of growing cannabis where the plant roots are positioned in an enclosed space and exposed to air frequently, and most commonly, hydroponics (a method of growing cannabis, in a solution of water and dissolved nutrients without soil). All of these production methods should be covered in the regulations alongside a model framework for cannabis distribution across London.

Production of high potency concentrates. Concentrate refers to any materials created by refining cannabis flowers, such as hash, dry sieve, and hash oils. Concentrates or extracts generally have significantly higher potency than the flower. The model regulation should enable a flexible and responsive legislative framework that could set simple limits on THC or other components. London First should support factual public education strategies to inform Londoners and visitors to the city about the risks of problematic use and to provide guidance on lower-risk product options for recreational use.

Cannabis-based edibles and beverages. Cannabis edibles and beverages are orally consumed. London cannabis products can be made available in a wide range of cannabis-infused foods, cooking oils and beverages, oils, and concentrates (e.g. butane hash oil, resins, waxes, and combined products such as shatter.⁶⁶ These products can contain THC, CBD, or a combination of both. Common edible products include cookies, brownies, candies, gummies, chocolates, beverages, or homemade goods. These products can be made with different types of cannabis, with varying levels of THC and CBD, resulting in different intensities and effects. The Mayor's model cannabis regulations should include edibles.

Cosmetics & topical cannabis products. CBD derived from hemp is naturally anti-inflammatory and antibacterial. Combined with the oils it is used as an emollient and hydrating cream. There is already a large CBD market in the UK.⁶⁷ More local London producers could be encouraged to enter this market.

Tincture cannabinoids are cannabis products extracted into an alcohol or glycerin base, then dropped or sprayed orally.

Hemp. Hemp refers to any plant of the genus cannabis or any part of the plant, whether growing or not, with a delta-9-tetrahydrocannabinol concentration that does not exceed 0.3% on a dry weight basis of any part of the plant of that genus.⁶⁸

Hemp-based foods and oil seed (seeds and cold pressed oil from the seeds). Natural source of protein for vegans when the seeds are made into powder and the oil has high levels of essential fatty acids. The UK already has a large hemp seed industry.⁶⁹

Bioremediation. Hemp plants remove toxins, heavy metals and contaminants from soil. While you wouldn't use these plants in products for human consumption, they can still be safely used for biofuels.

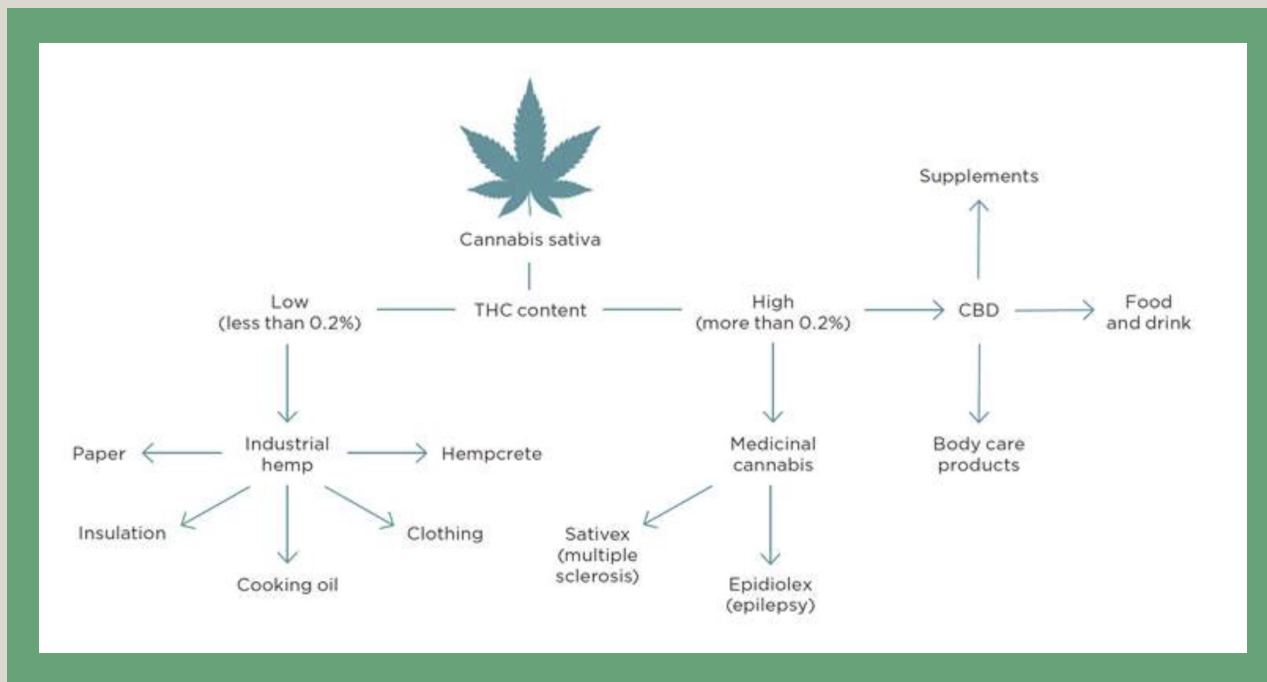


Figure 1: there are a range of uses for both hemp and cannabis that could be grown in London under a modern regulatory regime.

Image via Savills: 'Spotlight: Hemp cultivation in the UK' (24.02.2020) - <https://www.savills.co.uk/research/articles/229130/296347-0>

Appendix 4 - Cannabis history: an important agricultural commodity

Cannabis sativa is a plant that has been used for thousands of years primarily as an agricultural commodity and sometimes for its psychoactive and therapeutic effects. The plant's primary use is as a source of a stem fiber, with both the plant and fiber referred to as hemp which includes an oilseed. The resinous product that in some strains has medical and therapeutic properties is referred to as cannabis.⁷⁰ The plant has a long history of human use that extends back for at least the last 6000 years with origins of domestic cultivation and use in Siberia, China and the Himalayas.⁷¹ The plant has been transported widely and is strongly identified with Jamaican culture and its use there in the Rastafarai religion.⁷² Alongside its industrial and cultural uses, cannabis contains hundreds of medically important chemical substances and more than 100 cannabinoids, compounds traditionally associated with the cannabis plant. Among these, two cannabinoids have received the most scientific and commercial interest: THC and CBD, but research in the UK continues to expand the list of medical compounds. THC has therapeutic effects and is the compound most responsible for the psychoactive effects of cannabis, while CBD has potential therapeutic but no obvious psychoactive effects. There are large global industries around production of both THC and CBD using cannabis plants and with synthetic compounds.⁷³ The UK is a global leader in medical cannabis research and is among the world's largest growers and exporters of medical grade cannabis products to the US.

Industrial hemp refers to varieties of *cannabis sativa* characterised by low levels of THC in their leaves and flowers. Farmers in more than 30 countries, including the UK, grow industrial hemp commercially for fiber, seed, and oil for use in a variety of industrial and consumer products, including food.⁷⁴ Hemp fiber is used to produce a wide range of products including carpeting, home furnishings, construction materials, auto parts, textiles, and paper. Hemp seed, an oilseed, also has many uses, including industrial oils, cosmetics, pharmaceuticals, food products,⁷⁵ and in bioremediation. In spite of its longstanding and widespread cultivation hemp remains strictly regulated in the UK.⁷⁶

Appendix 5 - A brief history of cannabis cultivation & use in the UK

Hemp used to be a common crop grown across the UK. In 1535, Henry VIII required all farmers to sow quarter of an acre of hemp for every 60 acres of land they owned.⁷⁷ Hemp was valued for its rot-resistant and saltwater resistant properties which made it particularly useful in the production of sails and rope for the navy, among other industrial uses. As it became cheaper to import hemp from overseas, UK production levels lowered and the crop was eventually outlawed in 1928 as part of a global push to restrict the growing of both hemp and cannabis.⁷⁸

Growing hemp was re-legalised in the UK in 1993 and the production of cannabis for CBD was made legal in 2016 providing any products produced with the crop contained less than 0.2% THC.⁷⁹ Currently, cultivating industrial hemp constitutes a “special purpose” under the Misuse of Drugs Act 1971, meaning it is permitted once a licence is obtained.⁸⁰ This overly complicated approach to regulating an agricultural crop should be addressed by the Mayor of London. UK Home Office licences for industrial hemp are generally valid for 3 growing seasons. The licence only allows for the industrial use of the seed and fibre, which are non-controlled parts of the hemp plant. The licence does not allow for the use of the flowers or leaves.⁸¹ In contrast to the current approach taken in the UK, countries such as Colombia are now permitting the growing of cannabis flowers for legal export.⁸² Until London takes steps to modernise its approach to cannabis production, only institutional investors will have access to these opportunities and not Londoners.⁸³

Appendix 6 - Marketing London cannabis to local & global audiences

Global cannabis supply will expand rapidly in coming years with production from countries as varied as Malawi, Morocco and Mexico all entering the international market. In North America, production in the legal market already exceeds demand, particularly in Canada.⁸⁴ As a result of this global supply glut, London’s cannabis sector will have to be based on craft production and value added products and services, similar to the booming craft beer and spirits industries.⁸⁵ As part of this, it will be necessary to allow in-store advertising for cannabis brands, while producers and retailers could still engage and communicate with consumers of cannabis of legal age and in regulated environments. The Commission recommends that the World Health Organization (WHO) Framework Convention on Tobacco Control⁸⁶ is overly restrictive as a model and that London’s cannabis marketing and advertising rules should be similar to those applied to alcohol. Attention should be paid to preventing exposure of non-adults to any form of marketing or advertising, but restrictions should not be any more severe than for alcohol advertising.

Appendix 7 - Cannabinoid Derivative Guide

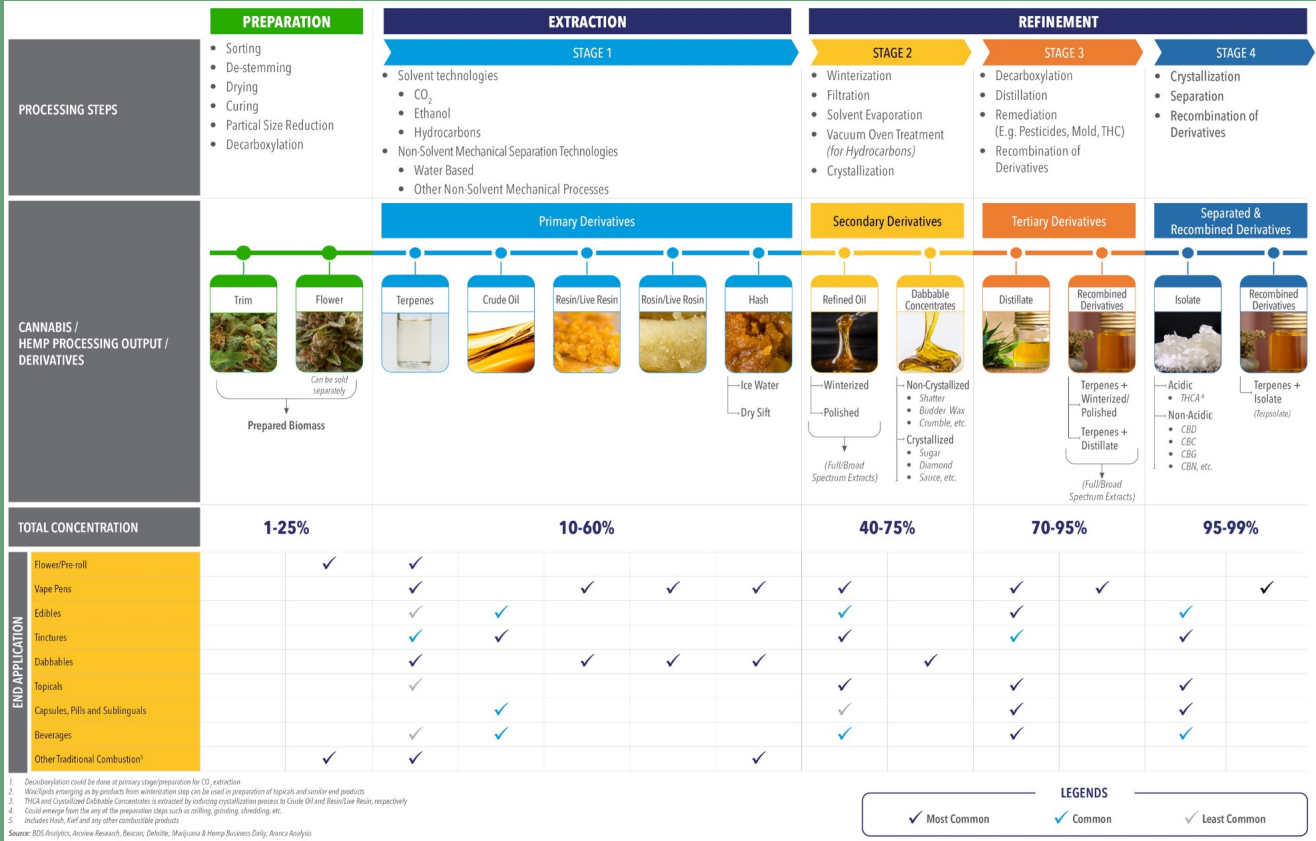


Figure 2: the cannabinoid derivative universe showing the range of product types that could be produced in London's legal market.

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Endnotes

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A REPORT FROM THE LONDON CANNABIS LEGALISATION COMMISSION
TO THE MAYOR OF LONDON, THE LONDON ASSEMBLY & LONDON COUNCILS