

# Exploring Basic Income in Scotland



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Income Network**  
Scotland



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## Exploring Basic Income in Scotland

Exploring Basic Income in Scotland is a cross-disciplinary project, funded by Scottish Universities Insight Institute, that looked at the implications of a Basic Income for a variety of intersecting issues. The project was led by academics from the Heriot-Watt University, University of Edinburgh and Citizen's Basic Income Network Scotland (CBINS). It united policy makers, practitioners and academics to look at the intersection of a Basic Income with employment and entrepreneurship, housing, care and human rights and equality and the modelling, implementation and evaluation of the policy.



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## INTRODUCTION

Employment & entrepreneurship, human rights & equality, care and housing are all areas of focus to ensure Scotland's future is as bright as possible. Scotland has a commitment to increasing entrepreneurship<sup>1</sup> and, as highlighted by the Child Poverty Bill<sup>2</sup>, alleviating poverty by 2030. The Carers Act implemented in April 2018 outlines the duty of local authorities to provide support to carers<sup>3</sup>. Shelter Scotland's report 'Housing is a Human Right'<sup>4</sup> states that "there is still work to do for that right to be realised in Scotland".

A Basic Income has the potential to improve all of these areas, it would, at the very least, interact with each one. For an appropriate Basic Income to be implemented it is crucial that we have an extensive understanding of each area. This project explored these areas and the implications of introducing a Basic Income, highlighting potential benefits, concerns and questions that can be used to shape feasibility and experimental work on Basic Income here in Scotland and around the world.

Since this project was initially conceived the relevance of Basic Income to Scotland has transformed dramatically. From the start we aimed to distil insight about Basic Income and intersecting themes from conversations between policy makers, academics and practitioners who have expertise in relevant fields. Originally the goal of this was to increase the collective understanding of Basic Income and its benefits in the hopes of looking at introducing a Basic Income in Scotland.

In September 2017 Scottish Government announced its support for exploring Basic Income in the Scottish context and a national conversation was started. A successful joint bid for the CBI Feasibility Fund was made by Edinburgh Council, Glasgow Council, North Ayrshire Council and Fife Council. Scottish Government allocated £250,000 to a feasibility study that is currently underway by the four local authorities with support from NHS Health Scotland and the Improvement Service. To support the work in Scotland we restructured the project to provide practical outputs for those undergoing Basic Income feasibility studies and experimental design.

The **Exploring Basic Income in Scotland** project set out to generate cross-disciplinary discussions about Basic Income and areas that would be transformed by the policy:

- Employment & Entrepreneurship
- Housing
- Care
- Human Rights & Equality

We also looked at:

- Basic Income Modelling, Implementation & Evaluation

The idea was to create an environment where a deeper level of exploration into the potential impact of a Basic Income was possible. Policymakers, Basic Income advocates and sceptics provided a technical understanding of Basic Income itself to act as a foundation for the discussion. Practitioners, academics and policymakers working in fields relevant to the themes brought insight into the specifics of those issues and in the Scottish context.

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We went about this by producing background papers which explore the current understanding of both Basic Income and its potential impact on the highlighted areas, using relevant philosophical understanding and evidence. We also hosted a series of workshops informed by the background papers and a range of speakers from diverse backgrounds. Through facilitated discussion we drew out the key potential benefits, concerns and questions related to Basic Income and the intersecting issues.

This report covers the key insights gathered during the course of this project, including the background papers, insights from the workshops and a summary of the key potential benefits, concerns and questions highlighted. It also includes a paper written by Paul Spicker entitled Reservations about Basic Income, which explores the issues he has highlighted relating to cost, distribution, adequacy and practical implementation.

The workshops were attended by 95 individuals representing contributions from 38 different organisations and academics. We also heard from 11 speakers with expertise in a variety of areas and from a diverse range of backgrounds.

The understanding gathered during the project can be shared by anyone through this report. Moving forward, Citizen's Basic Income Network Scotland will share the learnings of Exploring Basic Income in Scotland with the public, those gathering empirical evidence about Basic Income and activists advocating for the concept. This will be done through educational workshops about the global conversation surrounding Basic Income and the feasibility work here in Scotland. Also, resources and supports for organisations that generate understanding of the implications of a Basic Income for their work and stakeholders. This will help spread this cross-disciplinary, collaborative methodology globally to continue the in-depth exploration of Basic Income.

## REFERENCES

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## EXECUTIVE SUMMARY

Basic Income is still untested in its true form:

**Basic Income Definition:** A periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement.

That is, basic income has the following five characteristics:

**Periodic:** it is paid at regular intervals (for example every month), not as a one-off grant.

**Cash payment:** it is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use.

**Individual:** it is paid on an individual basis—and not, for instance, to households.

**Universal:** it is paid to all, without means test.

**Unconditional:** it is paid without a requirement to work or to demonstrate willingness-to-work.

*Source: Basic Income Earth Network*

This means there is no empirical evidence of the impact of a full Basic Income. To gather the evidence required to design a fit for purpose Basic Income we must first think theoretically, for an adequate level of understanding this thinking must be led by anyone who would be impacted by the policy, which would be all Citizens. To contribute to this theoretical work our project brought together individuals capable of representing large groups of Citizens due to their experience working as a policymaker, academic or practitioner. We also highlighted key issues to focus the discussion. The next step, after theoretical exploration, is to design and implement experiments that test some aspects of a Basic Income. By design an experiment cannot truly represent the impact of a Basic Income, which is given to every Citizen indefinitely. But experiments can produce data that indicate what might happen if a full Basic Income were to be implemented in a certain context. This project highlighted key questions about the intersection of Basic Income and the raised themes that could be tested by experiments, as well as potential benefits and concerns that should be noted throughout any investigation of Basic Income.

The feasibility work currently underway in Scotland will produce similar outputs on a larger scale, presenting a full business case to Scottish Government in March 2020. The steering group are gathering evidence on the behavioural, psychological, institutional, political and financial feasibility of a Basic Income and Basic Income

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experiment in Scotland. As well the criteria that would be evaluated by an experiment and how this would be executed. They are also collecting relevant insight into other Basic Income experiments and pilots around the world. This will be combined to make a recommendation as to whether a Basic Income experiment should go ahead.

## WHAT'S GOING ON IN SCOTLAND?

April 2018 - August 2018	<ul style="list-style-type: none"> <li>• Project staff in place</li> <li>• Learning visit to 18th BIEN congress</li> <li>• Evaluability Assessment underway</li> <li>• Evidence review completed</li> </ul>
September 2018 – March 2019	<ul style="list-style-type: none"> <li>• Research and modelling commissioned</li> <li>• Agree preferred pilot option/s</li> <li>• Engagement with DWP/HMRC</li> <li>• Options paper for funding and payment mechanisms</li> <li>• Progress report to Councils and Scottish Government</li> </ul>
April 2019 – September 2019	<ul style="list-style-type: none"> <li>• Commission any additional research required</li> <li>• Agree funding and payment mechanisms</li> <li>• Detailed evaluation methods developed (with costs)</li> <li>• Interim report to Councils and Scottish Government</li> </ul>
October 2019 – March 2020	<ul style="list-style-type: none"> <li>• Baseline data collected</li> <li>• Implementation preparation</li> <li>• Business Case to Scottish Government</li> </ul>

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## HUMAN RIGHTS & EQUALITY

### POTENTIAL BENEFITS:

Payment to the individual gives more autonomy to the recipient. Reducing economic inequality within a household decreases the incidence of domestic abuse. Supports personal growth and a culture of mutual support with an increase in trust of fellow Citizens. Improved public perception of benefits and social security recipients. People more able to leave undesirable domestic situations. Improved awareness of the benefits of self-directed support. No reduction in income when couples cohabit which is the case with many means tested benefits.

### CONCERNS:

A more universal approach could leave some disabled people with lower income. If disability benefits are provided in addition to the Basic Income this could lead to the exclusion or vilification of disabled people or a reduced ability of disabled people to engage with the work force. The assessment of the additional financial need of disabled people may not be designed adequately. The additional costs incurred by disabled people may be underestimated. Basic Income experiments and significant changes to welfare and social security are disruptive to people's lives. The definition of citizenship is complex and ill-defined. The impact on the behaviour of each individual is not easily predicted or assessed.

## EMPLOYMENT & ENTREPRENEURSHIP

### POTENTIAL BENEFITS:

Increased engagement with flexible, part time, freelance and entrepreneurial work. The creation of desirable or stepping-stone jobs on lower wages and an increased ability to accept desirable low-paid or unpaying work. Alleviation of the impact of automation. Removal of the work disincentives of means tested benefits that make up the current welfare system. Wages and work conditions of unpleasant jobs improving to make engaging with them worthwhile. Improved work-life balance including increased self-guided learning and engagement with education, training and creative pursuits.

### CONCERNS:

The impact of a Basic Income on engagement with employment is difficult to predict and plan for. Basic Income reduces the financial incentive to work. Economic models are not always representative of reality so any modelling of impact of Basic Income on the labour market is not necessarily accurate. For the cost of implementing a Basic Income, alternative policies related to Employment and Entrepreneurship may be more effective in producing the potential benefits. Basic Income could radically change the labour market and the political implications of this are unknown. If a Basic Income drives up wages this may put a financial strain on some businesses.

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## CARE

### POTENTIAL BENEFITS:

Changes in means-tested benefits can be “nothing short of catastrophic” for carers, this would not be the case with a Basic Income. People can opt in to unpaid caring roles if they choose. Means-tested benefits for carers mean that they have to ensure they are not financially worse off when taking on paid work, with a Basic Income any additional income from paid work would increase their total income. The caring roles taken on are not static through life, a Basic Income would be a constant level of dependable support throughout changing circumstances. A Basic Income could be an adequate financial recognition of the work of carers and a contribution towards the costs of care work.

### CONCERNS:

The withdrawal of care related support by the state due to the increased ability of people to perform caring roles. Pressure put on people to take on caring roles due to the financial viability. Basic Income alone would not be a sufficient social support without adequate services. The level of Basic Income would need to be higher than current benefits for carers and it would need to be enough for people to live on, even if they have additional responsibilities as carers.

## HOUSING

### POTENTIAL BENEFITS:

It was widely agreed that there were very few positive interactions between a Basic Income and the current housing situation in Scotland.

### CONCERNS:

It is possible that rents will be increased, and a high percentage of Basic Income payments would go straight to landlords. Many issues with housing are not addressed by Basic Income: High relative rate of inflation, lack of housing supply, rent control, geographic discrepancies in housing costs. Basic Income helps very little with saving for rental deposits. The buy-in for the universality of Basic Income may not transfer to universal support required for housing issues.

## MODELLING, IMPLEMENTATION & EVALUATION

NHS Health Scotland and Glasgow University have produced the comprehensive report “Universal basic income – a scoping review of evidence on impacts and study characteristics”. Those delivering the feasibility work have used this report to highlight areas of interest that future research should include: simple interventions and large samples, economic evaluation, quasi-experimental methods, spill-over and community level effects, effects of large-scale interventions, dynamic modelling studies to aid understanding of macroeconomic and emergent effects.

They have also highlighted a range of potential outcomes on a variety of time frames. Short term outcomes (2-3 year pilot period): Reduction/removal of individual barriers to labour market participation, increased labour market participation, in fair work and contribution to inclusive economic growth. Medium term outcomes (4-10 years): Improved individual and household income, reduction in poverty, including child poverty. Longer term outcomes (10-20 years): Decreased need for/use of emergency support such as food banks or welfare funds, improved individual and household health and well-being, improved population health and well-being.

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We heard from Malcolm Torry about his work on the microsimulation of a Basic Income using software (e.g. EUROMOD) to model tax and benefits systems using financial data from a large sample of the population to generate information on a variety of areas including individual and household disposable incomes, numbers of households on different benefits, poverty and inequality indices. New benefits can be added to the programme, and existing taxes and benefits can be changed. We heard that one Basic Income scheme has been found that fits an identified range of criteria that describe a financially feasible Basic Income.

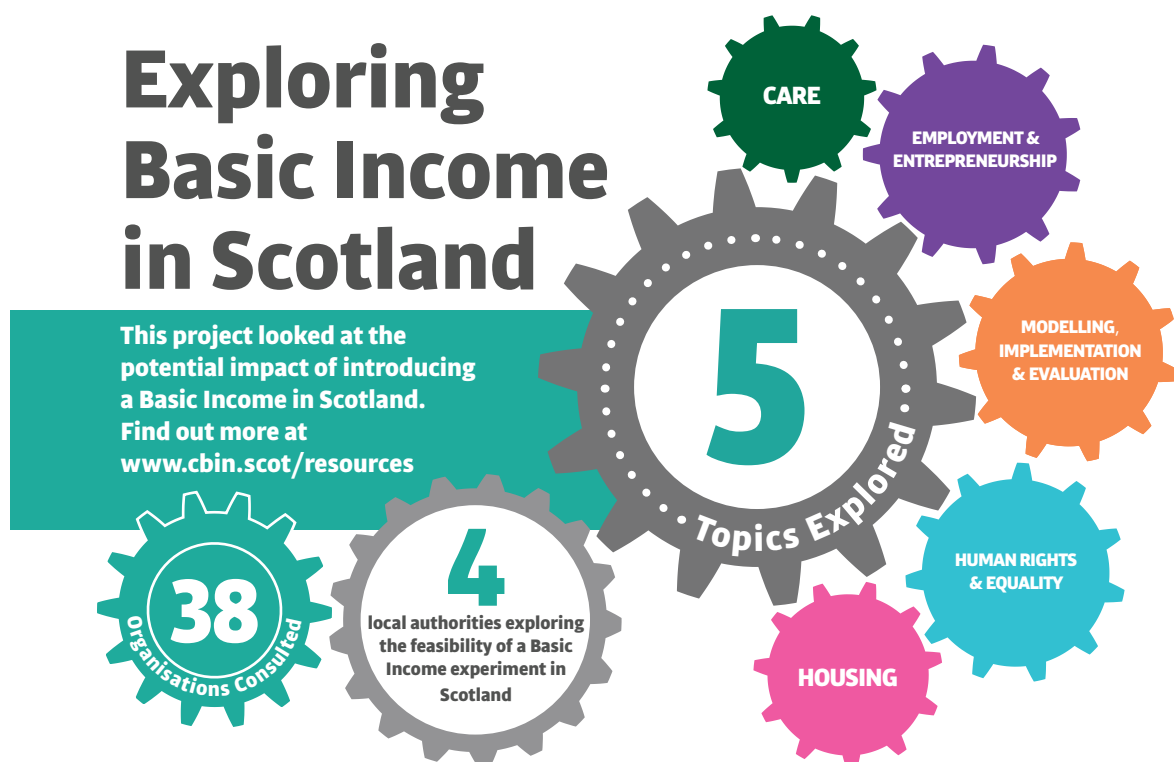
#### Heading2: Main Outcomes & Expected Impact

The report to be published at the end of March 2019 covers the key insights gathered during the course of this project, including the background papers, insights from the workshops and a summary of the key potential benefits, concerns and questions highlighted. The workshops were attended by 95 individuals representing contributions from 42 different organisations and academics. We also heard from 11 speakers all with expertise in a variety of areas and from a diverse range of backgrounds.

The understanding gathered during the project can be shared by anyone through the report. Moving forward, Citizen's Basic Income Network Scotland will share the learnings of the Exploring Basic Income in Scotland project with the public, those gathering empirical evidence about Basic Income and activists advocating for the concept. This will be done through educational workshops about the global conversation surrounding Basic Income and the feasibility work here in Scotland. Also, resources and supports for organisations that generate understanding of the implications of a Basic Income for their work and stakeholders. This will help spread this cross-disciplinary, collaborative methodology to a global scale to continue the in-depth exploration of Basic Income.

## KEY RECOMMENDATIONS

The key recommendations of this project are included in a summary page at the end of each section listing the most pertinent potential benefits, concerns and questions highlighted. By this we mean that the points summarised should be considered and explored by those looking at the feasibility of a Basic Income or designing Basic Income experiments.



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# Basic Income, Human Rights & Equality

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## INTRODUCTION

Human rights are the universal rights and freedoms that belong to every person throughout their life. They can never be taken away, although they can sometimes be restricted for example through imprisonment, and they are protected by law, in Britain this is by the Human Rights Act 1998. Human rights use a foundation of dignity, fairness, respect and independence. There are many parallels between the philosophy underpinning human rights and that of a Basic Income: they are both universal, non-withdrawable and intended to improve equality amongst citizens.

Any movement towards equality ensures that the opportunities and circumstances afforded to an individual allow them to thrive. To effectively address inequalities, one must recognise that each individual's situation is different – we cannot address inequalities by offering everyone the same. Although a Basic Income is usually proposed to be a payment of the same level offered to all Citizens, it is a cash payment, meaning people can use it to support themselves however they choose. It would not be a move towards equality through directly addressing specific issues faced by those with protected characteristics, such as age, race or sex, nor would it undo historical discrimination. However, it is a single policy that would impact everyone, guaranteeing a base level of income to each Citizen would ensure no-one is faced with extreme financial poverty a circumstance that certainly limits the opportunities available to a person.

This part of the Exploring Basic Income in Scotland project set out to question how a Basic Income interacts with human rights and equality. We wanted to investigate the impact of Basic Income on people of different ages and stages, those with physical or mental impairment and women, considering relationships between men and women in particular. The following Background Paper, written by Paul Spicker, outlines human rights and equality in the social policy context. The paper was used as the foundation of a workshop that brought together policymakers, academics and practitioners with relevant insight, the outputs of the facilitated discussion are outlined in the Workshop Report.

### ⚙️ *Basic Income Definition:*

A Basic Income is a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement.

That is, Basic Income has the following five characteristics:

**Periodic:** it is paid at regular intervals (for example every month), not as a one-off grant.

**Cash payment:** it is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use.

**Individual:** it is paid on an individual basis—and not, for instance, to households.

**Universal:** it is paid to all, without means test.

**Unconditional:** it is paid without a requirement to work or to demonstrate willingness-to-work.

*Source: Basic Income Earth Network*

# Background Paper: Basic Income, Human Rights and Equality

by Paul Spicker

## 1. HUMAN RIGHTS AND SOCIAL SECURITY

Rights are rules which affect the way that other people and governments may treat the person who holds the rights. Rights to social security are mainly thought of as “claim-rights”, requiring someone to pay benefits to the rights holder; they are also treated as “subjective rights”, requiring the person who holds the right to make a claim. (Taxation is taken from people regardless of whether they make a tax return; if benefits are genuinely universal, it is not self-evidently the case that they should need to be claimed.)

Some rights to social security are “general” rights founded in citizenship - membership of a political and legal community. Others are based in the “particular” (or personal) rights that people gain as part of contractual exchange or undertakings made to them personally. Most pensions schemes in Europe are based in particular, not general rights; people have contributed to a specific pension scheme and have a strong property right to their pension. One of the leading human rights cases, *Five Pensioners v Peru*, was actually based not on a human right to receive benefit, but to the right of the pensioners not to be deprived of property they were entitled to.<sup>1)</sup>

It follows that most social security schemes are not primarily attributable to human rights legislation, and they would not become human rights under any UBI scheme. Nevertheless, there are a number of human rights agreements and international conventions which have a bearing on social security provision. The UN Universal Declaration of Human Rights states that

“Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international cooperation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.”

Article 25 continues:

“1. Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

2. Motherhood and childhood are entitled to special care and assistance. All children, whether born in or out of wedlock, shall enjoy the same social protection.”

Article 9 of the International Covenant on Economic, Cultural and Social Rights provides “The States Parties to the present Covenant recognize the right of everyone to social security, including social insurance.” and article 11 recognises “the right

of everyone to an adequate standard of living for himself and his family, including adequate food, clothing and housing, and to the continuous improvement of living conditions.”

The UN Convention on the Rights of Persons with Disabilities provides, in article 28:

1. States Parties recognize the right of persons with disabilities to an adequate standard of living for themselves and their families, including adequate food, clothing and housing, and to the continuous improvement of living conditions, and shall take appropriate steps to safeguard and promote the realization of this right without discrimination on the basis of disability.

2. States Parties recognize the right of persons with disabilities to social protection and to the enjoyment of that right without discrimination on the basis of disability, and shall take appropriate steps to safeguard and promote the realization of this right, including measures:

- a) To ensure equal access by persons with disabilities to clean water services, and to ensure access to appropriate and affordable services, devices and other assistance for disability-related needs;
- b) To ensure access by persons with disabilities, in particular women and girls with disabilities and older persons with disabilities, to social protection programmes and poverty reduction programmes;
- c) To ensure access by persons with disabilities and their families living in situations of poverty to assistance from the State with disability-related expenses, including adequate training, counselling, financial assistance and respite care;
- d) To ensure access by persons with disabilities to public housing programmes;
- e) To ensure equal access by persons with disabilities to retirement benefits and programmes.

The Convention on the Rights of the Child provides, in Article 26:

1. States Parties shall recognize for every child the right to benefit from social security, including social insurance, and shall take the necessary measures to achieve the full realization of this right in accordance with their national law.

2. The benefits should, where appropriate, be granted, taking into account the resources and the circumstances of the child and persons having responsibility for the maintenance of the child, as well as any other consideration relevant to an application for benefits made by or on behalf of the child.

Article 27 continues:

1. States Parties recognize the right of every child to a standard of living adequate for the child’s physical, mental, spiritual, moral and social development.

2. The parent(s) or others responsible for the child have the primary responsibility to secure, within their abilities and financial capacities, the conditions of living necessary for the child’s development.

3. States Parties, in accordance with national conditions and within their means, shall take appropriate measures to assist parents and others responsible for the child

to implement this right and shall in case of need provide material assistance and support programmes, particularly with regard to nutrition, clothing and housing.

4. States Parties shall take all appropriate measures to secure the recovery of maintenance for the child from the parents or other persons having financial responsibility for the child, both within the State Party and from abroad. ...

There is no obvious conflict with UBI, but nor is there direct support for the principle. Little in these provisions commits governments to a particular type of benefit or method of distribution; the only methods of delivery that are mentioned are the provision of social insurance and parental liability for maintenance. The UN has recently been arguing, however, that the obligations of international law go beyond the obvious minimum. In the Guiding Principles on extreme poverty and human rights,<sup>2</sup> they call for comprehensive social security programmes, universal access, adequate benefits, and priority to those who are the most marginalised and disadvantaged. But they also argue for processes that protect people in poverty: to protect people in poverty from stigmatisation, to “prohibit public authorities, whether national or local, from stigmatizing or discriminating against persons living in poverty”<sup>3</sup>; to enhance the involvement of women in decision-making<sup>4</sup>; to ensure transparency and access to information<sup>5</sup>; to provide legal aid for criminal and civil cases<sup>6</sup> and to give poor people rights of redress.<sup>7</sup>

The European Convention on Human Rights makes no relevant provisions. The most specific international conventions on social security are the conventions of the International Labour Organisation, but they do not create rights; they

### ⚙️ Key insights - Human rights and social security

The UN Universal Declaration of Human Rights states that “Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international cooperation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality.”

only mean that the states that sign up to them have agreed to the principles the Conventions lay out, and not many states have done that. The conventions on minimum standards (1952), equality of treatment (1962), maintenance of rights (1982) or social protection floors (2012)<sup>8</sup> set standards, offer guidance and establish a framework for supervision, for those states that ratify (or partially ratify) the agreements. However, ratification has been limited - as few as 38 countries ratified the equal treatment convention (one has since resiled), and only 4 have ratified the convention on the maintenance of social security rights. The principle of ratification is important. International law works, for the most part, by asking countries to agree to conventions. The rights which are secured are enforced in the first place by the country in question, and international courts mainly have the effect of drawing governments’ attentions to deficiencies in their conduct. They do not in most cases give individuals any direct basis for legal action.



## 2 EQUALITIES

Inequality is not difference, but disadvantage; equality is not uniformity or sameness, but the removal of disadvantage. There are many competing concepts of equality.<sup>9</sup>

- The equality of persons demands that people are not treated differently on the basis of birth, race, gender and so forth.
- Equality of rights implies that the same rights, and same rules, should apply to everyone.
- Equal citizenship is about people's status. "All those who possess the status are equal with respect to the rights and duties with which the status is endowed."<sup>10</sup>
- Basic security is a call for a common foundation. Tawney argued for an equality that would 'make accessible to all, irrespective of their income, occupation or social position, the conditions of civilisation which, in the absence of such measures, can only be enjoyed by the rich.'<sup>11</sup>
- Equality of welfare goes further, arguing for more equal outcomes.

It is possible to argue that UBI supports equality in all of these senses.

The duty of public services in the UK to reduce inequality is based not in human rights legislation but in the Equality Act 2010. This prohibits discrimination, harassment or victimisation for people with a range of "protected characteristics", requires public services to make reasonable adjustments for people with disabilities, and requires a public service "when making decisions of a strategic nature about how to exercise its functions, have due regard to the desirability of exercising them in a way that is designed to reduce the inequalities of outcome which result from socio-economic disadvantage."

The protected characteristics are

- age;
- disability;
- gender reassignment;
- marriage and civil partnership;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.



This is not comprehensive. In Belgium, equalities legislation refers to inequalities of birth, and inequalities of "fortune"; being unlucky is not a good reason for people to be homeless or destitute, or a reason to differentiate between people.

Although UBI could be considered to be egalitarian in general terms, most UBI schemes do not act specifically to remedy inequalities in the protected characteristics. The main exception concerns couples. Benefits within the existing system generally pay less for couples than they do for two adults claiming in their own right (for example, a brother and a sister). The effect of that rule is a potential inequity - the implication is that unmarried couples may be treated more advantageously than married ones. This leads to the "cohabitation" rule, that people "living together as man and wife" (or even "living together as if they were in a civil partnership") should be treated as if they were a couple. The difference between a couple and a brother and sister comes down to sex, rather than membership of the same household, and consequently the cohabitation rule has been associated with prurient and intrusive investigations of people's personal circumstances. Paying people UBI individually is a way of avoiding those problems.

It can be argued too that UBI will have a positive impact on the relative position of women. This is not straightforward. The cumulative effects of lower income tend to imply that women are more likely to be poor, but this is not reflected in every benefit. The following table is drawn from ONS figures.<sup>12</sup>

Men and women claiming key benefits, 000s, Nov 2016

	Men	% men	Women	% women	Total (000s)
Jobseekers	279	61	181	39	460
ESA	1275	52	1171	48	2446
Lone parents	10	2	391	92	401
Carers	214	31	471	69	685
Other	53	73	20	27	73
Disabled	160	51	152	49	312
Bereaved	15	21	56	79	71
State Pension	5687	44	7197	56	12884
(May 2017)					
Pension Credit	673	37	1149	63	1822
(May 2017)					

The existing pattern of benefit receipt means that women disproportionately receive some benefits relative to men: particularly low income benefits for pensioners, lone parents and carers. However, women are less likely to receive benefits as jobseekers or for long term sickness - most probably, because they drop out of the labour

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market and depend on family support instead. The imbalance of genders relating to Pension Credit is significant: low income pensioners are much more likely to be women, and this group is particularly likely to gain from UBI or a Citizens Pension.

On the other side of the coin, most UBI schemes do not discriminate to the detriment of any of the protected categories: however, there are commonly differences proposed in the provision made for people of working age and older people. This is defensible, because it can legitimately be argued that the difference between pensions and people of working age is not a disadvantage to either, but it reflects an acceptance of the principle that different economic positions require different adjustments. (It is rather more difficult to defend some of the other age-related anomalies in the existing benefits system, such as the denial of mobility support to people on the basis of the age at which their disability starts.)

#### Key Insights - Equalities

Inequality is not difference, but disadvantage; equality is not uniformity or sameness, but the removal of disadvantage.

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# Workshop Report: Human Rights and Equality

by Cleo Goodman

This workshop looked at the theoretical impact of a Basic Income on Human Rights and Equality. The group considered people of different ages and stages, those with physical or mental impairment, women's rights and household dynamics between women and men.

This sessions speakers were Tanya Wilson, lecturer specialising in Family Economics and Labour Economics, who spoke on equality within households and James Elder-Woodward, one of the pioneers of the disabled people's Independent Living Movement in Scotland, spoke about emancipatory welfare.

Those attending the session, and the organisations they represent, all had relevant insight into Basic Income, human rights and equality.

Who?	Why?
<p>North Ayrshire Council</p> <p>Local government of the unitary authority of North Ayrshire, one of 32 unitary authorities in Scotland</p>	<p>North Ayrshire Council is one of 4 councils involved in the work looking at the feasibility of a Basic Income experiment in Scotland. Local authorities in Scotland provide a range of public services, including, social care and economic development, therefore local government is a key partner in any work looking at a Basic Income in the Scottish context.</p>
<p>Paul Spicker</p> <p>Writer and commentator on social policy, Emeritus Professor of Public Policy Robert Gordon University</p>	<p>Paul has an in depth understanding of social policy that can be applied to the discussions about Basic Income. A critical sceptic of Basic Income and author of several of this project's background papers.</p>
<p>Scottish Government</p> <p>The Scottish Government is the devolved government for Scotland responsible for the economy, education, health, justice, rural affairs, housing, environment, equal opportunities, consumer advocacy and advice, transport and taxation.</p>	<p>Scottish Government are involved in the feasibility work looking at a Basic Income experiment in Scotland. Their remit of responsibilities makes them a key partner in any work looking at a Basic Income in the Scottish context.</p>
<p>Annie Miller</p> <p>Economist and co-founder of Citizen's Income Trust and Citizen's Basic Income Network Scotland</p>	<p>Annie provides insight into the economic aspects of Basic Income and the global Basic Income movement and debate drawing from her experience looking at the topics over the last 30 years.</p>

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<p>Women's Enterprise Scotland</p> <p>Support women in starting and growing their businesses.</p>	<p>Women's Enterprise Scotland were able to represent the perspective of entrepreneurs, particularly female entrepreneurs.</p>
<p>Oxfam</p> <p>Charity working to improve the lives of the world's poorest people</p>	<p>Oxfam is a global voice on poverty &amp; inequality, women's rights, humanitarian issues and climate change.</p>
<p>James Elder-Woodward</p> <p>Senior Social Work Officer in Physical Disability until 1999, assisted in the development of the Glasgow Centre for Inclusive Living and is now Chair of the Scottish Independent Living Coalition, Convenor of the Glasgow Centre for Inclusive Living, a Board Member of both Inclusion Scotland and Capability Scotland</p>	<p>James Elder-Woodward has had life-long experience of disability, not only as a health and social service user, but also as a service provider, planner and researcher.</p>
<p>See Me Scotland</p> <p>Scotland's Programme to tackle mental health stigma and discrimination.</p>	<p>See Me work with people to end mental health stigma and discrimination and to change negative behaviours towards those with mental health problems, ensuring their human rights are upheld.</p>
<p>Tanya Wilson</p> <p>Lecturer in the Division of Economics at the University of Glasgow.</p>	<p>Tanya's research areas are predominantly within Family Economics and Labour Economics both relevant areas to the topic of discussion.</p>
<p>Engender</p> <p>Feminist member organisation with a vision for a Scotland in which women and men have equal opportunities in life, equal access to resources and are equally safe from harm.</p>	<p>Engender is a policy organisation and through research and analysis aim to make women's inequality visible and persuade those with power to make positive changes to services, policy, regulation, practices, and laws that negatively affect women.</p>
<p>Zero Tolerance</p> <p>Zero Tolerance are a charity working to end violence against women through tackling gender inequality.</p>	<p>Zero Tolerance were able to provide insight into the causes of violence against women, rooted in gender inequality. Their work focuses on women's experiences and research considering the social, economic and political equality of women.</p>

## DEFINITIONS, NEED AND ASSESSMENT

Basic Income, some prefer to refer to it as a Universal Basic Income others a Citizen's Basic Income. In practice, an implementable Basic Income must include some detail on the definition of Citizen, who is entitled to receive the payment? This was noted during the workshop as were a number of other definitions and distinctions relevant to the design of a Basic Income scheme.

There are a variety of factors that impact the basic costs of living for a person, the key ones highlighted during the session were disability, age and cohabitation. The report "The Disability Price Tag" published by Scope in February 2019 showed that: On average disabled people face extra costs of £583 a month, for one in five disabled people extra costs amount to over £1,000 per month. This means the money required by a disabled person to cover their basic needs is not equivalent to that for non-disabled people: £100 for a non-disabled person is comparable to just £68 for a disabled person<sup>1</sup>. This would need to be taken into account when designing a Basic Income. It is often suggested that a disability benefit could be provided in addition to a Basic Income.

### Key Insights - Definition, Need and Assessment

Disabled people's money doesn't tend to go as far. On average, £100 for a non-disabled person is equivalent to just £68 for a disabled person.

The method of assessment of the additional financial needs of disabled people is central to ensuring a Basic Income functions for people with disabilities. If the additional costs incurred by people with disabilities aren't addressed effectively, some disabled people could be worse off than they currently are. Assessment for this additional payment could be focused on ensuring people fulfil their potential rather than ensuring they are receiving just the amount required to meet their needs. It was also suggested that if the intention of a Basic Income is to remove the invasive assessment processes used to allocate means-tested benefits it is discriminatory to not remove this from the disability element too. To ensure a system that truly promotes equality the assessment process must be carefully considered.

Some proposed Basic Income schemes suggest a different level of Basic Income for children, people of working age and people after retirement<sup>2</sup>. The financial need of people of different ages needs to be assessed and the level of Basic Income afforded to them defined. When considering children's Basic Income, the age at which a child gains control of their payments needs to be defined.

Economies of scale refer to the reduced costs of co-habitation; preparing a meal for two people at once uses less resources (e.g. gas) than two people doing the same separately, heating one room for two people costs less than heating two rooms. This is considered by many means-tested benefits which is why they are allocated to the household. A Basic Income however is paid to the individual, which has implications for the dynamics within a household.

## EQUALITY WITHIN HOUSEHOLDS

Tanya Wilson is a lecturer at the University of Glasgow and her work focuses on Family Economics and Labour Economics. Tanya, alongside Dan Anderberg, Helmut Rainer and Jonathan Wadsworth, produced the paper "Unemployment and Domestic Violence: Theory and Evidence" which showed that female unemployment increases the risk of domestic abuse while male unemployment reduces the risk<sup>3</sup>. Tanya said that, "Relative economic position in the household is important. Improvements in an abused partner's (future) economic position decreases the propensity for being abused" [her presentation], if a Basic Income reduced inequality within a household it may also decrease the incidence of abuse.

Tanya began by looking at the reasons for people living together. These are pecuniary, relating to improvements in financial situation, and non-pecuniary, the social reasons for wanting to co-habit. Living with another person can reduce the expenditure on rent and utilities and there are both physical and mental health benefits associated with people in multi-person households. There may be other, negative implications in certain household dynamics relating to co-habitation, specifically a loss of autonomy. In a shared household there is more negotiation required potentially through compromise or an unbalance of decision-making power, skewed towards the "Head of the Household", who is often found to be the chief breadwinner, this can lead to exploitative situations.

Tanya noted that the method of payment is relevant to the use of money in a household citing evidence collected in the late 1970s when child benefit changed from a reduction in the amount withheld for taxes from the father to a cash payment to the 'primary caregiver' (mother). "This represented a substantial redistribution of income - in 1980 child benefits were approximately £500 per year for a family with two children (8% of average male earnings)." An increase in expenditure on women and children's clothing, compared to men's, resulted from this shift<sup>4</sup>.

### Key Insights - Equality within Households

Improvements in an abused partner's economic position decreases the propensity for being abused

## THE RIGHT TO WORK

When considering benefit payments, an increase in paid work that leads to a decrease in total income can which can make employment financially unviable. With a Basic Income each hour of additional work represents an increase in total income as there is no conditionality, the payment is not reduced based on the amount earned through paid employment, which could lead to an increased ability to engage with paid work when compared to means-tested benefits.

This is particularly important to consider when looking at a potential supplementary

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element for people with disabilities. Disabled people must have equal opportunity to engage with paid work if desired.

## THE RIGHT TO AN INCOME

During the discussion the impact of a Basic Income on the perception of benefits and what it means to earn an income were considered. It is possible that a Basic Income could reduce the stigma of people who depend on welfare benefits, which in some cases are those with protected characteristics. It is possible to consider access to an income that is enough to cover your basic needs as a right.

## EMANCIPATORY WELFARE

James Elder-Woodward delivered a talk on Emancipatory Welfare, drawing from his lived experience and extensive work with health and social services. James suggests that the role of a Basic Income is as an element of an empowering support system focused on self-directed personal development. He said the challenge we face is creating a universal, emancipatory welfare system that develops individual and collective potential.

James told us that the movement for equal rights for disabled people is best described as a fight for emancipation. That is the removal of political, social and economic restrictions of their rights to allow for participation as equal Citizens. The report *Citizenship and Disabled People* describes three areas that need to be addressed to ensure the equality of opportunity for disabled people: Self-determination, the ability to exercise autonomy, participation, both political and within communities, and contribution, recognition of the value of their contribution to economic and social life<sup>5</sup>. The Independent Living Movement states that independent living “means rights to practical assistance and support to participate in society and live an ordinary life.”<sup>6</sup> Due to the additional costs incurred by people with disabilities income must be considered in all of these contexts.

The Social Care (Self-directed Support) (Scotland) Act 2013 states: “It is THE DUTY of local authorities to provide someone, who is deemed eligible for social care, with money; and, with this money, for them to decide how to meet their needs.” This commitment to self-directed support should be a move towards the emancipatory welfare system required however, only 25% of social care recipients have been offered this option in the last seven years of it being available<sup>7</sup>. Parallels can be drawn between self-directed support and a Basic Income as they both require unrestricted cash payments. This is to allow for autonomy and choice, something highlighted as key in both movements.

A Basic Income can be seen as a financial support to ensure people are able to thrive and fulfil their potential. The universality removes the need for assessment of need and makes the payment an investment in potential. As there are additional costs incurred by disabled people the level of payment required is different. It could be possible to include a set amount in addition to the Basic Income for people with disabilities, but this may be too much for some and, crucially, too little for others.

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James said, "In any case, assessing NEED, whether as the 'PLUS' to UBI, or any other system of welfare, is discriminatory and exclusionary. It makes disabled people 'other'. If we are to implement a Basic Income policy, truly, we should adopt the principles and practice of assisting welfare recipients' citizenship potential rather than needs."

The ambiguity of the position of disabled people in a Basic Income scheme is cause for concern. It is crucial that the scheme is designed in a way that does not other or side-line disabled people. The three key areas of concern for disabled people that James highlighted are: 1) A Basic Income that is too low and leaves disabled people in poverty and therefore excluded from community, social and civic life. 2) A Basic Income that underestimates or doesn't account for the extra costs faced by disabled people, prohibiting participation as an equal citizen. 3) The methods of assessment, in particular neglecting to include collective forms of self-advocacy and self-assessment. These areas would need to be addressed to produce an appropriate Basic Income scheme.

### ⚙️ Key Insights - Emancipatory Welfare

If we are to implement a Basic Income policy, truly, we should adopt the principles and practice of assisting welfare recipients' citizenship potential rather than needs

It is crucial that a Basic Income scheme is designed in a way that does not other or side-line disabled people

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## BASIC INCOME, HUMAN RIGHTS AND EQUALITY SUMMARY

## POTENTIAL BENEFITS

- Payment to the individual gives more autonomy to the recipient
- Reducing economic inequality within a household decreases the incidence of domestic abuse
- Supports personal growth
- Supports a culture of mutual support between Citizens
- Improved public perception of benefits and social security recipients
- People more able to leave undesirable domestic situations
- Improved awareness of the benefits of self-directed support
- Increased trust in the choices of fellow Citizens
- No reduction in income when couples cohabit which is the case with many means tested benefits

## CONCERNS

- A more universal approach could leave some disabled people with lower income
- If disability benefits are provided in addition to the Basic Income this could lead to the exclusion or vilification of disabled people
- If disability benefits are provided out with the Basic Income this could impact the ability of disabled people to engage with the work force
- The assessment of the additional financial need of disabled people may not be designed adequately
- The additional costs incurred by disabled people may be underestimated
- Basic Income experiments and significant changes to welfare and social security are disruptive to people's lives
- The definition of citizenship is complex and ill-defined
- The impact on the behaviour of each individual is not easily predicted or assessed

## KEY QUESTIONS

*Small Some of the key questions from this session related to the modelling of a Basic Income:*

- How should a Basic Income be allocated to children?
  - How much should a child's Basic Income be?
  - At what age should a child gain control of their Basic Income?
- How do you assess the additional costs incurred by disabled people and how does this function alongside a Basic Income?
- How do you define Citizen?

*Small The answers to these questions can only be provided by long term analysis of the impacts of a full Basic Income. The questions consider outcomes that operate on different time scales, for some evidence could be collected on a short term basis during a Basic Income pilot, others are medium or long term outcomes that would require a longer duration of data collection to evidence. They are roughly in order of the time scale required for assessment but this depends heavily on the specific experimental criteria.*

*The Basic Income Steering Group facilitating the feasibility study in Scotland use the following categories for outcome timeframes: short term: 2-3 year pilot period, medium term: 4-10 year and longer term: 10-20 years.*

- Does the receipt of a Basic Income change the perception of those on benefits?
- What would the impact of a Basic Income on domestic situations be?
  - What would the impact on cohabitation be?
  - What are the drivers for changes in domestic situations?
  - Would there be a change in what is purchased by a household?

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# Basic Income, Employment and Entrepreneurship

*Exploring Basic Income in Scotland*



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## INTRODUCTION

The impact on work is central to the conversation about Basic Income. Activities that generate income do not represent the full spectrum of what can be defined as work. Caring for children is work, producing art is work, maintaining a household is work. This is a significant distinction that was taken into account when designing this project. We chose to separate out issues such as care, human rights and equality to examine them individually, including the relevant elements of paid and un-paid work. In this section we will look at the potential impacts of a Basic Income on employment and entrepreneurship, both immediately recognisable as work and usually primary areas of concern and interest when engaging people on the topic of Basic Income.

We explored the implications of Basic Income for employment, including part-time and self-employment, and the impact of Basic Income on people's willingness to work, ability to work flexibly and inclination to establish small businesses. To do this we looked at existing theory and evidence behind the interaction of Basic Income, employment and entrepreneurship in the following background paper - written by Iain Cairns - and hosted a facilitated workshop on the topic - attended by policy makers, practitioners and academics with relevant understanding. The insight gathered at this workshop can be found in the following workshop report.

### ⚙️ Basic Income Definition

A Basic Income is a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement.

That is, Basic Income has the following five characteristics:

**Periodic:** it is paid at regular intervals (for example every month), not as a one-off grant.

**Cash payment:** it is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use.

**Individual:** it is paid on an individual basis—and not, for instance, to households.

**Universal:** it is paid to all, without means test.

**Unconditional:** it is paid without a requirement to work or to demonstrate willingness-to-work.

*Source: Basic Income Earth Network*

## THE FINNISH EXPERIMENT AND UNDERSTANDING THE IMPACT OF BASIC INCOME ON EMPLOYMENT

Since the background paper was written and after the workshop occurred, significant new evidence concerning the impact of a Basic Income on employment has been published by Kela, the Finnish Social Security Authority evaluating the Basic Income experiment that ran in Finland from 1 Jan 2017 – 31 Dec 2018. The experiment looked at the impact of a monthly Basic Income of €560 given to 2000 randomly selected

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unemployed people for the 2 year duration of the experiment. "The primary aim of the Finnish basic income experiment is to study the effects of the basic income on employment and income."<sup>1</sup> Evidence was collected through a register-based study for the experimental group and a control group of 173,000 for whom register data is also collected. A phone survey was conducted towards the end of the experiment for both the experimental group and a control group of 5000 randomly selected unemployed people.

The preliminary results of the experiment were published in February 2019 and included evidence collected using the register-based statistical analysis of the employment effects of the experiment in 2017. "On the basis of an analysis of register data on an annual level, we can say that during the first year of the experiment the recipients of a basic income were no better or worse than the control group at finding employment in the open labour market", says Ohto Kanninen, Research Coordinator at the Labour Institute for Economic Research.<sup>2</sup>

The number of days in employment for the experimental and control groups were similar and the difference negligible, those receiving a Basic Income had an average of 0.5 days more employment during the analysed period. Some of the participants in the experiment engaged in self-employment, when compared to the level of self-employment seen in the control group there was little difference between the two: of the Basic Income recipients 43.70% had earnings or income from self-employment and for the control group it was 42.85%. The total income from self-employment was on average €21 lower for the experimental group (€4,230) than for the control group (€4,251).

This suggests that there is no impact on engaging in employment or self-employment during the first year of receiving a Basic Income of the level provided in this experiment. A clear effect might be expected to take longer than a year and similar experiments are being undertaken in a number of Dutch cities to assess any impacts on participation in work<sup>3</sup>.

The survey results showed that those receiving a Basic Income felt more confident that they would find employment, a key characteristic in successful labour market outcomes according to the employability literature and policy analyses. The Finnish participants were also more often of the opinion that a Basic Income supports their ability to accept a job offer or set up a business when compared to the responses of the control group; again this is consistent with the research on job search and efficient and effective market outcomes.

This evidence could support the assumption that less bureaucracy in claiming social security benefits and the consistent financial support provided by a Basic Income helps people engage in employment and entrepreneurship. It also seems to indicate that the common apprehension about Basic Income causing a drop in engagement with employment is unfounded. Indeed, other things being equal, the reported results and opinions from Finland not only counter the suggestion that people would withdraw from paid work but also that any such tendency is balanced by others

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pursuing different and more productive forms of employment. This new data is key to understanding the interaction of Basic Income, employment and entrepreneurship which is also the aim of this part of our project; these issues are explored in the Briefing Paper below, informed by the economic and other theory and analyses of basic income in the labour market.

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3 See forthcoming edited volume by Lei Delsen on “Empirics in Europe of the unconditional basic income (UBI)” with chapters on basic income experiments across Europe.

# Background Paper: Basic Income, Employment and Entrepreneurship

by Iain Cairns

## INTRODUCTION

A great deal of the literature on Basic Income (BI) has been focused on its potential impacts on employment (e.g. Atkinson, 1995; Standing, 1992; Van Parijs, 1992<sup>1</sup>). In this scoping paper the main issues regarding BI and employment are outlined. These might be said to concern, firstly, the extent of employment and, secondly, the nature of employment. By the extent of employment it is meant how BI might impact upon incentives and disincentives to work and, as a result, influence the overall amount of paid employment undertaken in a society. Linked to this, as we shall see, are discussions on the moral arguments around paid employment. The nature of employment, on the other hand, refers to the way that the kind of work undertaken in a society might be affected by the implementation of BI. This scoping paper will begin by looking at the main issues relating to BI and its implications for the extent of employment, before addressing BI and the nature of employment. Brief discussion on the implications for the gig economy, self-employment and entrepreneurship is included also.

## THE EXTENT OF EMPLOYMENT AND THE MORAL IMPERATIVE FOR PAID EMPLOYMENT

An often-advanced argument against BI is that it removes an incentive to work, and indeed several recent experimental BI schemes in Finland, Dutch cities and Canada have focused on work incentives especially. The assumption is that if income is provided independently of paid employment fewer would work or individuals would choose to work less, or both. As a consequence, this would jeopardise the total taxable income base from which basic income, and other public services, could be funded. Such arguments question the viability of BI schemes from a macroeconomic perspective. However, how BI might disrupt work incentives is also formulated as a moral argument. It is considered, for example, if it is just that those who fulfil a duty to society by contributing their time and effort through paid employment should have part of the rewards for their labours 'appropriated', through taxation, so that others, who may not choose to contribute in this way, can be supported in 'idleness'. This is often described as the 'free rider problem'. As Elster characterises the moral argument against BI: "It is unfair for able bodied people to live off of the labour of others"<sup>2</sup>.

Proponents of BI contest these arguments in a variety of ways. We can begin with the macroeconomic argument before moving on to the moral argument. The idea that a

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BI would lead to a reduction in total paid labour across an economy is contested in two main ways: first, by considering the inadequacies of the labour market to provide sufficient rewards to make viable certain paid work and, second, by considering the disincentives for paid employment inherent in existing welfare systems.

BI proponents typically accept that if individuals receive an income independent of employment then this will reduce their incentive to perform certain unpleasant jobs (as is discussed later). However, they also point out that labour markets which operate without a basic income are prone to dysfunction. Labour markets do not guarantee wages sufficient to enable employees to enjoy an acceptable existence. As MacKay puts it, “the market clearing rate of pay may, in some cases, actually fall below what is considered essential for even the most minimalistic lifestyle” (2005: 185<sup>3</sup>). These concerns are not purely theoretical. As is evidenced in the 2013 Monitoring Poverty and Social Exclusion report by the Joseph Rowntree Foundation, the majority of those living in poverty in the UK, for the first time from 2011-2012, were from working families (MacInnes et al., 2013<sup>4</sup>), and these rates have worsened since. Developments in workplace automation - and a resultant deskilling in the workplace - may mean that rates of in-work-poverty may increase over time if the issue is unaddressed. BI is proposed as one possible solution for the inadequacies of the labour market. Because an individual would retain their BI even when accepting employment which in itself could not provide an adequate income, workers would be able to “price themselves into jobs”<sup>5</sup>. This would mean that businesses which currently cannot generate sufficient revenue to reward workers adequately enough to encourage them into accepting employment would become viable. According to this reasoning, therefore, BI serves the purpose of both increasing the ability of individuals to accept jobs and the availability of certain jobs, particularly those which if left to labour markets alone would provide inadequate incomes. The potential ability of BI to promote employment in the context of labour market failure has led some authors to suggest that a form of BI, amongst other factors, may be a prerequisite for the return of full employment (e.g. see Gray<sup>6</sup>, 1988 and Meade, 1995<sup>7</sup>).

In contrast to the theoretical disincentives of BI to work, BI proponents often highlight disincentives to work inherent in existing welfare systems, in particular the role of Means Tested Benefits (MTBs) in discouraging work. The argument advanced is that, as MTBs are withdrawn as individuals move into paid employment, the drop in income which results is insufficiently compensated for by the income provided by many low paid or part-time jobs<sup>8</sup>.

This is especially the case when costs associated with employment are factored in, such as travel and childcare. In other words, as a result of MTBs, individuals may find themselves worse off by taking on paid employment. As individuals are able to maintain their BI as they move into paid employment such disincentives are eliminated; unlike with MTBs, with a BI each hour of additional paid employment undertaken increases the income of an individual.

The suspicions that a BI will reduce overall levels of employment are, seen from

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the perspectives outlined above, formulated without adequate reference to the disincentives inherent in existing labour markets and welfare systems. Disincentives which BI is designed to remedy. It might be added that consideration of incentives or disincentives in terms of paid employment here is considered purely in monetary terms. Viewing incentives purely in such terms may mean inadequately considering other motivation for work, such as the role of paid employment in providing purpose, status or meaning in one's life. Viewing incentives as purely monetary may also result in underestimating other motivations to reduce paid employment, such as to improve work-life balance or health concerns. For such reasons, the effects of the implementation of a BI in terms of the overall rate of employment may be more difficult to predict than is often appreciated. Examples of empirical research which offer insights into how employment rates might be impacted by the implementation of BI are few. But, on balance, it can be said these provide some support for the view that BI is unlikely to seriously decrease overall employment rates. For example, analysis of the minimum income guarantee scheme trialled in areas of Canada from 1974 to 1979 (the so called Mincome experiment) shows that:

"The reduction in work effort was modest: about one per cent for men, three per cent for wives, and five per cent for unmarried women" (Hum and Simpson, 2001: 80<sup>9</sup>).

Similarly, a recent study of the BI scheme in Alaska, which has been in operation since 1976 and is on-going, found that while some individuals work less in paid employment others work more. The authors conclude that:

"Overall, our results suggest that a universal and permanent cash transfer does not significantly decrease aggregate employment" (2018: n.p.<sup>10</sup>).

Such experiments are typically small in scale (as in the case of Canada) or involve only very small sums as BIs (as in Alaska). Unfortunately, therefore, the extent to which findings from these can be generalised in order to draw conclusions about proposals for more ambitious BI schemes, designed for wholesale social security system reform, is debateable.

Even if we are to conclude that the threat of BI to the overall hours served in paid employment is overstated this does not address arguments against BI on moral grounds, i.e. that some individuals may take advantage of BI in order to live off of the fruits of others' labour: the so-called 'free rider problem'. Van Parijs responds to the free rider argument against BI. He points out, for example, that to address free riding, an economic system would have to be envisaged in which rewards are "strictly proportional to work effort". But he contends that this is an impossibility. He writes:

"How should hours of work be made comparable? (Should one hour of effort-intensive work be equivalent to one hour of relaxed work, one hour of dangerous work to one hour of safe work, one hour of useless work to one hour of useful work, one hour of pathetically inefficient work to one hour of highly productive work?)"

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Van Parijs, 2015, 110-111<sup>11</sup>)

Moreover, he is dismissive of the idea that “workers are the creators of the whole product”. He gives the following example: “the fact that unequally fertile soil makes workers unequally productive”. From this perspective the wealth of a society is not best conceptualised as the sum total of individual effort. Instead it is better viewed, as Hutchinson et al. propose, as “based on the common inheritance of the body of cultural knowledge and natural resources handed on from generation to generation” (2002: 146). In this sense, then, we are all free riders on the environment and the efforts of others, past and present, in ways which can never meaningfully be quantified.

As rewards cannot be “strictly proportional to work effort” an alternative proposal offered by Van Parijs is that rewards be “positively affected by [...] work”. BI is “perfectly consistent” with this more realistic proposal. Indeed, as is clear in the above discussion of MTBs vs. BI, BI is more consistent with the aspiration that rewards be positively affected by work than is the alternative, and current, system of MTBs.

Building on these more theoretical foundations, proponents of BI stress how widespread free riding can be considered to be in modern societies. As Miller points out:

“many [...] people who are perceived as ‘free riders’ [today] are doing activities that are valuable to society, but are invisible - particularly care and community work”

In other words, many individuals who are not in paid employment are in fact providing vital social services without which our societies would fail to function at an acceptable level. For example, as feminist proponents of BI stress, the starkest example of free riding in modern societies relates to childcare (McKay, 2005). Childcare can be understood as an activity upon which all else in society ultimately depends. This work is disproportionately undertaken unpaid by women within households. In this context, a basic income provides a minimum reward for socially useful work such as childcare, work which currently may have no financial rewards but considerable financial costs. Such observations turn the free rider argument on its head. Instead of BI portending an era of free riding, it is contemporary society which can be understood as particularly dependent on the appropriation of the rewards of the work of others. By ensuring that at least a

### Key insights - The extent of employment and the moral imperative for paid employment

Basic Income is proposed as one possible solution for the inadequacies of the labour market

Unlike with means tested benefits, with a Basic Income each hour of additional paid employment undertaken increases the income of an individual.

Basic Income ensures that the substantial contribution made by those providing socially essential unpaid work is recognised and (to some extent) rewarded.

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minimal reward is available to all individuals, BI therefore ensures that the substantial contribution made by those providing socially essential unpaid work is recognised and (to some extent) rewarded.

## THE NATURE OF EMPLOYMENT

“The intriguing consequence of the basic income is that it would put the worker in the same position as the capitalist: it gives him/her independent means.” (Walter, 1989: 108 in McKay, 2005, 186)

Proponents of BI contend that the implementation of BI would increase the bargaining power of individuals in labour markets and within the workplace, allowing, in the words of Van Parijs, “the less advantaged to discriminate between attractive or promising and lousy jobs” (2004: 17). It has been proposed that the consequences of this may be several (see, e.g., Miller, 2017). For example, it would be expected that the wages associated with unpleasant, or ‘drudge jobs’, would have to increase so that sufficient numbers could be enticed into taking them. Also, to both entice and retain employees, one might expect improvements in work place conditions. This might include a reduced working week, improved work benefits, perks or training, enhanced parental rights, improved worker participation in management or workplace democracy, etc. Such changes have the potential to improve work-life balance and reduce absenteeism and work-related stress. Moreover, if a BI was to lead to a reduction in hours worked one would expect an increase in productivity as evidence suggests that reduced working hours have a positive effect on the productivity of workers (Golden, 2011). A BI therefore implies various knock-on effects for an economy more generally.

It has also been suggested that, because a BI would facilitate a situation in which more people would be able to survive without devoting the bulk of their time to paid employment, individuals would be freer to devote time and energy to learning and training (ibid). Enhancing one’s skills in such a way would serve to both improve individuals’ prospects in labour markets and could also potentially lead to an up-skilling in the labour market in general. A more skilled labour force would have implications for productivity in the economy as a whole. Studies of BI initiatives in India which ran between 2011-2013 concluded there were signs of increased productivity for those in receipt of a BI (Davala et al. 2015 in Miller: 73).

As is touched upon in the preceding section on BI and the extent of employment, a BI has potential implications for the creation of forms of employment which are currently unviable. Viewed negatively this means the creation of more low paid, seasonal or flexible work. A BI might then be considered as an expensive subsidy to employers, enabling them to drive wages down. But, considered in the context of BI’s theoretical capacity to increase the bargaining power of workers, the prospect of BI becomes more positive; the viability of low paid work is ensured only if workers are able to derive value from it which compensates them for the low pay (otherwise they would withhold their labour until wages increase). Workers may derive value

from such work for a variety of reasons. First, they may feel that they are contributing something to society, for example through community work or in caring roles. An increase in voluntary work and in the caring professions is therefore predicted from the implementation of BI. Second, individuals may view the experience and training they will receive in a role as enabling them to advance their careers; with BI many low paid jobs would be viable only as stepping stones to more financially rewarding roles. Third, a BI may enable individuals to act on creative aspirations which may be difficult to realise without working independently and in the absence of the kinds of supervision associated with formal employment. This suggests stimulation for the arts and crafts industries and self-employment. It also implies the increased prevalence of all kinds of microbusiness which currently do not exist as they could not under current conditions provide returns sufficient for individuals to secure an adequate existence. Moreover, it suggests the possibility that some will take advantage of the BI to establish businesses which, while in the short term may not provide significant returns, may have long term benefit. As McKay writes:

“The granting of unconditional income guarantees provides the pre-requisite financial security required in taking ‘economic risks’. Hence, a favourable environment is created for engaging in entrepreneurial activity” (2005, 176).

BI literature has largely neglected the potential impacts of BI on self-employment and entrepreneurship. But there is some anecdotal evidence which suggests potential developments which a BI might stimulate. Stories emerging from the ongoing Finnish BI pilot study serve to illustrate. The Guardian newspaper reported on an unemployed man named Järvinen who was selected to be a subject of the Finnish BI experiment. The article stated that prior to the trial:

“the Finnish equivalent of the jobcentre was always on his case about job applications and training. Ideas flow out of Järvinen as easily as water from a tap, yet he could exercise none of his initiative for fear of arousing bureaucratic scrutiny.”<sup>12</sup>

After he began receiving the BI:

“His liberation came in the lack of conditions attached to the money. [...] he [now] makes shaman drums that sell for up to €900” (ibid).

The article explains that Järvinen

“was trapped in a “humiliating” system that gave him barely enough to feed himself, while refusing him even a glimmer of a hope of fulfilment” (ibid).

Recent research on self-employment and poverty in Scotland (Galloway et al., 2016) drawing on evidence from various sources and based on official Government data reveals many self-employed workers earn less than the national minimum wage, and it is estimated that over three-quarters are in income poverty. Further, the self-employed are not entitled to statutory sick pay, maternity or paternity pay, paid holidays, training support, and, will be reliant on the state and their own savings in retirement. As with the employed workforce, but with these additional costs of



living, there are reasons to expect and to examine whether and how a basic income would improve the living standards of the poorest in the community.

For nascent entrepreneurs, several blogs by economists have argued for the strong advantages offered by BI for start-up enterprises and this is complemented by support from some of the world's most wealthy entrepreneurs<sup>13</sup>.

In summary, proponents of BI attribute all kinds of benefits to the policy in terms of its impact on the nature of employment. They attribute to BI a potential increase in labour market bargaining power, especially to those least advantaged, with its implications for improved wages, working conditions and productivity. They attribute to BI a potential expansion in caring roles, 'stepping stone' modes of employment, and in arts, crafts and creative industries. There is also speculation about the extent to which BI might translate into increased self-employment and entrepreneurial activity. It should be concluded, however, that because of the absence of any implementation of BI on a permanent basis at the national level the benefits or drawbacks of such a scheme remain largely theoretical. Until a significant BI scheme is implemented BI's impacts will remain contestable and so the current workshops present the opportunity to explore some of these issues.

## ☀ Key insights - The nature of employment

Studies of initiatives in India which ran between 2011-2013 concluded there were signs of increased productivity for those in receipt of a Basic Income

It has been suggested that a Basic Income would facilitate a situation in which more people would be able to survive without devoting the bulk of their time to paid employment

A BI might then be considered as an expensive subsidy to employers, enabling them to drive wages down

Literature has largely neglected the potential impacts of Basic Income on self-employment and entrepreneurship.

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# Workshop Report: Employment and Entrepreneurship

by Cleo Goodman

## INTRODUCTION

This workshop started with a look at the aims and objectives of the session. We'd set out to explore the implications of a Basic Income on employment, including part-time and self-employment, and the impact of Basic Income on people's willingness to work, ability to work flexibly and inclination to establish small businesses.

Our first speaker was Mark Hooper, founder of IndyCube, who provided insight into the experience of the self-employed and that of an employer. We also heard from Annie Miller, Economist and Basic Income advocate, about work incentives.

Those attending the session, and the organisations they represent, all had relevant insight into Basic Income, employment and entrepreneurship from a variety of angles.

Who?	Why?
GalGael Trust  Charity and social enterprise that help people learn woodworking and boat making skills	The GalGael trust describe themselves as a working community. They provide insight into work incentives beyond paid employment and the impact of "upskilling" on people and their engagement with employment and entrepreneurship.
IndyCube  Provide coworking spaces and a benefits package for freelancers that includes legal support	IndyCube support self-employed people in a variety of ways and have a good understanding of their needs, they were able to represent these at the session.
Paul Spicker  Writer and commentator on social policy, Emeritus Professor of Public Policy Robert Gordon University	Paul has an in depth understanding of social policy that can be applied to the discussions about Basic Income. A critical sceptic of Basic Income and author of several of this project's background papers.
Scottish Government  The Scottish Government is the devolved government for Scotland responsible for the economy, education, health, justice, rural affairs, housing, environment, equal opportunities, consumer advocacy and advice, transport and taxation.	Scottish Government are involved in the feasibility work looking at a Basic Income experiment in Scotland. Their remit of responsibilities makes them a key partner in any work looking at a Basic Income in the Scottish context.

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<p>Annie Miller</p> <p>Economist and co-founder of Citizen's Income Trust and Citizen's Basic Income Network Scotland</p>	<p>Annie provides insight into the economic aspects of Basic Income and the global Basic Income movement and debate drawing from her experience looking at the topics over the last 30 years.</p>
<p>Women's Enterprise Scotland</p> <p>Support women in starting and growing their businesses.</p>	<p>Women's Enterprise Scotland were able to represent the perspective of entrepreneurs, particularly female entrepreneurs.</p>
<p>Firstport</p> <p>Social enterprise support system founded to support social entrepreneurs</p>	<p>Firstport have a good understanding of entrepreneurs, the process of starting a business and the third sector landscape in Scotland and they brought this to the discussion.</p>
<p>North Ayrshire Council</p> <p>Local government of the unitary authority of North Ayrshire, one of 32 unitary authorities in Scotland</p>	<p>North Ayrshire Council is one of 4 councils involved in the work looking at the feasibility of a Basic Income experiment in Scotland. Local authorities in Scotland provide a range of public services, including, social care and economic development, therefore local government is a key partner in any work looking at a Basic Income in the Scottish context.</p>
<p>Scottish Council for Development and Industry (SCDI)</p> <p>Independent membership network focused on developing inclusive economic growth and communities</p>	<p>SCDI represent a cross-section of the private, public and social economy sectors and were able to give an impression of a range of perspectives in those sectors.</p>
<p>Jay Wiggan</p> <p>Lecturer in Social Policy and Programme Director of MSc Policy Studies at the University of Edinburgh</p>	<p>Jay's research concentrates on the politics of active labour market policy and the governance of public employment services and social security administration, he applied this insight to the conversation.</p>

Throughout the session we attempted to identify the key issues for entrepreneurs, employees and the self-employed and the barriers to engaging in employment and becoming self-employed or starting a business. Once highlighted we discussed how these issues might be impacted by a Basic Income. The following is an overview of the conversations during the session.

## EMPLOYMENT

Automation is predicted to be a key factor in the future of employment and of course this was mentioned during the discussions. New technology can complete

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tasks currently done by people, replacing jobs without replacing income. It can be argued that new types of jobs will be created, alleviating the impact on the workforce and preventing mass unemployment. Basic Income has the potential to alleviate the impact of automation in both cases, either through supporting people through periods of retraining for newly created vocations or during times of unemployment due to disappearing and redundant skills and positions.

It is unclear what the impact of a Basic Income would be on work incentives. There is much evidence that suggests more income from social security leads to a greater engagement with the workforce<sup>1</sup>. It is likely that a Basic Income would cause concern for businesses regarding the cost of labour. If everyone's income was supplemented, then there could be less incentive to engage with unpleasant or unskilled work that is currently delivered by people on relatively low wages. Many business models are dependent on this work being delivered for minimal cost, if wages were driven up it is possible that these businesses would suffer.

Unfortunately, there were no representatives of trade unions present for this discussion, so we are missing their perspective on the potential impact of a Basic Income on employment. This insight is one we are keen to gather in the work following on from this project. Notably, a composite motion was passed at the 2018 annual congress of the STUC supporting the development and introduction of a basic income in Scotland.

### Key insights - Employment

Basic Income has the potential to alleviate the impact of automation

## COWORKING, FREELANCERS' RIGHTS AND BUILDING AN ORGANISATION FIT FOR THE FUTURE

Our first speaker was Mark Hooper, founder of IndyCube who provide coworking spaces and a membership benefits package. The package includes invoice factoring, legal advice, HR support and discounts on insurance amongst other things. Mark told us the story of opening the first IndyCube coworking space in 2010. They replicated the model they'd developed in Cardiff in other spaces in Wales then in England. After 6 years IndyCube converted to a co-operative encouraging their members to demonstrate a "commitment to cooperation and to help drive forward equality for the self-employed in the UK"<sup>1</sup>. They became aware of the significant impact that unpaid invoices had on freelancers and this is what led to the development of their membership benefits package. Mark said he was keen to see an experiment designed to look at the impact of a Basic Income on the self-employed.

IndyCube also have an innovative approach to their staffing model aiming to build an organisation "fit for the future". Mark referenced the high levels of in work poverty<sup>2</sup> as proof that work is not the way out of poverty and he is keen to see significant change in the way we distribute income to address this. IndyCube pay all of their employees the same salary, they also work a 4-day week but receive 5-days' pay.

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They call this a Basic Income; however, based on the widely accepted definition this is not a Basic Income: it is not unconditional, universal or non-withdrawable. However, they use the term to encourage conversation about Basic Income and the role it could play in the future of work. The role of the employer in funding a Basic Income is a not often discussed, but very interesting, concept.

## SELF-EMPLOYMENT AND FLEXIBLE WORKING

In recent years self-employment has risen to a 40-year high<sup>3</sup>, the rise in freelance and part time work has been popularly termed the gig economy. The motivations for self-employment were discussed and it was suggested that, for some, self-employment provides flexibility and choice that being an employee, particularly a full-time employee, does not. It was also noted that the self employed are twice as likely to have a sight impairment or mental health issue, which suggests self-employment is more suited to certain minority groups than traditional employment.

However, there are also a variety of barriers and downsides to self-employment. Amongst the issues suggested as barriers to self-employment were culture, confidence and the precarity of income. The GalGael Trust are a working community based in Glasgow, they teach a variety of skills including boat building and woodwork. It was said that very few people who learn these skills use them to enter self-employment due to the lack of security it provides. UK data, however, suggest that many are willing to accept lower incomes in self-employment compared with employment because of the freedom and autonomy gained from working for yourself<sup>4</sup>; a basic income reduces the risk and precariousness of making the transition to becoming an entrepreneur.

The income lost through unpaid invoices and the unpaid time invested in chasing these payments can be seen as a downside to self-employment. It was suggested that there is a tendency for the self-employed to work longer hours than they may otherwise, due to the challenges of finding paid freelance work, and finding work necessitates that one projects an image of themselves as busy and successful to inspire confidence in potential clients. The various unpaid administrative aspects of sustaining self-employment disincentivise people from spending time advocating for the rights of freelancers, in traditional employment this is the role of the union. It can be difficult to assess the needs and challenges of the self-employed community due to this.

### Key insights - self-employment

In recent years self-employment has risen to a 40 year high

It was suggested that the consistency and certainty of a Basic Income could encourage people, that otherwise would not, to engage in self-employment. Also, that a Basic Income would support the self-employed through periods with little paid work would acknowledge the unpaid administrative work required to sustain a freelance career and provide such workers with more time to chase unpaid

invoices and explore their rights.

Flexible working was also discussed. It was suggested that a Basic Income would encourage more engagement in flexible, part-time work which could support those engaged in unpaid work such as caring, creative pursuits or volunteering.

## ENTREPRENEURSHIP

The possibility of a Basic Income encouraging entrepreneurship was discussed. In 2014, 5 out of every 10 new jobs were created by those going into business for themselves<sup>5</sup>. However, there are many risks for entrepreneurs, 77% live in poverty<sup>6</sup>. Starting a business is not an easy route to a secure income.

However, despite the challenges, starting a business is an aspiration held by many and there are countless organisations in Scotland that exist to support the entrepreneurial journey. This saw £650,000 invested in Entrepreneurial Scotland in 2018. First Minister Nicola Sturgeon said: "In recent years, we've [Scottish Government] placed a heavy emphasis on encouraging more people to be entrepreneurs – to set up new businesses and social enterprises and for the government itself to be more entrepreneurial."<sup>6</sup> Entrepreneurship and small business is seen to be a significant part of Scotland's economic future.

It was suggested that a Basic Income would open up opportunities for entrepreneurship to people who would otherwise not have access to them. The security of a guaranteed income could allow people to invest their time in starting a business and this could lead to a higher number of small, local businesses. A Basic Income could support an increased amount of time spent on self-guided learning and formal education and training. It could also allow people to spend more time on creative pursuits. Allowing people to spend more time pursuing their passions and developing the related skills could also lead to more people founding small businesses. Although these new businesses may appear less 'productive', their retention of incomes within the local community could boost the local and Scottish economies through multiplier and supply chain effects, raising the sustainable level of activities.

### Key insights - entrepreneurship

The security of a guaranteed income could allow people to invest their time in starting a business

## WILLINGNESS TO WORK

The impact of a Basic Income on people's willingness to engage with paid employment are unclear and there is currently little experimental evidence to provide insight. Although the results of the Finnish Basic Income experiment indicate no impact on engagement with employment during the first year of receiving a Basic Income, this does not give us any information about people's behaviour in the long term.

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A major focus of Basic Income experiments, pilots and models concerns work incentives and participation. Annie Miller of CBINS offered an introduction to these issues with a technical presentation on the economic theory underpinning economists' considerations and analyses. The conclusions from her paper are consistent with the international research and reports based on cross-national European databases and from the OECD<sup>7</sup>. The conclusions are that, for lower income groups especially, Basic Income offers strong incentives to work rather than to withdraw from the labour market. The findings of the Finnish experiment supported this with no suggestions that recipients of Basic Income there reduced their job search or acceptance activities. Particularly where there the overall introduction of a Basic Income scheme was budgetary neutral, those on higher incomes – often time poor because of modern work practices – would be in a better position to pursue improved work-life balance. Caring, volunteering, leisure and other non-employment activities would be encouraged with working couples better able to organise their respective contributions and interests to their mutual benefit.

A common argument against a Basic Income is the “free rider problem” described in Iain Cairns' essay in the previous section. This was not a concern voiced by any of the attendees of the workshop, again consistent with the previous literature on experiments and analyses of labour market activity generally.

We discussed the theoretical impact of a Basic Income on engagement with the labour market. A guaranteed income could give people bargaining power, allowing them to prioritise the use of their time based on their needs and desires rather than being pushed into employment to survive. This freedom of choice could necessitate the increase of wages to attract people to certain jobs. However, it was also noted that the implications of Basic Income go beyond what it means for businesses interacting with the labour market and the economy. The impact of a Basic Income on individuals could be profound, allowing people to choose what they do with their time and which types of work they engage with, whether that be paid or unpaid. This could transform the dynamic of employment and this transformation would not be without controversy or complications, despite the potential benefits. This makes the concept of a Basic Income as much a political discussion as one about social security and this is being taken into account during the work looking at the feasibility of a Basic Income experiment in Scotland.

### Key insights - willingness to work

The implications of Basic Income go beyond what it means for businesses interacting with the labour market and the economy

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## BASIC INCOME, EMPLOYMENT AND ENTREPRENEURSHIP SUMMARY

### POTENTIAL BENEFITS

- Increased engagement with flexible, part time and freelance work
- Increased entrepreneurship
- People more able to accept desirable low-paid or unpaying work
- Creation of desirable and stepping-stone jobs on lower wages
- Alleviation of the impact of automation
- Removal of the work disincentives of means tested benefits that make up the current welfare system
- Improved working conditions including a shorter work week
- Wages and work conditions of unpleasant jobs improved to make engaging with them worthwhile
- Improved work-life balance
- Increased self-guided learning and engagement with education and training
- Increased engagement with creative pursuits

### CONCERNS

- The impact of a Basic Income on engagement with employment is difficult to predict and plan for
- Basic Income reduces the financial incentive to work
- Automation may not reduce the number of available jobs
- Economic models are not always representative of reality so any modelling of impact of Basic Income on the labour market is not necessarily accurate
- For the cost of implementing a Basic Income, alternative policies related to Employment and Entrepreneurship may be more effective in producing the potential benefits
- Basic Income could radically change the labour market and the political implications of this are unknown
- If a Basic Income drives up wages this may put a financial strain on some businesses

### KEY QUESTIONS

The answers to these questions can only be provided by long term analysis of the impacts of a full Basic Income. The questions consider outcomes that operate on different time scales, for some evidence could be collected on a short term basis during a Basic Income pilot, others are medium or long term outcomes that would require a longer duration of data collection to evidence. They are roughly in order of the time scale required for assessment but this depends heavily on the specific experimental criteria.

The Basic Income Steering Group facilitating the feasibility study in Scotland use the following categories for outcome timeframes: short term: 2-3 year pilot period, medium term: 4-10 year and longer term: 10-20 years.

- How does engagement with employment compare for people on means tested benefits in comparison to people receiving a Basic Income?
- What impact would a Basic Income have on self-motivated development of skills?
  - Would more people engage in formal education?
  - Would more people engage with formal training?
  - Would people spend more time on self-guided education?
  - Would people spend more time on creative pursuits?
- What impact would a Basic Income have on entrepreneurship?
  - Would more people be inclined to start a business?
  - Would more people start businesses?
  - Would there be an impact on the business landscape?
- What impact would a Basic Income have on the self-employed?
  - Would more people engage with self-employment?
  - How would it improve the professional experience and well-being of the self-employed?
- What impact would a Basic Income have on employees?
  - Would engagement with certain types of vocation or role change?
  - Would more people engage with part-time or flexible work?
  - Would people's well-being improve as a result of changes to their employment?
  - Would work outputs of employees be impacted?
- What impact would a Basic Income have on jobs?
  - Would wages change?
  - Would jobs change?
  - Would working conditions change?

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# Basic Income and Care

*Exploring Basic Income in Scotland*



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## INTRODUCTION

Care is a broad and ever changing role, part of any relationship but not easily quantified or defined. A widely recognised benefit of Basic Income is the unobtrusive provision of financial support for those fulfilling unpaid care roles. It is an uncomfortable thing requesting payment for providing a person with care, but if the provision of care hinders access to an income then it becomes a necessity. There are many moral ambiguities associated with applying a cost value to care. A Basic Income would not be a direct payment for the provision of care which means that on the one hand it would not directly acknowledge the work of unpaid carers, but on the other it would remove the need to allocate an hourly rate or cost value to care.

Carer's Allowance is the benefit designated to Carers and it requires several layers of criteria to be met. The cared for person must receive one of 6 benefits. The Carer must not earn more than £120 per week after deductions of Income Tax, National Insurance, half the contributions towards an occupational or personal pension and some of the costs of caring while engaged in work. All of the following must also apply for the Carer: aged 16 or over, spends 35 hours or more a week caring for one person, spent at least 2 of the last 3 years in England, Scotland or Wales, normally live in England, Scotland or Wales or live abroad as a member of the armed forces, not in full-time education, not studying for 21 hours a week or more and not subject to immigration control.<sup>1</sup> The 35 hours of care can include time spent physically helping the person, time spent 'keeping an eye' on the person and time spent doing practical tasks for them.<sup>2</sup>

Carer's Allowance is £64.60 a week, in Scotland Carers on Carer's Allowance also receive a Carers Allowance Supplement of £226.20 twice a year (£8.70 per week).

In this part of the project we explored the implications of a Basic Income for Carers in terms of experience, well-being and balancing care responsibilities with paid work. The following Background Paper written by Paul Spicker looks at UBI, Child Care and Unpaid Caring and was used to provide context to the discussion between academics, policymakers and practitioners during a facilitated workshop. The Workshop Report covers the outputs of the session.

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<https://www.gov.uk/carers-allowance>

<https://www.carersuk.org/help-and-advice/financial-support/help-with-benefits/carers-allowance>

### ⚙️ Basic Income Definition

A Basic Income is a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement.

That is, Basic Income has the following five characteristics:

**Periodic:** it is paid at regular intervals (for example every month), not as a one-off grant.

**Cash payment:** it is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use.

**Individual:** it is paid on an individual basis—and not, for instance, to households.

**Universal:** it is paid to all, without means test.

**Unconditional:** it is paid without a requirement to work or to demonstrate willingness-to-work.

*Source: Basic Income Earth Network*

# UBI, Child Care and Unpaid Caring

by Paul Spicker

“Care” refers to a wide range of relationships and issues in society.

- 6.5 million adults act as carers for a person who is ill, older or disabled.
  - 1.3 million of those are over the age of 65.
- 8 million households are responsible for children.
- 6.1 million of those households are headed by couples,
  - 1.9 million by lone parents.
- It is likely that more than 40% of families also rely on grandparents for some child care.<sup>1</sup>

The absolute figures are in some ways misleading, because even if they affect very large numbers of people, they present caring as if it were a static situation. Caring is a normal part of everyday life; most of us do it at some time. Carers UK suggest that every year, more than 2 million people become carers, and 2 million others cease to be. Three people in every five will be a carer for someone who is ill, disabled or older at some point in their lives.<sup>2</sup> That implies that, while there is a distinct case for offering some benefits to cover the points at which caring is liable to interrupt people’s income, many people will be engaged in caring roles and activity without relating it to changes in their economic situation. Discussions about ‘incentives’ are often distorted by a mechanistic assumption that if there is more or less money about, people will act differently. That may not be true.

## Key Insights - Introduction

Three people in every five will be a carer for someone who is ill, disabled or older at some point in their lives.

## Key Insights - Caring in the Life Cycle

It is noteworthy that falling or fluctuating income are experienced by some at every stage of the life cycle, most markedly by couples without children.

## 1 CARING IN THE LIFE CYCLE

People’s responsibilities for caring may have a direct impact on their incomes; that is true, for example, of the point at which there is a young child to care for, and the household loses one source of income as a result. However, most people’s income is not fixed over long periods. In general terms, young people tend to be on lowish incomes; when mothers have a young child, income flattens for a period; over time, the household income tends to increase; and in

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retirement, it tends to fall.<sup>3</sup> That model supports the idea that there may be times and ages when it may be desirable to increase support: for example, a supplement for young people aged under 25, an extra payment for young children aged 0-4, or a supplement for pensioners.

This is however stated in very general terms. Rigg and Sefton examined panel data from the British Household Survey over ten years, 1991-2000, to construct a rather more detailed picture, shown in the following table.<sup>4</sup> The table shows that people's experience of changes in income is not at all uniform.

There are differences between people at different stages of the life cycle, and much of the change charted in the table reflects people moving through the life-cycle, beginning in one category but moving to another. Life events, such as repartnering, divorce, sickness and retirement can have a large effect on people's position. Pensioners and older single people are the only groups which are more likely to be in the same position after five years than they are to experience change. It is noteworthy that falling or fluctuating income are experienced by some at every stage of the life cycle, most markedly by couples without children.

### TRAJECTORY TYPES BY INITIAL LIFE STAGE

Life Stage	Proportion of individuals (%) experiencing different income trajectories over time						
	% of cases	Flat	Flat with blips	Rising	Falling	Fluctuating	Other
Children	20	17	24.7	21.8	9	14	13.4
Young and single	8.9	19.7	19.7	19.6	13.1	13	15.1
Single parent	2.1	13.6	22.7	24.2	9.7	15.9	13.8
Young couple no children	6.7	30.2	19.3	4.1	23.1	10.3	12.9
Couple with young children	10.9	23.3	26.7	12.5	13.2	10.6	13.8
Couple with older children	9.7	21.4	22.3	24.7	5.8	15.5	10.3
Older couple no children	16	20.1	21.8	3.6	26.1	15.6	12.9
Older and single	4.9	25.4	25.3	8	12.2	16.6	12.5
Pensioner couple	10.5	39.9	24.5	3.5	15.9	7.2	9
Single pensioner	10.3	34.7	29	5.8	10.6	8.7	11.1
All persons	100	24.3	23.8	12.6	14.3	12.6	12.5

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## 2 SUPPORT FOR CARERS

The main benefit dedicated to carers is the Carers Allowance. (There is an Attendance Allowance, and a care component in DLA and PIP; despite their names, these benefits go to people with disabilities, not to carers, and with the main exception of some people in residential care, they are not affected by people actually having or receiving care.) 759,000 people received Carers Allowance. A further 411,000 were told they had an underlying entitlement to CA but could not receive it because of another benefit they received. Most of those - 359,000 - were pensioners.

Another indirect benefit is Home Responsibility Protection, which fills in the gaps in a person's pensions record if they have been involved in caring.

Baker and Ryan, working in Ireland, suggest that a UBI would be superior to Carers Allowance, because it offers an income without having to undergo the tests that carers have to go through, and because it would be available directly when carers often face rapid transitions or calls for intensive short-term activity.<sup>5</sup> Their assumption seems to be that Carers Allowance would be redundant because UBI will meet people's income needs. That assumption is questionable, for two reasons. The first is that carers' benefits, like many other benefits, are not just being granted to meet income needs. They have at least two other key functions: income smoothing, to ensure that people who engage in caring will be able to maintain their standard of living despite an interruption in their regular income, and recognition of the value of caring. Neither of those functions would be fulfilled by UBI, precisely because it is universal. The Green Party's proposals for UBI state that they will "keep the Carer's Allowance because in our view it is payment for work done rather than income replacement";<sup>6</sup> the Reform Scotland proposal follows a similar path.<sup>7</sup>

### ⚙️ Key Insights - support for Carers

Carers' benefits, like many other benefits, are not just being granted to meet income needs. They have at least two other key functions: income smoothing and recognition of the value of caring.

## 3 GENDER, CARE AND UBI

Care is done more often by women than by men, but by comparison with some other aspects of gender inequality the balance is disproportionate rather than overwhelming. In couples, women are probably responsible for 60% more child care tasks than men, implying something an 8:5 split of responsibility. Women are responsible for 58% of the care of people who are ill, older or disabled, and men for 42%. Between the ages of 50 and 64, 1 in 4 women are carers, by comparison with 1 in 6 men. As couples get older, it becomes more common for a man to be caring for a woman; 59% of carers over 85 are men.<sup>8</sup>

The initial position is one where

- there is a gender pay gap: women tend to have lower incomes
- in two-income households, women consequently tend to have the lesser income;

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and

- where an economic decision has to be made, women are more likely to undertake caring activities than men.

There is some evidence too that current benefit systems push women to give up work when their husbands are unemployed,<sup>9</sup> and a Basic Income could cancel that effect if it replaced conventional unemployment benefits. The Negative Income Tax experiments conducted in the USA suggested that while incentive effects for men were small, women were likely to reduce their engagement with the labour market to some degree.<sup>10</sup> However, the relationship between care on women's participation in the labour market might reasonably be taken to reflect their family situation, not just a calculation based on relative rewards. Engagement in the labour market depends on a range of external factors that cannot be attributed solely to the decision of the individuals involved.

Robeyns reviews a range of arguments about potential effects of UBI on the position of women in the household. They might include:

- a revaluation of unpaid work and care
- a shift in the relative position of women within the household
- a psychological lift for women at home
- the potential loss of the social gains of engagement in work
- a potential decrease in long-term income and human capital, and
- a potentially negative effect on norms and expectations about women's role.<sup>11</sup>

None of this can easily be confirmed. Predictions about what a Basic Income will do for care are speculative and sometimes contradictory. Bill Jordan has suggested that in a Basic Income scheme, "women would escape the role of full-time carers, in which the present benefit structure traps them."<sup>12</sup> Tony Fitzpatrick thinks that it may encourage men to work less and spend more time caring at home.<sup>13</sup> Gheaus expresses concern that in the structure of contemporary society, the opposite will happen: women may opt more often to become full-time carers, in the process reinforcing social norms that are restrictive of women's freedom.<sup>14</sup>

### Key Insights - Gender, Care and UBI

Predictions about what a Basic Income will do for care are speculative and sometimes contradictory.

It is conceivable that some people, given the possibility of spending more time in care, will prefer to be at home to being at work; equally it could be true that others, whose current incomes are conditional on not working above a certain number of hours, may wish to do more paid employment. If there are more significant effects, it is not self-evident that they will be detectable. For example, it is perfectly plausible

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to suggest that UBI might make it possible for some families to stay together, that it might also make it possible for others to break up, and that it might do both things at the same time. These hypotheses are difficult to examine, and more difficult still to verify. The problem with most economic analyses of this kind of issue is that they depend on identifying the influence of distinct variables, and that may not be methodologically valid. The methods are intended and designed, Pawson and Tilley argue, to strip away the influence of locality, culture and society, and that sort of thing might be exactly what we want to know about.<sup>15</sup> Most previous examinations of the incentive effects of benefits have consequently been inconclusive, and there is no strong reason to suppose that this case will be different.

## 4 THE RIGHT TO RECEIVE CARE

All the issues considered up to this point have been concerned with people giving care rather than the people who receive it. There is also a view that people should have a right to be cared for.

The European Pillar of Social Rights, agreed by all the EU countries apart from the UK in 2017, declares that

### Key Insights – The Right to Receive Care

People should have a right to be cared for.

- “Children have the right to affordable early childhood education and care of good quality.”
- “Everyone has the right to timely access to affordable, preventive and curative health care of good quality.”
- “Everyone has the right to affordable long-term care services of good quality, in particular home-care and community-based services.”<sup>16</sup>

None of those issues is contradicted by UBI, but none of them is addressed by it either.

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# Workshop Report: Basic Income and Care

by Cleo Goodman

## INTRODUCTION

This session explored the impact of a Basic Income on the experience and well-being of Carers. Also how it could support the balance of care responsibilities and paid work. The speaker for the session was Lynn Williams who is a full time Carer for her husband with a particular interest in Carer's rights. The group identified the key issues faced by Carers and how these would interact with the implementation of a Basic Income, those attending the session, and the organisations they represent, all had relevant insights.

Who?	Why?
<p>North Ayrshire Council</p> <p>Local government of the unitary authority of North Ayrshire, one of 32 unitary authorities in Scotland</p>	<p>North Ayrshire Council is one of 4 councils involved in the work looking at the feasibility of a Basic Income experiment in Scotland. Local authorities in Scotland provide a range of public services, including, social care and economic development, therefore local government is a key partner in any work looking at a Basic Income in the Scottish context.</p>
<p>Improvement Service</p> <p>Help councils and their partners improve the health, quality of life and opportunities of people in Scotland through consultation and facilitation, learning and skills, performance management and improvement, and research.</p>	<p>The Improvement Service are assisting with the research being done into the feasibility of a Basic Income experiment in Scotland.</p>
<p>Paul Spicker</p> <p>Writer and commentator on social policy, Emeritus Professor of Public Policy Robert Gordon University</p>	<p>Paul has an in depth understanding of social policy that can be applied to the discussions about Basic Income. A critical sceptic of Basic Income and author of several of this project's background papers.</p>
<p>Annie Miller</p> <p>Economist and co-founder of Citizen's Income Trust and Citizen's Basic Income Network Scotland</p>	<p>Annie provides insight into the economic aspects of Basic Income and the global Basic Income movement and debate drawing from her experience looking at the topics over the last 30 years.</p>
<p>Glasgow Council</p> <p>Local government of the unitary authority of North Ayrshire, one of 32 unitary authorities in Scotland</p>	<p>Glasgow Council is one of 4 councils involved in the work looking at the feasibility of a Basic Income experiment in Scotland. Local authorities in Scotland provide a range of public services, including, social care and economic development, therefore local government is a key partner in any work looking at a Basic Income in the Scottish context.</p>

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VOCAL Charity providing individual support, information, training and access to services to unpaid Carers in Edinburgh and Midlothian	Work with unpaid Carers across Edinburgh and Midlothian and have an in depth knowledge of the experience of unpaid Carers in these areas.
Care4Carers Voluntary Organisation that provide support services to carers	Care4Carers raise awareness of carers issues, provide a range of support and information services: respite breaks and short breaks, learning opportunities, signposting of carers and services, Strategic Planning and Consultation. They aim to reduce carer isolation and promote social inclusion.
Shared Care Scotland As one of seven National Carers Organisations	Shared Care Scotland aim to improve the quality and provision of short breaks in Scotland by offering services including events, publications and research reports, and an online directory of short break services. They also operate the Short Breaks Fund on behalf of Scottish Government, providing grants to third sector organisations that support unpaid carers to take a break.

## PROVISION OF CARE

The role of unpaid Carer is fulfilled by people from all corners of our society and it's said that 3 in 5 people in the UK will be a carer at some point in their life.<sup>1</sup> State services also play a significant role in care and the design of services that would interact with a Basic Income effectively was a topic of discussion during the workshop.

It was said that appropriate social care provision requires a thorough assessment of the needs of a community, and that this assessment should come before the allocation of services. The services mentioned included shared housing, adaptations to housing, support and childcare. The institutionalisation of people with additional care needs was said to play a role but there were concerns about the trend towards this as a default.

There was discussion of the significance of resourcing care. It was noted that people engage with unpaid care roles because they want to ensure a high standard of care is provided for a person. Social care services can be variable and this leads to them being untrusted, there is a difference in quality of care and experience of care when comparing support from a loved one with a salaried stranger. Self-directed support

### Key Insights - Provision of Care

It was very clear that to alleviate the pressure on Carers robust social care services are required and that these should not be at a cost to either the cared for person or the carer.

It is crucial that social care services are not cut on the assumption that more people will move into caring roles when in receipt of a Basic Income.



operates through an allowance that can be spent on various care services. There is some disparity between the theory behind the increase in choice that underpins self-directed support and the delivery of the options. It was said that services were being commodified in order to enable their delivery but the cost at which they are procured impacts the quality of the service. It was noted that in resourcing services decent pay, good training and flexible, user-led care were key.

It was very clear that to alleviate the pressure on Carers robust social care services are required and that these should not be at a cost to either the cared for person or the carer. For the policy to function it is crucial that social care services are not cut on the assumption that more people will move into caring roles when in receipt of a Basic Income. It was noted a Basic Income may lead to a stigma associated with those who do not choose to leave work to enter a caring role. There are already an abundance of people in unpaid caring roles and it was said that a Basic Income should go part way towards recognising and supporting this rather than increasing the pressure to engage with unpaid care.

## THE FINANCES OF A CARER

Carer's Allowance is the benefit that people in unpaid caring roles for more than 35 hours a week are entitled to. Carer's Allowance is withdrawn if the cared for person goes into hospital or any other institution, which can leave the Carer without any income for this period. It is withdrawn 8 weeks after the cared for person dies, after this there is no specific support for carers regardless of how long they have been in the role. It was noted how much of an impact this can have on a person, emotionally and financially. Carers may not have engaged with employment for significant periods of time which can make finding a job a difficult and lengthy process. Despite this they are only eligible for standard financial support. Carer's Allowance is also withdrawn if a Carer earns more than £120 per week. This leads to significant complexity for Carers engaging with employment and self-employment, often leaving them financially worse off as a direct result of earning more income through paid work.

As a Basic Income is not conditional, it would not be reduced by the amount earned through paid work or the hours of care provided, so the issues related to means-testing would not occur. A Basic Income would also remove the need for the ongoing assessment of care provision which was said to be experienced as invasive and unpleasant for both Carers and the people they care for.

The group considered how a Basic Income would interact with unpaid care. When discussing what Carers may use a Basic Income for transport was mentioned, as was covering general expenses for the household and the cared for person and an increased ability to allocate money to themselves. The positive psychological impact of the financial security of a Basic Income was noted. It was also said that a Basic Income would lead to more parity between groups of Carers, particularly with regards to age as older Carers don't tend to receive as many benefits.

### Key Insights - The Finances of a Carer

The positive psychological impact of the financial security of a Basic Income was noted.

## THE COST OF CARING & CARERS' CONCERNS ABOUT BASIC INCOME

The speaker for the session was Lynn Williams who is a full time Carer for her husband. Lynn started with a look at care in Scotland saying that unpaid Carers are the golden thread that holds together disjointed services. She noted that few people are untouched by unpaid care but despite that there is little political interest in the challenges faced by Carers and the deficiencies they point to in the social care system. Lynn spoke of the stigma Carers experience, finding that people are reluctant and adverse to benefits being given to Carers despite the money saved due to unpaid care work and the moral costs of relying on it.

Lynn spoke on the dependence on unpaid care saying that it is not an acceptable way of plugging gaps in social care services. She said that these gaps and further cuts were having an increasingly negative impact on Carers, but despite this they continue to provide care. Recently two Integrated Joint Boards recommended an increase in care provision by families, Lynn said this was met with incredulity from the Carer community.

The costs of caring were a focus of the talk, noting the loss of talent, experience and numbers from the labour force due to a move away from employment by Carers, which is in part driven by the £120 per week income cap of Carer's Allowance. She suggested that it makes good business sense to provide better support for Carers to enable them to engage with employment. There are also significant costs to the individual: 72% of Carers experience mental ill health and 61% physical ill health as a result of caring. 1 in 7 Carers received less support as a result of reductions in local services.<sup>2</sup> Lynn also shared that Carer poverty is a current reality. Many Carers are dependent entirely on Carer's Allowance and the financial support the person they care for receives as they are not entitled to any other benefits and cannot work alongside their caring responsibilities. Carer's Allowance is known to be used to supplement household income or pay for support services and transport, that previously have been subsidised by local authorities. Lynn cited this and the enormous stress experienced when engaging with complex, bureaucratic benefit systems as the reason she believes a Basic Income's time has come.

Lynn said that a Basic Income would benefit Carers because it is universal, unconditional and secure, which is what the wider welfare state no longer reflects. She said it would also represent a move away from considering work as the be all and end all which belies the contribution of those who cannot take up paid work, including carers. Paid work is considered a route out of poverty but this does not reflect the experience of those on means-tested benefits such as Carer's Allowance. Lynn also said that the conversation surrounding Basic Income stimulates real debate about how we support Carers.

Lynn brought up Basic Income on Twitter before the session, she is connected to Carers across the UK on the social media platform and brought some of the insights into the talk. It had been said that Basic Income would represent a move towards universality, the provision of adequate support and a strong safety net through the welfare state. One person had said "I'm so tired of the national narrative "unsung

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heroes” yet someone doing minimum wage work earns 4x more than me and has access to training and rights. Parity of esteem. If the work is worth, then pay us fairly”. Lynn said she felt that the security and hope of a Basic Income were significant in times of broken public services and a fragmented social security system. This kind of debate gives us a chance to ask: what do we value as a society?

A Basic Income could represent a simplification of the social security system but there are significant concerns regarding the interaction with benefits and the provision of public services. Lynn cited a quote from Carers UK’s The State of Caring report that explains why: “We are caught in a Catch 22 situation. I want to work but would lose £500 by working. This month I have less than £150 to feed 3 of us. I’m in despair.”<sup>2</sup> It was said that a Basic Income alone was not enough to address the widespread structural issues. The other concerns highlighted included the idea that more people would be encouraged into care by a Basic Income of a high enough level. Lynn said that the ability to make a choice to engage with care or not is crucial. The assessment of additional needs, including those of Carers and the people they care for, would need to be implemented carefully alongside a Basic Income. It was suggested that Carers should receive an additional element on top of a Basic Income to acknowledge care as work, but this would be associated with means-testing. There were also concerns about the security and longevity of a Basic Income policy due to political climate.

### Key Insights - the costs of Caring and Carers’ Concerns about Basic Income

“We are caught in a Catch 22 situation. I want to work but would lose £500 by working. This month I have less than £150 to feed 3 of us. I’m in despair.”

“I’m so tired of the national narrative “unsung heroes” yet someone doing minimum wage work earns 4x more than me and has access to training and rights. Parity of esteem. If the work is worth, then pay us fairly”

## CARERS AS AN EXPERIMENTAL GROUP

There was discussion of considering Carers as an experimental group for a Basic Income pilot. Often studies focus on geographic communities, but to test the impact on specific groups communities beyond proximity can be considered. The impact of a Basic Income on Carers could be assessed by using individuals in receipt of Carer’s Allowance as a sample group. However, some people providing unpaid care do not self-identify as Carers or interact with the system at all so they would be left out of the sample using this methodology. A study of existing carers would also provide very little information on critical incidents, factors that cannot be predicted or ethically induced are not easily studied through experiments such as Basic Income pilots.

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2. <https://www.carersuk.org/images/Downloads/SoC2018/State-of-Caring-report-2018.pdf>

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## BASIC INCOME AND CARE SUMMARY

### POTENTIAL BENEFITS

- Improved well-being of Carers due to a more secure financial situation
- Reduced financial dependency of Carers on the person they care for
- More parity between groups of Carers, some do not usually qualify for benefits
- The means-testing of Carer's Allowance causes challenges that an unconditional Basic Income would not
- Increased ability to choose to enter a caring role
- Acknowledgement of the contribution of Carers
- Encouragement of a shift towards less conditional and inaccessible public services
- Reduction of the stigma associated with Carers receiving benefits
- Increased ability for Carers to engage with employment

### CONCERNS

- Stigmatisation of people who do not leave work to enter caring roles
- Expectation of people to enter caring roles
- Reduced public services
- Inadequate assessment of the additional needs of Carers and the people they care for
- Political uncertainty of a Basic Income policy
- Expectation of a Basic Income being spent on care services or the additional costs associated with care
- No recognition of care as additional work without an additional benefit for Carers
- Negative interaction of a Basic Income and other benefits leading to a reduction in total income
- The process of implementation leading to oversights for individuals

### KEY QUESTIONS

*The answers to these questions can only be provided by long term analysis of the impacts of a full Basic Income. The questions consider outcomes that operate on different time scales, for some evidence could be collected on a short term basis during a Basic Income pilot, others are medium or long term outcomes that would require a longer duration of data collection to evidence. They are roughly in order of the time scale required for assessment but this depends heavily on the specific experimental criteria.*

*The Basic Income Steering Group facilitating the feasibility study in Scotland use the following categories for outcome timeframes: short term: 2-3 year pilot period, medium term: 4-10 year and longer term: 10-20 years.*

- What would the impact of a Basic Income be on Carers' well-being?
  - Would Carers experience less stress?
  - Would Carers' mental health improve?
- What would the impact of a Basic Income be on the financial situation of Carers?
  - Would costs be covered in a Carer's household?
  - Would more money be allocated to Carers themselves?
  - Would the average income for a Carer increase?
- What would the impact of a Basic Income be on Carers' engagement with paid work?
  - Would more Carers engage with employment?
  - Would more Carers engage with self-employment?
- Would a Basic Income impact the amount of unpaid care provided?
  - Would more people enter caring roles?
  - Would the number of hours of unpaid care increase?
- Would a Basic Income lead to a shift in attitudes towards unpaid care?
  - Would Carers feel more valued?
  - Would people's perceptions of unpaid care change?
- Would a Basic Income lead to a change in attitudes concerning Carers receiving benefits?

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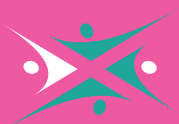


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# Basic Income & Housing

*Exploring Basic Income in Scotland*



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## INTRODUCTION

Although housing is a basic need for all Citizens, it is often questioned whether a housing benefit element should be included in a Basic Income. This is due to the complexity of housing provision, whether social housing, private rental or homeownership. The cost of housing varies significantly across different geographic areas which makes it difficult to account for with a universal payment such as a Basic Income.

This part of the Exploring Basic Income in Scotland project set out to look at the interface between a Basic Income and housing costs. The following Background Paper, written by Paul Spicker, looks at UBI, affordable housing and housing support. The paper was used as the foundation of a workshop that brought together policymakers, academics and practitioners with relevant insight, the outputs of the facilitated discussion are outlined in the Workshop Report.

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# Background Paper: UBI, affordable housing and housing support

by Paul Spicker

## 1 AFFORDABLE HOUSING

Whether housing is affordable depends partly on people's income or resources, and partly on price; and the price of housing depends on a combination of the housing market and the systems of finance which support it. Housing markets are complex. Most of the housing in the UK is still owner-occupied, and a major part of owner-occupation is paid for by borrowing. In the 1990s, mortgages were still being subsidised by government, and low-income owner occupation became widespread; the situation has become much more constrained, primarily as a result of the economic crash in 2007/08. The combination of high capital values and restricted finance for mortgages have made it difficult for households even with two moderate incomes to purchase. Basic Income may have some role in low-income owner-occupation, because the presence of a stable, predictable income would normally be taken into account in determining the level of a mortgage that a purchaser is able to repay. This would also affect the economic demand for housing, and the gains in income may be cancelled out by rising housing prices or rents.

The market for private renting has grown substantially in recent years. Although this reflects the constraints on owner occupation to some degree, the reasons for the expansion of private renting have little directly to do with the income of tenants. One factor has been the privatisation of the public housing stock, often through the sale of council housing. Another has been the ability to command higher rents, which reflects the inability of people with one or two moderate incomes to purchase. However, the economic incentive for landlords to rent out property depends not on rent levels alone, but on the rate of return. That depends on the balance between capital values and income. Low rates of interest and the expectation of high capital gains have made renting more attractive than some many other investment opportunities. A Basic Income should not be expected materially to alter the calculation.

### Key insights - affordable housing

Whether housing is affordable depends partly on people's income or resources, and partly on price; and the price of housing depends on a combination of the housing market and the systems of finance which support it.

Most discussions of "affordable housing" focus on social rented housing for people on low incomes, and the provision of that sort of housing is heavily dependent on the system of benefits. Most social tenants are in receipt of low income benefits, particularly Housing Benefit, and social housing providers have to gear their operations to the rental income that can be raised through benefits.

## 2 BENEFITS AND HOUSING SUPPORT

In 1970, shortly before the development of Housing Benefit, there were seven main components to housing support in the benefits system. These were

- support for council housing, in the form of the payment of rent and rates (council tax) through Supplementary Benefit;

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- the general subsidy to council rents, which kept rents low;
- support for private rented housing, in the form of the payment of rent and rates through Supplementary Benefit;
- payments for supported housing, through Supplementary Benefit;
- rent controls on private rented housing;
- support for owner-occupiers, in the form of the payment of mortgage interest in Supplementary Benefit; and
- general support for owner-occupiers, in the form of tax relief on mortgage interest.

Housing Benefits (originally Rent Rebate and Rent Allowance) were introduced in 1972-73 in the belief that it would be better to withdraw general housing subsidies and to replace them with a cash benefit. Housing Benefit was “unified” in 1982, but it took 15-20 years for most of the changes in the rest of the system to take hold.

In relation to social housing,

- General subsidies were gradually withdrawn from 1972 to the mid-1990s.
- Many council properties were transferred to housing associations
- Council rents in England were deliberately increased through phased increases in order to reach “market rents”. This process did not happen in Scotland, but it has been an important driver of policy for the UK. Central government intended this process to be completed by 2012 but in practice the process could not be completed as private rents continued to increase. The policy has led to a substantial increase in the costs of Housing Benefit. Attempts to reduce those costs have led to other policy changes, including lower Local Housing Allowances, caps and the bedroom tax.
- Housing Associations have been required to finance their activities substantially through rents, and so through Housing Benefit.

In relation to private renting,

- Most rent controls were removed in 1988.
- The rents payable are subject to Local Housing Allowance rates.
- Governments have attempted to create a ‘level playing field’ in rented housing by increasing social rents to match the level of market rents. The levels of rent demanded by landlords have increased more rapidly. This means that private rents affect social renting, but the levels of Housing Benefit that are payable in private renting might equally be said to reflect the rent levels and amount in benefit paid to social tenants.

In relation to supported housing,

- residential care for older people was developed at speed in the 1980s through payments from Supplementary Benefit. Many of the provisions were transferred to the social care budget after 1990; for other forms of supported housing, Housing Benefit meets a substantial proportion of the costs.

In relation to owner-occupation,

- subsidies were maintained for much longer than for council housing; but after 2000 mortgage interest relief at source was phased out.
- Support for mortgages on benefit has more recently been reduced, at first paying mortgage interest only after an initial waiting period, then being limited to payments for two years (104 weeks) and after April 2018 only as a loan.<sup>1</sup> The rules are extremely complicated - frequent changes in policy mean that entitlement depends on when claims were made, when loans were taken out, which benefit is under consideration and how much the loan is for.

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The key issues to consider in any reform are that

1. Support for housing costs is as much a matter of housing policy as it is about benefits.
2. Benefits have been used for a range of purposes, including financing the system of social housing and developing the system of social care. They have served as a housing subsidy, a low income benefit, a form of market regulation and an attempt to manage rented housing, all at the same time.
3. Benefits are not just about paying for low-income housing. Many of the arrangements have been made to ensure that people who have liabilities to pay for housing can meet those liabilities during periods when income is interrupted.

## Key Insights - benefits and housing support

Benefits are not just about paying for low-income housing. Many of the arrangements have been made to ensure that people who have liabilities to pay for housing can meet those liabilities during periods when income is interrupted.

## 3 THE ROLE OF UBI

If UBI is intended to be adequate to cover minimum costs and to guarantee a standard of living, there is an argument for making the benefit sufficient to cover the necessary costs of housing. There are several problems in doing so.

- Housing costs are highly variable.
- Benefits are used to do much more than maintaining people's income.
- While some people pay for housing, others do not. Part of the general philosophy of UBI has been to equalise payments, and to compensate for those inequalities through taxation. In the UK it was once the practice to tax owner-occupiers households on the imputed rental value of the property they occupied. The rationale was that if they were renting property, they would be taxed on the money that paid the rent before the rent was paid; owner-occupiers do not have to face that. Mortgage Interest Relief was then granted to equalise the position of different owner-occupiers, ensuring that they could offset the costs against the imputed income. (The policy of taxing imputed rents was deeply unpopular and was ended in the 1960s, but mortgage interest relief was retained for nearly forty years.)

The main problem in introducing UBI while retaining Housing Benefit, or the housing component of Universal Credit, is that these benefits are means-tested. Housing Benefit (or Universal Credit including Housing Benefit) is means-tested, and either is withdrawn at 63% - a very high rate that creates a poverty trap. If Housing Benefit treats UBI as income, then two-thirds of the new benefit will be taken away from anyone who has to claim HB. If UBI is not taken into account, that problem does not arise, but the implication is that most of the millions currently claiming Housing Benefit will still have to claim complex, confusing benefits, and suffer the poverty trap.

## 4 A UNIVERSAL HOUSING ALLOWANCE

A different kind of argument might be made for a Universal Housing Allowance. Part of the case is an argument for decoupling benefit payments from the actual rent paid. Housing Benefit, and the housing component of Universal Credit, are hugely complicated. Reforming the benefits will be difficult, because they serve several functions at once, but a universal allowance could become part of

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the mix. A universal allowance would represent the extent to which governments are ready to support housing costs overall, and it would be neutral between tenures. The levels of benefits available have been driven by a desire to pump up social rents to 'market' levels; this could help to break that link.

The other issue that this might address is the problem of equivalence. A universal allowance paid for each distinct dwelling could be used to address the issue of equivalence as well as contributing some payment for housing. The first person in a household has more expenses to bear than the second, and approaching 30% of all households in the UK have only one person in them. If however there is a differentiation in UBI between individuals and couples, as there is in the Green Party proposal for UBI,<sup>2</sup> there has to be a way of identifying who is, and who is not, a member of a couple, with all the problems that entails.

The table which follows considers three standards: the equivalence scales used by the OECD, the test of Minimum Income Standards developed by Jonathan Bradshaw and his colleagues, and a modified MIS taking account of child care.<sup>3</sup> The income needs of the first person are nearly double those of each subsequent adult or child. A very simple scale in the final column relates to minimum income needs rather more effectively than the much more complex OECD scale. The distribution could be achieved by giving the same benefit to every person, but then giving the equivalent amount for each dwelling.

Equivalence scales				
	OECD scale	Minimum Income Standard	Minimum Income Standard with child-care	Flat scale of 0.5 after first person
Single	1.00	1.00	1.00	1.00
Couple	1.49	1.46	1.46	1.50
Single pensioner	1.00	0.89	0.89	1.00
Couple pensioner	1.49	1.26	1.26	1.50
Couple + 1 (aged 1)	1.79	1.68	2.36	2.00
Couple + 2 (aged 3/8)	2.09	2.13	3.08	2.50
Couple + 3 (aged 3/8/14)	2.58	2.65	3.58	3.00
Couple + 4 (aged 1/3/8/14)	2.88	2.82	4.11	3.50
Lone parent + 1 (aged 1)	1.30	1.31	2.00	1.50
Lone Parent + 2 (aged 3/8)	1.60	1.71	2.66	2.00
Lone Parent + 3 (aged 3/8/14)	2.09	2.23	3.18	2.50

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Green Party of England and Wales, 2015, Basic Income: a detailed proposal, <https://policy.greenparty.org.uk/assets/files/Policy%20files/Basic%20Income%20Consultation%20Paper.pdf>.

See P Spicker, Why refer to poverty as a proportion of median income?, *Journal of Poverty and Social Justice* 2012 20(2) 165-177

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# Reflections on the Background Paper

from Tony Cain

**During the session Tony Cain mentioned some specific reflections on the Background Paper, here he outlines them:**

I remain unconvinced that there is in fact any sort of causal link or relationship between social housing rents and Private Rented Sector rents in Scotland but I don't think it's a material point in the consideration of the relative merits of UBI. The fact that the Scottish Government has no policy levers that it can bring to bear on rent setting in the social sector is probably a more important point. One that is already exercising officials in the context of the Scottish Government's ambitions around child poverty. It doesn't help that most of the sector has essentially ignored the Scottish Housing Regulator's advice since 2011 that we should be moving away from "inflation +" rent policies or that the Scottish Government's wider ambitions for social housing (Scottish Housing Quality Standard, Energy Efficiency Standard for Social Housing, Energy Efficiency Standard for Social Housing 2 and the new supply programme in particular) have driven above inflation rent rises for the last ten years. I would add that the uneven treatment of Council tenants, with less grant for new homes, paying Land and Buildings Transaction Tax for second hand purchases and no support for adaptations being the principle areas of discrimination has also been a factor though it hasn't resulted in local authority rents catching Registered Social Landlord rents.

I would offer a couple of other observations:

at **1 Affordable housing**, it is true that most social housing tenants claim some form of help with rent payments but the demographics of social housing has changed over the last 15 year with a significant fall in the percentage of pensioner households and a growth in the proportion of tenants of working age and in work albeit often part time and low paid, leaving them dependent on benefits. The long term implications of this for the sector haven't been looked at in a lot of detail and aren't as yet, well understood;

at **2 Benefits and housing support** there is mention of the "gradual" withdrawal of revenue subsidies for social housing, the main mechanism for this change was the capping and then ending of "rate fund contributions" to Council Housing Revenue Accounts. With the notable exception of Shetland where for historic reasons they held on to some subsidy rather longer than others, I think the subsidy was withdrawn quite quickly and rents rose significantly as a result. But once that subsidy route was ended so was central government's ability to influence rents in the Local Authority sector. As an aside, the mechanism for capping general fund contributions to Housing Revenue Accounts was an annual order in parliament setting a specified maximum amount that any council could pay into its Housing Revenue Accounts from the general fund. This order was renewed every year up until about 2010 and set the maximum contribution at 0. The fact that it hasn't been renewed since means that Councils could subsidise rents from the general fund again if they so wished, however, none have done so. This may in part be because Local Authority directors of finance have been quite slow to raise the issue with housing colleges or elected members but the general state of local authority finances over the past 8 years would make such a subsidy difficult to afford or justify.

Rents increases in the Private Rented Sector have been very, very uneven. Over the piece they seem to have risen about 1% ahead of inflation over the past 10 years as the sector has grown. But this has been much faster in Edinburgh and some "hotter" markets in the central belt. In part this has been linked to the rising demand from university students. But in Aberdeen rents have fallen in recent years and in areas like Glasgow, the Lanarkshires and the Ayrshires private rents, and house prices for that matter, have grown only slowly. It seems to me that capital growth and interest rates have been

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the key to these rises rather than the benefit system.

This is, of course all “housing anorak” stuff and not necessarily relevant to the UBI issue. The policy shift that underlies it, that is from supply side subsidies to social housing that ensured that rents were genuinely low (as opposed to “affordable” based on some relatively arbitrary criteria) to demand side subsidies in the form of means tested personal benefits is, I think, relevant to how UBI would play out in the housing world. The whole sector should be concerned that we now have some 32% of social housing tenants spending more than 30% of their net income on rents.

A move back to genuinely low rents (my 1981 £5 a week rent would now be £13.21 had it risen in line with Consumer Price Index inflation rates) would, for social tenants at least make a significant difference to how the problem of rent plays into the UBI discussion. A substantial expansion of the percentage of the stock in social renting particularly at the expense of the Private Rented Sector and in the more pressured markets would also make a material difference I suspect.

But I still think universal free school meals will have a bigger impact on the lives of those on low incomes, it’s just a shame that our political class is so poor at admitting mistakes or accepting that sometimes it’s ok to agree with folk that think differently about the world. An ambition to end poverty is to be welcomed, a refusal to do the right thing until that aim is achieved is at best folly, more probably cowardice. That, however, is a personal opinion!

## Workshop Report – Basic Income & Housing

by Cleo Goodman

### INTRODUCTION

The aim of this workshop was to explore the interface between Basic Income and housing costs including how a Basic Income and affordable housing provision could resolve housing problems. Our speaker for the session was Andrew Bailie, Partnerships Manager at Social Bite, who told us about their Housing First and Social Bite Village projects.

The session was attended by policymakers, practitioners and academics with expertise related to housing policy in Scotland.

Who?	Why?
<p>Scottish Government</p> <p>The Scottish Government is the devolved government for Scotland responsible for the economy, education, health, justice, rural affairs, housing, environment, equal opportunities, consumer advocacy and advice, transport and taxation.</p>	<p>Scottish Government are involved in the feasibility work looking at a Basic Income experiment in Scotland. Their remit of responsibilities makes them a key partner in any work looking at a Basic Income in the Scottish context.</p>
<p>Improvement Service</p> <p>Help councils and their partners improve the health, quality of life and opportunities of people in Scotland through consultation and facilitation, learning and skills, performance management and improvement, and research.</p>	<p>The Improvement Service are assisting with the research being done into the feasibility of a Basic Income experiment in Scotland.</p>

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<p>Paul Spicker</p> <p>Writer and commentator on social policy, Emeritus Professor of Public Policy Robert Gordon University</p>	<p>Paul has an in depth understanding of social policy that can be applied to the discussions about Basic Income. A critical sceptic of Basic Income and author of several of this project's background papers.</p>
<p>Annie Miller</p> <p>Economist and co-founder of Citizen's Income Trust and Citizen's Basic Income Network Scotland</p>	<p>Annie provides insight into the economic aspects of Basic Income and the global Basic Income movement and debate drawing from her experience looking at the topics over the last 30 years.</p>
<p>Scottish Refugee Council</p> <p>An independent charity dedicated to providing essential information and advice to people seeking asylum and refugees in Scotland</p>	<p>Provide benefit and housing advice and assistance to people who have recently received Refugee Status, Humanitarian Protection, or Discretionary Leave to Remain so provide significant insight into these processes in Scotland.</p>
<p>Glasgow Council</p> <p>Local government of the unitary authority of North Ayrshire, one of 32 unitary authorities in Scotland</p>	<p>Glasgow Council is one of 4 councils involved in the work looking at the feasibility of a Basic Income experiment in Scotland. Local authorities in Scotland provide a range of public services, including, social care and economic development, therefore local government is a key partner in any work looking at a Basic Income in the Scottish context.</p>
<p>Shelter</p> <p>UK wide charity defending the right to a safe home</p>	<p>Shelter Scotland helps over half a million people every year struggling with bad housing or homelessness through our advice, support and legal services. They also produce research, campaign and develop policy.</p>
<p>Chartered Institute of Housing</p> <p>Independent voice for housing and the home of professional standards.</p>	<p>The Chartered Institute of Housing is a UK wide charity providing training and support for housing professionals. They also lobby government to change housing policy.</p>
<p>Southside Housing Association</p> <p>A Registered Social Landlord in the Southside of Glasgow</p>	<p>Housing associations manage social housing in Scotland. Southside Housing Association are responsible for over 2000 properties in Pollokshields, Cardonald and Halfway.</p>
<p>Dr Gareth James</p> <p>Knowledge Exchange Associate for the UK Collaborative Centre for Housing Evidence (CaCHE)</p>	<p>Gareth's research interests include public policy, housing and household welfare. He also coordinates CaCHE's knowledge exchange efforts across Scotland.</p>
<p>Dr Mark Wong</p> <p>Lecturer in Social and Public Policy at the University of Glasgow</p>	<p>Mark's research interests include youth policies and welfare in Hong Kong and Scotland and youth marginalisation and disengagement. He brought insight into the housing needs and challenges faced by young people in Scotland.</p>
<p>Association of Local Authority Chief Housing Officers</p> <p>The representative body for local authority housing in Scotland.</p>	<p>ALACHO facilitates discussion and debate between the chief housing officer from each Scottish council to promote the interests of and knowledge sharing and relationships between local housing authorities.</p>
<p>Crisis</p> <p>National charity for homeless people</p>	<p>Crisis work directly with thousands of homeless people every year, providing one to one support, advice and courses for homeless people in 12 areas across England, Scotland and Wales.</p>
<p>Scottish Throughcare and Aftercare Forum</p> <p>Charity that unites care-experienced young people in Scotland and the professionals who support them</p>	<p>STAF provide training and consultancy and facilitate forums and focus groups to address the issues faced by care experienced young people in Scotland. They have highlighted housing and homelessness as a key area.</p>

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## HOUSING AS A HUMAN RIGHT

Adequate housing was recognised as a right in the 1948 Universal Declaration of Human Rights, and in the 1966 International Covenant on Economic, Social and Cultural Rights. Shelter Scotland launched the Commission on Housing & Wellbeing in 2013 to examine the link between well-being and housing saying that a human rights based approach would help them “ensure that rights to housing that are already outlined in domestic legislation and international human rights law are achieved and enforced in practice, by holding public authorities and duty bearers accountable and giving a clear remedy to individuals where rights are denied.”<sup>1</sup> The human rights based approach to housing was also advocated for during our session.

### Key insights - housing as a human right:

Adequate housing was recognised as a right in the 1948 Universal Declaration of Human Rights, and in the 1966 International Covenant on Economic, Social and Cultural Rights

It was also suggested that sustaining a household should be considered a human right and this requires an income. It was noted that housing associations have been known to have more welfare advisers on staff than housing advisers suggesting that there is a significant link between the housing sector and the complex welfare system. The group considered universality and the potential for universal systems simplifying both housing and welfare, questioning whether it was possible or indeed beneficial to have a single system addressing both. Although housing is a basic need it is not necessarily one best provided through a Basic Income due to the complexities of housing provision and policy.

## HOMELESSNESS

In Scotland a person is considered homeless, regardless of whether they have accommodation, if it is not reasonable for them to remain in it. The popular understanding of homelessness as rough sleeping is not representative, in 2017 of roughly 30,000 people that were classified as homeless only 5000 were in this group<sup>2</sup>. There are significant numbers of people who are considered statutory homeless with more in the hidden homeless group who are the unknown number of people who are staying in insufficient temporary accommodation, for example sofa surfing or in hostels. Many more are at risk of homelessness due to the costs and inadequacy of housing options.

A common reason for homelessness is eviction and a significant amount of housing advice focuses on rent arrears, which are the reason for most social housing evictions<sup>2</sup>. In low income households a choice often must be made between spending money on basic needs and rent, when this is an ongoing issue it can lead to eviction and homelessness. A Basic Income could alleviate this by providing a consistent, unconditional income, however if the cost of rent increased and there was no accompanying housing policy or benefit to account for this it may have no positive impact. It was noted that the periodicity of a Basic Income would be significant to its impact in a variety of areas, including for regular bills like rent.

### Key insights-homelessness:

In Scotland a person is considered homeless, regardless of whether they have accommodation, if it is not reasonable for them to remain in it.

Social security cuts have been linked to an increased demand for homelessness support services so it is possible that an increase in social support with a Basic Income would alleviate this need.

There are a number of supports provided by the government to ensure access to appropriate housing and alleviate homelessness, sometimes called the housing safety net, these include social housing, homelessness prevention and alleviation and housing benefits. Social security cuts have been linked to an increased demand for homelessness support services so it is possible that an increase in social support with a Basic Income would lessen this need.

## HOUSING FIRST AND THE SOCIAL BITE VILLAGE

Our speaker was Andrew Bailie from Social Bite, he told us about their schemes Housing First and the Social Bite Village. The Housing First initiative aims to see 830 people housed in mainstream flats in 5 cities across Scotland over 18 months. The required wrap around support for the project totals £7 million, £3 million of this will be raised by Social Bite and the rest by Scottish Government. Social Bite will also be delivering a research project to collect evidence to make the case for this approach around Scotland. The Social Bite Village project supports up to 20 individuals who experience homelessness, providing 12-18 months of support and training with the intention of facilitating a transition to a more stable situation. The residents must not have present addiction issues or a dual diagnosis of addiction and mental health issues.

Andrew noted the similarities in the conversations around housing and Basic Income, they both refer to a baseline fulfilment of need. Often the discussion surrounding specific policy leads to the fundamental question: What type of society do we want to live in?

It was noted that the Social Bite schemes would be controversial if they were proposed by a local authority but the generation of attention and engagement through this type of project has its place. A significant proportion of the funds raised for the projects were through their Sleep in the Park sleepout fundraiser that saw hundreds of people collecting donations and spending a night in Princes Street Gardens.

## PRIVATE RENT, MORTGAGES AND SOCIAL HOUSING

It was said that private rental has been reframed as a route out of homelessness, but that this is restricted by income. A Basic Income has a limited capacity to support this route for people due to the deposits required for private renting. It was questioned whether a Basic Income would largely go to landlords as this is the case with most housing benefits. The distinction was also drawn between rent support and income support, suggesting Basic Income was intended to be the latter.

There was a question as to whether a Basic Income would be considered as part of mortgage lending. The benefit to this would be increasing the amount of people who qualify for a mortgage but there are also significant risks associated with allowing people to take on debt against their Basic Income payments. A Basic Income would, however, provide income support for people with existing mortgage liabilities during times of transition related to income or employment.

### Key insights private rent, mortgages and social housing:

The distinction was drawn between rent support and income support, suggesting Basic Income was intended to be the latter.

It was suggested that social housing should be accessible to anyone who wants to access it, which could be seen as an element of universality. In Scotland the social housing stock has been depleted, leading to a lack of appropriate housing, that is; adequate, safe, affordable and warm. Housing Associations are renewing and improving the housing stock but there is a significant lack of one person units. It was noted that the policy problem is distinguishable from the supply problem as there are properties with multiple rooms that are not accessible to single people due to the way accommodation is allocated. These aspects of social housing would not be improved by a Basic Income. Perhaps a Basic Income would encourage a move towards acceptance of more universal policies, but the significant issues are with the provision of adequate housing.

## BASIC INCOME AND HOUSING BENEFITS

The group questioned the role of a Basic Income in simplifying the social security system in relation to housing. It was suggested that there could be less complexity with a Basic Income but this would

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## ⚙️ *Key Insights Basic Income and Housing Benefits:*

The consensus seemed to be that housing benefits should be kept separate from a Basic Income

take a concerted effort to simplify the housing benefit element, whether this was included or excluded from the Basic Income payments. The introduction of a Basic Income would necessitate significant changes in social security. It was said that a specific Basic Income model was required to comment with any kind of confidence.

The question, that came up throughout the discussion, was: does a Basic Income include a housing element? Throughout the consensus seemed to be that housing benefits should be kept separate from a Basic Income, which is intended as an income support, with housing policy reform required to address the specific issues related to housing in Scotland.

## REFERENCES

page 6, [https://scotland.shelter.org.uk/\\_\\_data/assets/pdf\\_file/0010/1657801/Housing\\_is\\_a\\_human\\_right\\_FINAL\\_100119.pdf/\\_nocache](https://scotland.shelter.org.uk/__data/assets/pdf_file/0010/1657801/Housing_is_a_human_right_FINAL_100119.pdf/_nocache)

[http://www.parliament.scot/S5\\_Local\\_Gov/Inquiries/20171031\\_Homelessness\\_ShelterRecommendationsToHRSAG.pdf](http://www.parliament.scot/S5_Local_Gov/Inquiries/20171031_Homelessness_ShelterRecommendationsToHRSAG.pdf)

## BASIC INCOME AND HOUSING SUMMARY

### POTENTIAL BENEFITS

- With a means-tested benefits people are often financially worse off when living together, this wouldn't be the case with Basic Income so more people may choose to do it
- Homelessness often caused by eviction, perhaps the stability of a Basic Income would prevent that

### CONCERNS

- Lack of clarity of what housing policy is trying to achieve, hard to know how this would interact with BI
- Basic Income going straight to landlords
- High relative rate of inflation of housing costs not addressed by Basic Income
- Lack of housing supply not addressed by a Basic Income
- Rent control not addressed by a Basic Income
- Basic Income helps very little with saving for rental deposits
- Basic Income does not address the geographic discrepancies in housing costs
- The buy-in for the universality of Basic Income may not transfer to universal support required for housing issues
- Implementation may lead to people being worse off

### KEY QUESTIONS

*The key questions from this session related to the modelling of a Basic Income:*

- Would a housing element be included in a Basic Income?

*The answers to these questions can only be provided by long term analysis of the impacts of a full Basic Income. The questions consider outcomes that operate on different time scales, for some evidence could be collected on a short term basis during a Basic Income pilot, others are medium or long term outcomes that would require a longer duration of data collection to evidence. They are roughly in order of the time scale required for assessment but this depends heavily on the specific experimental criteria.*

*The Basic Income Steering Group facilitating the feasibility study in Scotland use the following categories for outcome timeframes: short term: 2-3 year pilot period, medium term: 4-10 year and longer term: 10-20 years.*

- How would a Basic Income impact the incidence of rent arrears?
- Would a Basic Income be taken into account for mortgage lending?
- Would a Basic Income impact homelessness?
- How would a Basic Income impact those at risk of homelessness?
- How would a Basic Income impact groups that display a higher incidence of homelessness?
- How would a Basic Income impact the demand for homelessness support services?

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# Modelling, Implementation and Evaluation of Basic Income

*Exploring Basic Income in Scotland*



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## INTRODUCTION

How to go about implementing a Basic Income - and how to evaluate its success - is an underappreciated aspect of thinking around the topic. While many writers, academics and advocates focus on the arguments for or against implementing the idea, few have performed the in-depth research into how a Basic Income might be implemented or piloted and what the associated consequences would be.

The need to model and evaluate how a Basic Income might function is of particular relevance in Scotland, where four local authorities - with support from NHS Health Scotland and the Improvement Service - are studying the potential feasibility of a Basic Income pilot and how it might be implemented in the country.

The feasibility study's commencement shows that, while conversations around whether a Basic Income is a good idea or not still need to be had, of equal importance is the planning and research required to successfully implement or pilot Basic Income if the green light is given. It is with this idea in mind that CBINS and SUII placed Modelling, Implementation and Evaluation as the focus for the final workshop in the series.

We explored the implications of evaluating and implementing a Basic Income, with particular reference to the feasibility study that is currently being undertaken in Scotland. To do this we looked at existing theory and evidence behind how a Basic Income can be implemented and evaluated in the following background paper - written by Professor Mike Danson - and hosted a facilitated workshop on the topic, which was attended by policy makers, practitioners and academics with relevant understanding. The insight gathered at this workshop can be found in the following workshop report.

### ⚙️ *Basic Income Definition:*

A basic income is a periodic cash payment unconditionally delivered to all on an individual basis, without means-test or work requirement.

That is, basic income has the following five characteristics:

Periodic: it is paid at regular intervals (for example every month), not as a one-off grant.

Cash payment: it is paid in an appropriate medium of exchange, allowing those who receive it to decide what they spend it on. It is not, therefore, paid either in kind (such as food or services) or in vouchers dedicated to a specific use.

Individual: it is paid on an individual basis—and not, for instance, to households.

Universal: it is paid to all, without means test.

Unconditional: it is paid without a requirement to work or to demonstrate willingness-to-work.

*Source: Basic Income Earth Network*

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## 'EXPLORING THE PRACTICALITIES OF A BASIC INCOME PILOT'

Some of the information shared in the workshop was further codified in a report entitled 'Exploring the practicalities of a Basic Income pilot'<sup>1</sup>. Written for Carnegie UK, the report is authored by some of those involved in Scotland's feasibility study who also took part in the workshop.

The report provides a timeline for the feasibility study and centres on the early research-gathering phase of the study, elements of which were also discussed in the workshop. The report also gives us an implicit insight into the direction that the feasibility study - and any potential Basic Income pilot - is likely to take.

The first point of note is that there is institutional money and support behind the project. Although the pilots are being driven by the local councils, Scottish Government has provided a £250,000 fund (over two years) for the research into whether a pilot programme would be feasible. In addition, NHS Health Scotland and the Improvement Service are providing evaluation and research support to the local authorities.

Secondly, the Steering Group behind the pilots appear to be aware of - and responsive to the idea of piloting - a genuine, full Universal Basic Income. In earnest, the Steering Group appear to have settled on the Basic Income Earth Network (BIEN) definition of a Basic Income. According to the report, Basic Income must be the following: basic (a minimum payment, sufficient to meet basic needs); paid at regular intervals; universal (paid to everyone, based on rights of residency); unconditional (without conditions); non-withdrawable, irrespective of other sources of income; and individual (assessed and paid individually, including to children, rather than by household). The fact that the report establishes these criteria suggests the authors are at least aware of what a genuine Basic Income scheme would look like, making it less likely that a diluted Basic Income scheme is piloted rather than the full version.

The final area of insight is the length of time taken to undertake the feasibility study. The road to the potential pilots began in 2018, when project staff were put in place. This first phase included attending the Basic Income Earth Network annual conference in August of that year, to gain insight from the global academic and activist community. This is the start of the research and assessment process that will culminate in an interim report to the councils and Scottish Government in September 2019, followed by the presentation of the final business case to the Scottish Government in March 2020.

## REFERENCES

<https://www.carnegieuktrust.org.uk/publications/exploring-the-practicalities-of-a-basic-income-pilot/>

## Modelling, Implementation and Evaluation of Basic Income

by Mike Danson

### INTRODUCTION

As we move through the feasibility stages of the proposals for BI pilots in four local authority areas in Scotland, so there is consideration of the important matter of how the experiments will be assessed. In the same way that the feasibility studies have several components: political, financial, psychological, behavioural and institutional, so the pilots will have a series of interlocking aims and objectives. These are expected to have associated performance indicators, targets, needs for data to be collected and analysed, reports, etc. In other words, like all other public sector interventions and projects, how the pilots will be evaluated, tested and measured will be important in the period up to their establishment, launch, implementation and delivery. This workshop will consider what are the sorts of approaches that might be introduced to gauge the success and challenges when BI experiments are implemented. It will draw upon research and previous work from across the world, and hear from those active in proposing pilots in Scotland and elsewhere. Both qualitative and quantitative methods are likely to be applied, with measurement of impacts complemented by modelling of different scenarios for different and diverse groups.

As Charlie Young has recently suggested: the fundamental question [Basic Income experiments] ... seek to answer is "can basic income make things better?" Simple as it sounds, it's worth finding out.

### WHAT IS TO BE MEASURED?

Some elements of the pilots are envisaged to be concerned with direct payments to those on social security and in receipt of state pensions, others will receive a basic income when they had no other obvious source of income, many will already be in work, whether employed, self-employed or in some other economic status. To capture any short- and longer-term changes in citizens attitudes and behaviours when a basic income is introduced will require a range of research instruments to be applied, capable of identifying and measuring a broad range of potential impacts: labour market participation, spending, health and well-being, volunteering and training, and so on across a diverse and almost limitless set of aspects of modern lives. The need to agree benchmark statistics and other indicators, to ensure what data and information are required can be collected ethically and practically, that sample sizes are sufficiently large for meaningful results to be generated are just some of the complex and demanding issues to be addressed.

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While analyses of any changes in the work incentive, individual and household expenditure patterns, savings and investments can be envisaged and build upon from previous studies on BI experiments and incomes, there will be many areas of interest that cannot be directly observed in the pilots. These will include some of the effects that take an extended time to become apparent, while responses to tax changes will need to be addressed through other means.

## ☀ Key Insights - what is to be measured?

To capture any short- and longer-term changes in citizens attitudes and behaviours when a basic income is introduced will require a range of research instruments to be applied, capable of identifying and measuring a broad range of potential impacts

## MODELS AND SYSTEMS

Some favour a systems-wide approach to gauging impacts using such instruments as the UN Sustainable Development Goals, the derivative indicators in the Scottish National Performance Framework or the Oxfam Scotland Humankind Index. However, most of these have extensive and expensive data requirements to allow comprehensive application. As with more traditional measures - such as GDP, unemployment rates and incomes – there are challenges in identifying and separating out the impacts of BI on different social and economic factors. NHS Scotland have examined the use of ScotPHO 'Informing Interventions to reduce health Inequalities' tool (the Triple I tool) as a framework for assessing impacts of such initiatives including BI2.

Within the UK, long term advocates of BI have written on possible models with Annie Miller in her recent (2017) publication *A Basic Income Handbook*, Edinburgh: Luath Press setting potential levels of BI for different age groups to meet minimum standards of living and the tax rates needed to meet the direct costs of this provision; Malcolm Torry proposing basic income schemes, their feasibility and approaches to microsimulation to assess impacts and consequences in his book published this year: *Why We Need a Citizen's Basic Income*, Bristol: Policy Press.

In the Netherlands, there are plans for BI experiments in a number of cities and networks of academics, practitioners and policymakers as well as citizens are involved in discussing, debating and taking these forward with plans for evaluation of the trials. Some of their approaches are captured here:

<https://www.euromod.ac.uk/blog/2018/08/15/basic-income-%E2%80%93-testing-fascinating-policy>,

<https://www.euromod.ac.uk/publications/mechanics-replacing-benefit-systems-basic-income-comparative-results-microsimulation>,

<https://www.euromod.ac.uk/search/node/basic%20income>.

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## CONSISTENT AND COMPARABLE INSTRUMENTS?

Other recent experiments have been conducted in Finland and Ontario with much media attention, as well as in developing countries and communities across the globe. Charlie Young has noted that the very diversity and varying scales of these pilots have both enriched the knowledge and understanding about the fundamentals of BI in implementation but also left a number of gaps. In a report which offers models and toolkits to help those considering establishing live experiments, he highlights in particular (2018, p5) to:

*different experiment architectures: from saturation sites, where every member of the community has the option to receive basic income payments, to experiments with randomly distributed and chosen participants; from simplified flat payments that aren't withdrawn as earnings rise, to staggered payments for different subgroups, each which have distinct effective marginal tax rates (which have historically been up to 80 percent); from universal programs to those focused solely on those of certain income or employment status; and from payments made to individuals to those made on a household basis. Some of these experiments run for two years, others for over a decade.*

It can also be recognised that the motivations for introducing BI experiments has differed across locations. Analysing work incentive effects has tended to be of major concern in the Dutch proposals but alleviating poverty has driven the developments within Scotland, for instance. Colleagues in the Netherlands have strongly followed a route of proposing and conducting Randomised Control Trials (RCTs), partly agreeing a common platform to meet national requirements and to make the scientific bases of the different experiments comparable for research and evaluation. There have been arguments in Scotland for the pilots here to be assessed in a similar vein, while there have been criticisms of RCTs as, while an objective methodology, it is neither possible to 'control' nor to 'randomise' for such experiments in the real world and as is was apparent in the Finnish and Dutch examples. Although RCTs are common in medicine and some other life sciences where it is possible to control for other effects and variables, this is not desirable nor feasible over a population or time period where people are mobile, complex and influenced by many different factors.

There is a very good meta-analysis of 28 studies of BI experiments and assessments by Wendy Hearty, with Marcia Gibson and Peter Craig Universal Basic Income – A Scoping Review of Evidence on Impacts and Study Characteristics<sup>3</sup>. This demonstrates that evidence was gathered across ten experiments on labour market participation, health, education, and a range of social and economic outcomes. They conclude that there was application of innovative quasi-experimental methods to provide robust evidence in situations where randomised controlled trials (RCTs) were



impracticable., confirming that RCTs are the preferred approach *ceteris paribus*. They argue that in future evaluations the aim should be to include large samples and test a simple intervention. Focusing on economic aspects they continue: evaluation to assess any effects on service use and wider economic impacts would provide data on the net costs and benefits of basic income.

## Key Insights - Consistent and comparable instruments?

It can also be recognised that the motivations for introducing BI experiments has differed across locations. Analysing work incentive effects has tended to be of major concern in the Dutch proposals but alleviating poverty has driven the developments within Scotland, for instance.

## AGENT BASED MODEL AND MICROSIMULATION

Amongst the suggested means to evaluate the Scottish local authority pilots, Coryn Barclay, Research Consultant, Fife Council has examined the possibility of using an Agent-based model (ABM) in a paper for the Basic Income Coordination Scotland Steering Group. ABM is a simulation model which represents the interactions of autonomous agents, who can be individuals or collective entities (groups, institutions, etc.) The goal is to discover how these agents' actions and interactions drive macro-level patterns. By simulating the decisions and interactions of individuals a better understanding of complex social systems may be gained. Fife Council Research have proposed 'How Agent-based Modelling might help to explore Basic Income in Scotland'. They argue that 'An agent-based model could help us to:'

- Simulate the introduction of a basic income in the Scottish context
- Explore its effect on agent behaviour, such as decisions about work, caring, leisure, consumption, etc
- Explore the impact of different levels of a basic income, ie partial / meeting minimum income standards
- Develop predictions based on the model and explore and test hypotheses about the likely outcomes of introducing a basic income
- Explore social dynamics: individual, household and community effects
- Explore labour supply and demand interactions
- Explore impact on caring or volunteering
- Explore the impact of a basic income in a specific geographic community or across a wider geographical area
- Explore the impact of a basic income on different subgroups of the population / communities of interest

- Explore impacts over a longer time frame than would be possible in a pilot
- Compare real outcomes to predicted outcomes to understand where unknown or new factors are present
- Explore unintended consequences / spillover effects
- Generate data that could help to shape and design a pilot

The paper from Fife Research also addresses how an Agent-Based Model differs from Microsimulation:

- Microsimulation and Agent-based Modelling have different purposes and uses
- Microsimulation takes a set of data about a population (people, households) and applies rules to reflect changes, enabling the modeller to look at the overall impact. Such an approach is particularly useful for modelling policy changes, for example, to see who is made better or worse off by tax changes.
- Microsimulation models do not have the behavioural modelling capability of Agent-based Models, the ability to explore how people will behave.
- Microsimulation only models one-way interaction, the impact of the policy on the individuals. It does not look at the impact of individuals on the policy and interactions between individuals. It is the interactions between agents that Agent-based Modelling is particularly good for modelling.
- The outcome of Microsimulation is often pre-determined by variables / rules, while Agent-based models can self-organise and result in often and unpredictable patterns and outcomes.
- Both still need to be informed by assumptions.

## Key Insights - agent based model and microsimulation

ABM is a simulation model which represents the interactions of autonomous agents, who can be individuals or collective entities (groups, institutions, etc.) The goal is to discover how these agents' actions and interactions drive macro-level patterns

## MACRO-ECONOMIC MODELLING

Modelling the tax side of the introduction of a BI is more complex as there are no proposals and it would not be feasible operationally to have tax rates and levels altered for members of any pilot community. Therefore, learning from labour economics and public finance literature and empirical research and simulations of the implications of varying income and other taxes rates will be necessary to inform any

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subsequent moves for a national BI. In that context and to offer a handle on the sorts of potential effects on incomes, expenditures, government revenues and spending, employment and other macroeconomic indicators, the Fraser of Allander Institute is preparing and undertaking preliminary modelling of a national BI in Scotland using their CGE (computable general equilibrium) model of the Scottish economy. As this model is globally recognised as a pioneer in the measuring the impacts of policy changes on the national economy, this is a most interesting development.

## SUMMARY

As part of the feasibility stage of the planning towards launching the pilots in Scotland, there is ongoing exploration and debate over how the evaluation research will be designed and established. Alternative instruments and approaches have been proposed and discussed, some complementarities have been noted with tentative moves to an overall package of evaluations within a logic model discernible. This workshop will contribute to examining, comparing and contrasting these different philosophies, ontologies and techniques hopefully to inform the development of robust, rigorous and appropriate methodologies.

## REFERENCES

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<http://www.healthscotland.scot/news/2018/october/comparing-the-impact-of-income-policies-on-health-and-health-inequalities>  
<http://whatworksscotland.ac.uk/publications/universal-basic-income-scoping-review-of-evidence-on-impacts/>

## Workshop Report: Basic Income Modelling, Implementation and Evaluation

by Jack Perry

### INTRODUCTION

The aims of the workshop were: to understand the different factors involved in implementing a Basic Income and to understand how to best evaluate a Basic Income, particularly within the Scottish context.

Our speakers for the session were Dr. Malcolm Torry, Mhairi Paterson, Neil Craig and Jennifer Broadhurst. Dr. Malcolm Torry is Director of the Citizen's Basic Income Trust, a Visiting Senior Fellow at the Department of Social Policy at the London School of Economics and has authored several books on Basic Income. Mhairi Paterson is a researcher at North Ayrshire council and Neil Craig is a researcher at NHS Health Scotland, they are both members of the Basic Income Scotland Steering Group. Jennifer Broadhurst is a pre-doctoral researcher at Glasgow Caledonian University looking at the impact of a Citizen's Basic Income on the lives of women from Black and Ethnic Minorities and women with disabilities.

Those attending the session, and the organisations they represent, all had relevant insight into the implementation and evaluation of Basic Income from a variety of angles:

Who?	Why?
Fife Council Local government of the unitary authority of Fife, one of 32 unitary authorities in Scotland	Fife Council is one of 4 councils involved in the work looking at the feasibility of a Basic Income experiment in Scotland.
Glasgow Council Local government of the unitary authority of Glasgow, one of 32 unitary authorities in Scotland	Glasgow Council is one of 4 councils involved in the work looking at the feasibility of a Basic Income experiment in Scotland.
Korea Institute for Public Finance Assist the government in formulating national tax policies	The Korea Institute for Public Finance perform policy-oriented research and analysis in all aspects of taxation and public finance, with an interest in the Scottish Basic Income feasibility work.
North Ayrshire Council Local government of the unitary authority of North Ayrshire, one of 32 unitary authorities in Scotland	North Ayrshire Council is one of 4 councils involved in the work looking at the feasibility of a Basic Income experiment in Scotland.

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<p>North Lanarkshire Council</p> <p>Local government of the unitary authority of North Lanarkshire, one of 32 unitary authorities in Scotland</p>	<p>Local authorities in Scotland provide a range of public services, including, social care and economic development, therefore local government is a key partner in any work looking at a Basic Income in the Scottish context.</p>
<p>Korea Institute for Public Finance</p> <p>Assist the government in formulating national tax policies</p>	<p>The Korea Institute for Public Finance perform policy-oriented research and analysis in all aspects of taxation and public finance, with an interest in the Scottish Basic Income feasibility work.</p>
<p>NHS Health Scotland</p> <p>The national Health Board working to reduce health inequalities and improve population health in Scotland</p>	<p>NHS Health Scotland are a key research partner to the feasibility studies. In general they work to provide evidence of what works to reduce health inequalities, work across all sectors in Scotland to put this evidence into action and support national and local policy makers to design and evaluate interventions that help build a fairer, healthier Scotland.</p>
<p>Scottish Government</p> <p>The Scottish Government is the devolved government for Scotland responsible for the economy, education, health, justice, rural affairs, housing, environment, equal opportunities, consumer advocacy and advice, transport and taxation.</p>	<p>Scottish Government are involved in the feasibility work looking at a Basic Income experiment in Scotland. Their remit of responsibilities makes them a key partner in any work looking at a Basic Income in the Scottish context.</p>
<p>Jennifer Broadhurst</p> <p>Pre-doctoral researcher at Glasgow Caledonian University looking at the impact of a Basic Income on women</p>	<p>Jen is located in the Women in Scotland's Economy WiSE Research Centre, where she is researching the impact of a Citizen's Basic Income on the lives of women from Black and Ethnic Minorities and women with disabilities. She has an MSc in Research Methods from GCU and is a member of the Scottish Women's Budget Group which contributes to Scottish and UK government and analyzes economic impacts of budget decisions on the lives of women in Scotland.</p>
<p>Paul Hare</p> <p>Emeritus Professor of Economics at Heriot-Watt University</p>	<p>Paul has particular expertise in transition economies and has also published work on public finance management reform and the Scottish Social Enterprise sector</p>
<p>Annie Miller</p> <p>Economist and co-founder of Citizen's Income Trust and Citizen's Basic Income Network Scotland</p>	<p>Annie provides insight into the economic aspects of Basic Income and the global Basic Income movement and debate drawing from her experience looking at the topics over the last 30 years.</p>
<p>Paul Spicker</p> <p>Writer and commentator on social policy, Emeritus Professor of Public Policy Robert Gordon University</p>	<p>Paul has an in depth understanding of social policy that can be applied to the discussions about Basic Income. A critical sceptic of Basic Income and author of several of this project's background papers.</p>

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<p>Malcolm Torry</p> <p>Director of the Citizen's Basic Income Trust and Visiting Senior Fellow at the Department of Social Policy at the London School of Economics</p>	<p>Malcolm has research interests in the reform of social security benefits; in the characteristics and management of religious and faith-based organisations; and in metaphysics. Much of the social policy research is done using EUROMOD, the microsimulation programme. He has written several books on Basic Income including <i>Money for Everyone: Why we need a Citizen's Income</i>.</p>
<p>Dave Watson</p> <p>Head of Policy and Public Affairs at UNISON Scotland until 2018, now working on policy development projects</p>	<p>Dave has worked in government and the private sector and has authored chapters in a range of books and publications. He is a Board member at the Reid Foundation, Secretary of the Keir Hardie Society, Secretary of the Socialist Health Association Scotland and Past Chair of the Scottish Labour Party.</p>

## HOW TO TEST A BASIC INCOME SCHEME FOR FEASIBILITY

The first talk of the workshop, by Dr. Malcolm Torry, focused on how to test Basic Income for feasibility. Torry established the difference between a Basic Income and a Basic Income scheme: the former is an unconditional income paid to each individual; the latter is a Basic Income with specified levels for each age group and a specified funding mechanism, alongside other details like frequency of payment. While Basic Income always has the same definition and the same effects, different Basic Income schemes can have very different characteristics, and therefore very different impacts.

As a result, Torry emphasised the fact that it would be a Basic Income scheme that would be implemented, not simply a Basic Income, so the question of the talk centred on whether there might be a feasible Basic Income scheme. This itself is multi-faceted: any Basic Income scheme would need to be feasible in a financial, psychological, administrative, behavioural and political sense. Torry suggested that microsimulation - using software to model the tax and benefits system - would provide some idea of a whether any Basic Income system could be financially feasible.

### ☀ Key Insights - How to test a Basic Income scheme for feasibility

Basic Income as a concept and individual Basic Income schemes are not equivalent. To be considered feasible, a Basic Income scheme should be financially, psychologically, administratively, behaviourally and politically feasible.

As part of the presentation, Torry proposed an illustrative Basic Income scheme which is revenue neutral and that lifted more people (although not everyone) off means-tested benefits. The talk concluded with a series of areas for exploration within the context of the Scottish feasibility study, as well as questions for implementing a Basic Income scheme on a more general level.

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The resulting discussion centred on Torry's suggested revenue-neutral Basic Income scheme, which would not lift everyone off means-tested benefits. Concerns were raised about the trade-off between making the scheme revenue-neutral and providing a Basic Income at a level sufficient for everyone to live on. Torry defended the illustrative scheme, suggesting that the proposition was based on a three percent increase in income tax, which could be raised if it was considered politically feasible to do so.

## BACKGROUND TO THE SCOTTISH FEASIBILITY STUDY

Mhairi Paterson's talk provided an update on the Scottish Basic Income feasibility study to date, as well as the resulting evidence review findings and next steps for research. Paterson began by giving a background to the feasibility study, before going through the project timeline. The timeline began in April 2018 - August 2018, when project staff were put in place and the team visited the 18th BIEN Congress in Finland. During this first phase of the project, the team also conducted an evaluability assessment.

The evaluability assessment consisted of hosting two evaluation workshops, which achieved the following: clarification of the outcomes of interest of a proposed Scottish Basic Income pilot; generation of model options for Basic Income pilots to meet the outcomes of interest; identification of the intended and unintended consequences of the pilot options; and exploration of research questions to be tested through the pilots. These areas were discussed in the following talk by Neil Craig.

The final element of phase one of the project consisted of a systematic scoping review of past or existing unconditional payments, such as the Alaska Permanent Fund and the Basic Income pilot in India. The review uncovered results in areas related to labour market activity, young people and health effects. The review concluded that the effects of an unconditional income on labour market participation were small; that there were strong positive effects on time in education; and that there was room for future research to make improvements to our overall understanding of the effects of implementing an unconditional income.

### Key Insights - Background to the Scottish feasibility study

Much can be learned from previous pilots, trials or policies of unconditional payments, including in areas such as labour market activity, young people and health effects. However, they leave a lot of questions unanswered, which will require further research or new trials.

The presentation concluded with an overview of the remaining phases of the feasibility study project. During the period between September 2018 and March 2019, the team will commission research and modelling, agree on preferred pilot options,

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and engage with the Department for Work and Pensions (DWP) and Her Majesty's Revenue & Customs (HMRC), with options provided for funding and payment mechanisms. Between April and September 2019, the team will commission any additional research and agree funding and payments mechanisms before submitting an interim report to the relevant councils and Scottish Government in September. From October, the team will collect baseline data and start the pilot implementation preparation. The final business case will be submitted to the Scottish Government in March 2020.

## HOW TO DESIGN AND EVALUATE A BASIC INCOME PILOT

Neil Craig's talk focused on how best to evaluate a Basic Income, particularly within the context of a pilot. In doing so, he covered the possible impacts of implementing a Basic Income, the questions that the feasibility study intended to cover and the possible pilot options resulting from those questions.

Craig distinguished between possible intended outcomes and unintended outcomes, as well as any outcomes which could be gauged over short-term (2-3 years), medium-term (4-10 years) and longer term (10-20 years) periods. Short-term intended outcomes include reduction of barriers to labour market participation, improved individual and household incomes, and decreased need for food banks and welfare funds. Medium-term intended outcomes include increased labour market participation and improved household health and wellbeing. Longer term intended outcomes were identified as inclusive economic growth, reduction in poverty and improved health and wellbeing across the entire population. Possible unintended outcomes include the overall impact on labour market participation, wage levels, incomes for specific groups and inflationary effects.

From the above possible outcomes, the team alighted upon two study questions: "Which of these outcomes and impacts is it most important to measure?" and "Which of these is it most feasible to measure (in the context of a 2-3 year pilot)?".

Craig's presentation then moved onto focus on the different pilot options, centring on the choice between a "saturation model" (in which the pilot focuses on particular geographical areas) or a "stratification model" (in which the pilot targets specific groups, such as those of a particular age, particular occupation or have a particular income level). Craig emphasised that this choice was an important one, as the duration, scale and size of the Basic Income pilot would affect the potential impacts and, therefore, the questions that would be answered.

The direct link between the design of the pilot and the questions that the researchers wanted to answer was illustrated in the opposition between the saturation and stratification models. While the collective impact of a Basic Income on a particular area could be assessed within a saturation model, this would not be possible in a stratification model; likewise, the impact on specific groups could be judged within a stratification model, but not in a saturation model. The design of the Basic

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Income pilot is therefore inextricably linked to the questions one wants to answer, as illustrated in this dynamic.

Craig concluded his talk with the next steps for the feasibility study. The team will commission research and modelling work; identify pilot funding and payment mechanisms; assess evaluation options; and agree preferred pilot options. These would be reported in a progress report in March 2019, an interim report in September 2019 and the full business case in March 2020.

Given the unique subject matter, several issues were raised in response to Craig's talk. Paul Spicker raised the issue that many people are only periodically or temporarily in poverty, which may make it difficult to measure within the context of a Basic Income pilot with a set timespan. Craig acknowledged this, suggesting that there was a limited range of questions that could be assessed within a two-to-three year pilot, and that was why it was important to hone the design of the pilot.

## Key Insights - How to design and evaluate a Basic Income pilot

The design of a successful Basic Income pilot depends on the questions you would like to answer, which is in turn dependent on knowledge of the possible intended and unintended consequences of introducing a Basic Income.

Much discussion was also had on the question of whether to use a stratification model or saturation model. Dave Watson suggested that focusing the Basic Income pilot on particular geographical areas would allow the team to make fewer compromises in terms of the amount of Basic Income provided and the number of people it was given to. Others had concerns about the saturation model, asking whether there would be a mechanism to deal with someone who moved out of the area midway through the pilot's timeframe.

## THE POTENTIAL IMPACT OF BASIC INCOME ON POVERTY AND GENDER INEQUALITY

Jen Broadhurst's talk focused on the potential effects a Basic Income would have to reduce poverty and gender inequality. Broadhurst suggested the current social security system negatively impacted those who care for a loved one, particularly in terms of their mental health and their subsequent ability to care. In contrast, a Basic Income would provide greater financial security and a degree of financial autonomy.

Broadhurst also addressed the criticisms by the Institute for Public Policy Research (IPPR) that having a Basic Income would make people - particularly women - feel pressured to look after infant, disabled or elderly relatives. Broadhurst rebutted this claim, suggesting that this is a matter of agency, and that Basic Income would in fact give people the autonomy to choose what was best for themselves and their families.

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In the resulting discussion, questions were asked about the evidence that Broadhurst used in her thesis. The evidence was anecdotal interviews of around 1,000 respondents, via a series of focus groups and one-to-one interviews. Many people interviewed knew about Basic Income, but few were wholeheartedly in favour of the idea. Broadhurst suggested that people needed to be taken on a mental journey from where their life is now to how it could be if they had a Basic Income.

## ⚙️ *Key Insights - The potential impact of Basic Income on poverty and gender inequality*

A Basic Income would provide financial autonomy to many people in caring roles, the majority of whom are women. To best comprehend the impact of Basic Income, people need to realise the impact that it would have on their own lives.

## BASIC INCOME MODELLING, IMPLEMENTATION AND EVALUATION

### KEY QUESTIONS

- Is it possible to implement a financially feasible Basic Income scheme while still fulfilling the aims of a Basic Income?
  - Are there feasible Basic Income schemes that enable means-tested benefits to be abolished?
  - How many financially feasible schemes are there to choose from?
- What can pilot projects tell us about the longer-term feasibility of a Basic Income?
  - Can pilot projects tell us about the employment market effects of a Basic Income scheme?
- Which outcomes of a Basic Income is it most important to measure in a potential Basic Income pilot?
  - Which Basic Income outcomes is it most feasible to measure in the context of a pilot?
- What can be learned from pilots of unconditional payments around the world?
  - How helpful are Basic Income trials elsewhere to designing a pilot within the Scottish context?

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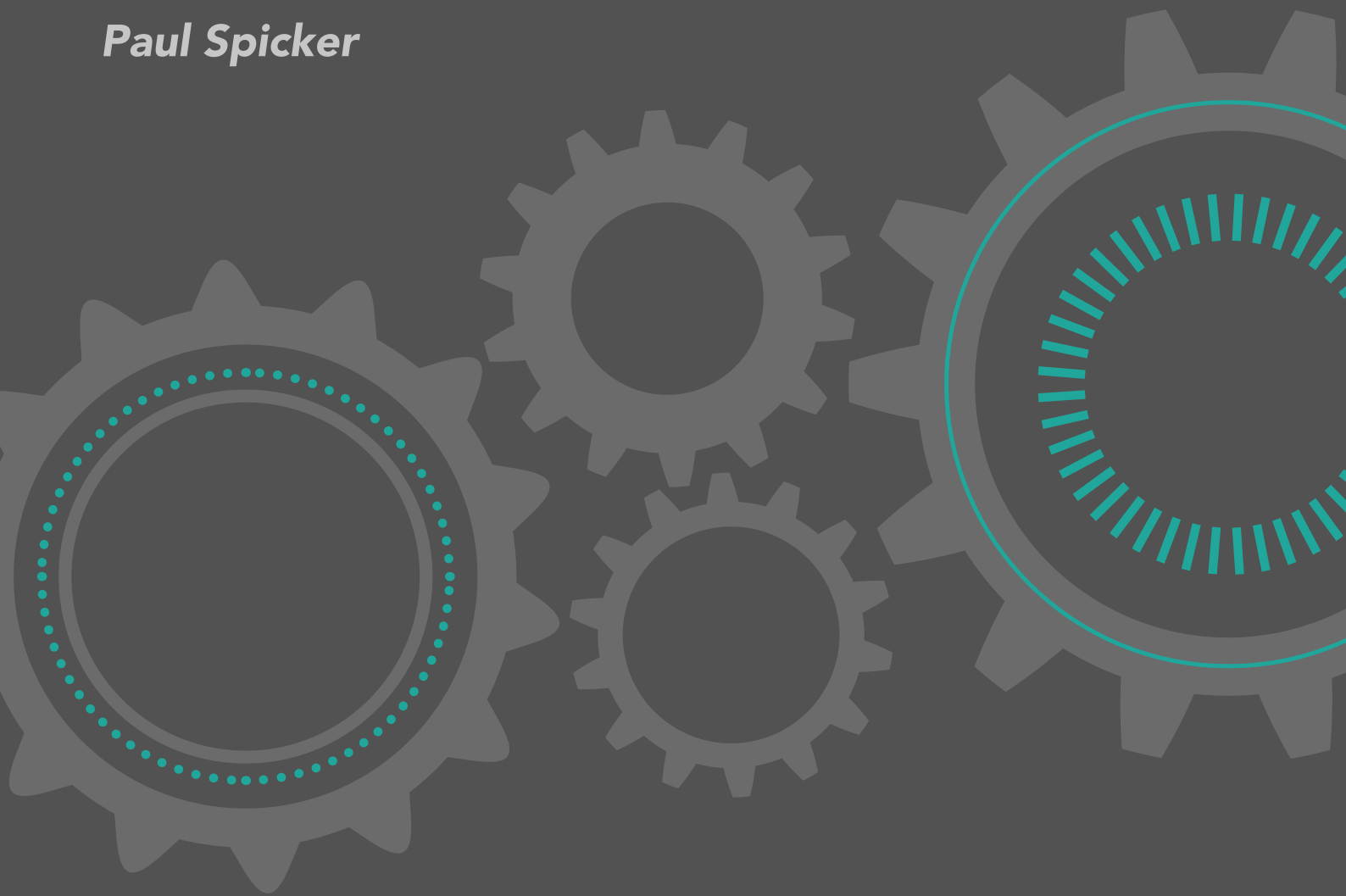


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# Some reservations about Basic Income

*Paul Spicker*



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## SUMMARY

Even if we accept all the arguments for Basic Income in principle, there are serious issues to resolve relating to cost, distribution, adequacy and practical implementation.

- **Cost.** Basic Income schemes are all very expensive. The first question to ask is not whether we can afford BI, but whether we should – whether the money would not be better used in some other way.
- **Distribution.** All the Basic Income schemes which have been developed to date make some poor people worse off. That mainly happens because they try to pay for BI by cutting or reducing existing benefits. Any scheme which does that it is going to benefit some people on higher incomes more than it benefits people on lower ones.
- **Adequacy.** The treatment of existing benefits and of current tax allowances cannot work as intended. Basic Income cannot meet all the contingencies currently covered by social security benefits. It should not even try to do so.
- **Implementation.** BI will not be without its complications. It is time to address them.

Basic Income cannot be 'adequate', but it does not need to be; it only needs to be basic. A modest income could be provided without damage to poor people, so long as it does not affect the status of other benefits.

The Citizens Basic Income is intended to be a universal, unconditional cash payment made to everyone. For people in the UK, the obvious precedent is Child Benefit (or at least, Child Benefit as it was before the Coalition Government messed around with the tax rules): a regular, continuing payment in respect of every child. UBI would extend the same principle to adults.

There are strong moral and practical arguments for Universal Basic Income (UBI). UBI would represent a major step towards social justice: an egalitarian, inclusive method of distributing common resources. A regular payment would reinforce social cohesion and solidarity, and protect individual dignity. It is sound economically: unlike existing benefits, UBI would be economically neutral, and would not directly influence incentives in any direction. Finally, it is practical: it should be easier to administer than existing benefits. Child Benefit is a clear demonstration of its feasibility: universal distribution is relatively simple and, after a little time, Child Benefit gets to the vast majority of intended recipients.

There are those who reject these arguments outright. Robert Colville, of the Centre for Policy Studies, argues that most people in Britain believe that income should be related to work:<sup>1</sup> support for a 'universal working income' outweighs support for UBI by three to one.<sup>2</sup> David Piachaud thinks that benefits should be targeted to

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be most effective, that the justice of general distribution depends on the national context, and that unconditional benefits would be unfair and politically unacceptable.<sup>3</sup> While it is important to acknowledge that there are alternative moral and political perspectives, I do not think these countervailing arguments are conclusive. Fairness depends on many other considerations besides the level of benefit. Targeting is imperfect; public opinion changes; acceptability itself depends on the social context. Support for universality in other fields, such as health and education, is extensive. There are good grounds to extend the principle of universality well beyond children, to ensure that everyone has a greater degree of financial security than our present system current allows, and to offer people a minimum income.

There are, of course, many other arguments around UBI. A goodly number of them are speculative or utopian. Commentators focus either on the society that UBI might eventually lead to, or on changes in a future society that UBI might respond to.<sup>4</sup> There is little point in discussing this; we cannot reasonably anticipate what the effects will be on work or family life, and we should know from the history of pensions provision that it will take decades to find out.<sup>5</sup> I am much more concerned with a different set of issues, concerning cost, the distributive impact, the impact on people's welfare and practical implementation. There are many reservations to overcome, and I have not yet seen a Basic Income scheme that succeeds in doing it.

## DEFINING UBI

The central concept of Universal Basic Income is that it should be universal, that it should be basic, and that it should be an income. None of those terms is without its ambiguities.

- A benefit is *universal* if it is delivered as a right, available to everyone in a given category and unconditional. There are shades of universality, and the term has been applied to some relatively narrow categories of people – for example, older people over the age of 80 or newly born children. When people argue for a “Citizens” Basic Income, they might mean a benefit for citizens, or for permanent residents, or for long term residents, or for taxpayers: the categories are not obvious.
- A benefit is *basic* possibly because it covers common basic needs or a ‘poverty line’; possibly because it is enough to live on;<sup>6</sup> possibly because it offers a ‘modest’ but secure foundational income.<sup>7</sup> Those are different things.
- A benefit provides an *income* if it is paid periodically, but that does not mean it has to be paid weekly or monthly: it could be paid quarterly, or annually, or even over longer periods. The income does not need to be at a fixed level (it can vary between periods, like the payments made by the Alaskan Permanent Fund).

Many of the advocates of Basic Income argue for much 'thicker', more elaborate, definitions, specifying the model in greater detail. The Basic Income Earth Network argues that a Basic Income must be paid in cash, and that it must be individual.<sup>8</sup> Annie Miller adds that it must be equal. Those are tenable positions, but there are alternative models which take different approaches. Negative Income Tax generally pays cash to some people while only crediting income to others.<sup>9</sup> Basic Income Plus, the model proposed by Simon Duffy, gives premiums to people with disabilities.<sup>10</sup> Individualisation could mean that every eligible person must have their own account to receive money, but it could mean something quite different. For example, BI could be paid to every child, but it is more likely that it will be paid for every child. The choices between these different approaches cannot be resolved by definition alone; decisions have to be made about when, how and to whom benefits are to be delivered.

There is a difference, Malcolm Torry has argued, between the principle of Basic Income and the nature of Basic Income schemes. Every idea for Basic Income has to be translated into a workable scheme, and different schemes have different effects on issues like taxation, employment or political acceptance. They might, he suggests, increase inequality or reduce it. They might reduce poverty or increase it. They might cost a great deal or relatively little. The advantages of Basic Income cannot be assumed; they have to be demonstrated.

## BASIC INCOME SCHEMES

In What's wrong with social security benefits, I reviewed several Basic Income schemes; table 1.1 is taken from that review, along with two further schemes considered in more depth during the seminar series.<sup>11</sup>

Table 1.1: Some proposals for Basic Income

	Citizens Income Trust - Scheme A	Compass scheme 2	Green Party	Reform Scotland	Malcolm Torry	Annie Miller
Level of benefit (date)	£71.70 adult £56.80 children £56.80 adult under 25 £145.40 pensioner (2013-14)	£71 adult £59 children £61 adult under 25 £51 pensioner (2015-16)	£80 adult £50 child £180 pensioner £310 pensioner couple (2015-16)	£100 adult £50 child Excludes pensioners (2014-15)	£61 adult £50 young adult £40 pensioner, additional to pension (2016-17)	£88 adult £88 child £44 premium first child £176 pension (2018-19)
Treatment of benefits	Abolition of State Pension, Pension Credit, Tax Credits, Child Benefit Transitional protection for pensioners	Abolition of Child Benefit Retention of other benefits UBI treated as income for means-tests	Abolition of State Pension, Pension Credit, Tax Credits, Child Benefit	Abolition of Tax Credits, Child Benefits, JSA, Income Support, Universal Credit and some smaller benefits	Retention of all other benefits Extra £20 on Child benefit UBI treated as income for means-tests	Retention of other benefits UBI treated as income for means-tests
Treatment of tax allowances	Abolition of personal tax allowance Removal of £10bn of reliefs on private pensions contributions	Abolition of personal tax allowance	Abolition of personal tax allowance Removal of 44% of reliefs on private pensions contributions	Abolition of personal allowance	Abolition of personal tax allowance	Closure of tax loopholes; personal allowance reduced to £3120
Treatment of National Insurance Contributions	Retention without benefits	Lower earnings limit reduced to zero; NICs levied on all earnings	Lower earnings limit reduced to zero; NICs levied on all earnings	Merger of NI contributions with tax system	Retention	Merger of NI contributions with tax system
Tax rate	No change	Basic 25% Higher 45% Top 50%	No change	Combined tax and NIC rates of 40%, 60% and 65%	Basic 23% Higher 43% Top 48%	Combined tax and NIC rates of 32% and 50%
Total gross cost	£278.5bn	£209.5bn	£331bn	£247bn	Not given	£371.2bn

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## COST AND OPPORTUNITY COST

The most obvious problem with these schemes is that they are expensive – five of them would come in at double the cost of the existing social security system. Malcolm Torry's scheme should cost less, because the rates are lower, but the low 'net cost' he claims (under £2 billion) refers to a deficit, not to the total cost. It is achieved in part by increasing tax rates and reducing tax allowances, at a cost in the region of £120bn. (Personal Tax Allowance is worth £101.3 billion,<sup>12</sup> and as every 1p on income tax should raise between £5.4 and £6.2 billion,<sup>13</sup> 3% income tax represents a cost that should be between £16.2 and £18.6 billion.) There are certainly inequities in the current system of tax reliefs, and some of the money raised could cover that. The upper limit on National Insurance Contributions current costs £28.2 billion; tax relief on private pensions; relief on private pension schemes comes to nearly £41bn, and none of that benefits existing pensioners. That does not mean they should not be counted as "costs"; the money that is being used for tax reliefs could indeed be used for UBI, but it could just as sensibly be used for other things.

The high potential cost of BI is not a knock-down argument against it. Most of the money going into BI is being recycled, as a 'transfer payment' – the real issue is redistribution, not expenditure. Guy Standing is confident that we can afford it, and he is probably right: if we can afford quantitative easing to support the banks, we can afford similar sums to support people on low incomes. But should we afford it? There is an obvious question to ask about the 'opportunity cost': what else we could do with the same money? The case has to be made that the money that is proposed for BI is the best use of resources, and it is always appropriate to ask whether the money would not be better used in some other way – health, education, infrastructure, communications, transport, or something else. That is a matter of priorities.

Nor is it obvious that even if money is the best way to distribute resources, the process should be done by a UBI. It might be appropriate, for example, to offer a minimum pension guarantee – changing the contribution rules so that no-one gets less than 80% of the full pension. (Individual pension calculations are based on how many years of contributions a person is made, subject to a 'contracted out pension equivalent' or COPE; anyone with a National Insurance number can check their entitlement online. All it would take to change the value of a minimum entitlement is a tweak in the rules.) That would not require a means test, but it would not be universal or unconditional. Some of the schemes for Basic Income propose an increase in Child Benefit, and there is a good case for doing that regardless: it would have a marked and immediate impact on family poverty, it would be easy to introduce because the system is already in place, and it would not have further implications for other benefits. Increasing the basic rates of low income benefits would have an immediate effect for the majority of poor people.

## THE DISTRIBUTIVE IMPLICATIONS

All the Basic Income schemes which have been developed to date make some poor people worse off. Malcolm Torry has done a lot of careful work to minimise those losses, but he faces the problem squarely: changing the rules means that people cannot rely on the benefits they previously received. Some losses seem inevitable. "In the first instance it might be necessary to retain the means-tested benefits structure in order to ensure that no household would be worse off."<sup>14</sup>

Dealing with this problem has two immediate implications. The first is that poorer people can only be protected in schemes which are more generous (or more costly). Reed and Lansley write: "it is not possible to design a scheme that is revenue neutral, pays a decent sum and withdraws most means-tested benefits without significant numbers of losers."<sup>15</sup>

The second implication is more disturbing. For the most part, the money that is being devoted to BI is not money for poor people. If poor people are being restored to the levels of income that they would otherwise have, their final income is not increased; they are no better off. Any financial gain is confined to people who are not currently in receipt of benefits. In some cases, that is desirable – some of the people who are not currently receiving benefits ought to get them. But in most circumstances, it means that the money being spent on BI must go to people on incomes that are higher than the incomes of people currently in receipt of benefit. If the level of BI is high enough to go above existing benefit levels, it will still be true that the vast majority of the expenditure on the scheme will be used to help people who are better off. Part of that can be ironed out through the tax system, but only part of it. Any scheme which depends on paying for BI by removing some benefits from people on low income is going to be regressive: it is going to benefit some people on middling and higher incomes substantially more than it benefits people on lower ones.

## THE RELATIONSHIP OF BI TO EXISTING BENEFITS

Many BI schemes – and virtually all of the schemes applied to Britain - depend on the assumption that BI will be paid for in large part by abolishing or removing existing benefits. That is partly because they want to explain where the money for BI is coming from, and if benefits shrink to make room for BI, that makes a substantial contribution to the cost. If that was the only explanation, however, the money could come from somewhere else. Most advocates of a basic income want to reduce dependence on the existing benefits system, as an objective in its own right. BI is expected to replace existing benefits to the greatest extent possible, and BI is seen as a better way to organise distribution of resources than the benefits system does. For those who want to support the poor, BI avoids some of the key disadvantages of benefits, and of low-income benefits in particular: the complexity, the low takeup, the intrusion into personal affairs, the penalties imposed if income or earnings increase,



and the imposition of conditions on people's behaviour. For those who do not want to support the poor, or who want poor people to depend on market provision rather than state provision, BI offers a way to minimise society's commitment to social support. Charles Murray writes:

*"the importance of the Guaranteed Income ... is not that each adult has US\$10,000 a year, but that government has withdrawn all the ways in which the apparatus of the welfare state tries to take the trouble out of people's lives,"<sup>16</sup>*

There is a chilling naivety in such proposals. The benefits we have are not always good benefits, but they are there for good reasons. Jobseekers Allowance and ESA are there, not just to meet basic needs, but because we need to have some system for smoothing people's income during periods when they are unable to work. Tax Credits were introduced mainly to supplement incomes that otherwise would be too low, but also partly to compensate people with disabilities for long-term disadvantage in income, and partly to offer support to meet child care expenses. Pensions were meant to give pensioners the opportunity to withdraw from the labour market, which is one reason why they are higher than other benefits. Housing Benefit was introduced as a political choice as housing subsidies were withdrawn; people on low incomes could not afford rent otherwise, but housing providers could not pay for the housing without it. We sometimes hear foolish generalisations about benefits, such as the suggestion that they are there to provide "work for those who can and support for those who can't." They do far more than that: social protection, insurance, meeting need, relieving poverty, managing the economy, redistribution, financing key activities and much more besides.<sup>17</sup>

The issue is not just that people are in need, and that cutting their benefits will mean their needs are not met. That matters, of course, but it is far from being the whole story. There are many elements of the existing benefit system that BI could not, and should not, be taken to replace. BI cannot sensibly be adapted to meet people's housing expenses. It is possible in principle to supplant Housing Benefit with different policies, but there has to be some system of housing finance that can support the provision of affordable housing. BI cannot easily be adapted to cover the circumstances of people with disabilities; disability benefits have to have some kind of test, not necessarily the kind of assessment taking place at present, but something which can identify the nature of a person's disability for benefit purposes. Treating BI as income for carers would mean that there is no special value being placed on caring responsibilities. Bereavement benefits are there because people want to have added security for their families. Over the years, benefits have become increasingly complicated, because the circumstances they deal with are complicated. One of the central appeals of advocates for BI is that the system will be simpler and more rational. Simplicity and rationality can have bad effects, and we do a major disservice to people in need if we forget that.

## THE MAINTENANCE OF MEANS TESTING

The structure of benefits defines the framework which exists to support people through key 'states of dependency' – the term is Titmuss's.<sup>18</sup> Changing that framework means inevitably that there will be winners and losers; some of the losers are among the most vulnerable people in society. And that applies to Basic Income, too.

In general terms, BI will reduce dependency on means-testing, for a simple reason: if part of a person's income is not means tested, the proportion of means-tested income will reduce. Wherever Basic Income is taken into account for the calculation of means-tested benefits, the structure of people's 'income packages' will change. If means-tested benefits are relieved only partially, that will still mean that a proportion of people on low income will be 'floated off' those benefits or will have at least a secure, unconditional part of their income provided by BI. But it would not be possible to remove reliance on means tested benefits altogether; that would depend on the level of BI, and I agree with Malcolm Torry that there is no conceivable level of BI that would be high enough to cover all the contingencies.

That way of expressing things points, however indirectly, to a fundamental problem. The reason why other benefits will continue to exist is not that means-testing itself is unavoidable; it is that a Basic Income cannot be enough to meet people's needs. Martinelli writes: "an affordable UBI would be inadequate, and an adequate UBI would be unaffordable."<sup>19</sup> If BI cannot be 'adequate', it is not just because it would be expensive, but because adequacy itself is a complex, shifting target. It is probably true that most advocates of BI would like it to be minimally adequate, at least as good as existing benefit levels. Five of the six schemes in Table 1.1 work to that principle. Some would like it to end poverty, which for two people implies a level that is at least 60% of the median household income.<sup>20</sup> Even at that level, it would still not be enough to meet people's needs. The work on minimum income standards has suggested that people need levels of income that are considerably greater than current benefit levels: excluding rent and child care, the MIS recommendations are £213.59 for a single person, and nearly £480 for a couple with two children.<sup>21</sup> Beyond that, it is in the nature of BI that the payment cannot be 'personalised', or sensitively adapted to personal circumstances. Within the limits of what is politically and economically possible, there will always be some people for whom the payment is less than their needs.

## ASSUMPTIONS ABOUT THE TAX SYSTEM

Financing BI generally depends on a substantial increase in taxation, combining high rates of income tax combined with increased National Insurance contributions across a very wide range of income. It is certainly fair to say that some finance might be raised through addressing anomalies in the tax system - especially private pension relief, the artificial limitation of council tax bands, and the upper limit on assessment for NICs. After that, however, there are likely to be problems. Most Basic Income

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schemes suggest that personal tax allowances can simply be abolished (Annie Miller's work is a welcome exception), which means that all income will be subject to tax and possibly National Insurance contributions as well. Even if standard income tax rates are left alone, that implies a marginal deduction rate of 32% of all income, rising to 62% or 65% in these schemes. That would be difficult politically, but that is not the main problem with the idea. The problem is that all income from work - everything done cash in hand, casual labour, try-outs, newspaper rounds and pin money - would have to be declared, and it would be fraudulent not to do so. The problems of means-testing may be avoided, but they are simply passed on to the tax authority, which is after all just another type of means test. The approach seems to be at odds with the stress on paying UBI as a way of recognising the precarious, uncertain status of work in general and low paid work in particular. Bluntly put, UBI was supposed to stop this sort of nonsense, not to make it worse.

Five of the six schemes in Table 1.1 treat National Insurance Contributions as if it they meant much the same as payment of Income Tax. The general view seems to be that contributions do not matter, that it is all a fiction anyway, that NICs are simply another form of tax. It is difficult to say whether people think this is true, but there are still those (notably Frank Field) who argue that the contributory principle needs to be reinforced, not abandoned. It would certainly be difficult to justify the retention of contributions if they do not deliver any benefits. While there is some argument for redistributing resources and funding between pensioners, the idea of reneging on contributory pensions to fund basic allowances for working people would be a fundamental breach of the social compact that underlies the welfare state.

## RESOLVING THE PROBLEMS

There are some bitter pills to swallow here. BI can be hugely expensive. It is potentially disruptive. The treatment of existing benefits and of current tax allowances cannot work as intended. BI cannot replace existing benefits. It cannot be introduced at a level which is high enough to end reliance on means testing. It puts people who are vulnerable and needy at risk.

These problems are not easy to resolve, but they can be minimised. The place to start is with the concept of BI itself – a cash benefit that is universal, inclusive and unconditional. Basic Income is meant to be 'basic', not a replacement for every other income source. It will be delivered along with other benefits. It does not determine final income in itself. Basic Income cannot be 'adequate', but it does not need to be; it only needs to be basic. Necessarily and inevitably, BI will mix with other income. Distributing cash is not like providing a house or a school. The nature of cash means that it can be mixed with other cash, and it is no longer possible to tell which is which. BI will make a useful contribution because it provides part of a person's income – a part that is secure, that is not stigmatized, that adds to social cohesion. It would be good if it could provide a larger part rather than a smaller one, but that is not crucial to the concept.

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All the schemes reviewed here have supposed that BI will replace or reduce other benefits, but it does not have to work that way. Let's get back to the model of Child Benefit. Child Benefit sits alongside other benefits. For the most part, Child Benefit is disregarded as income. In the past, Child Benefit did interact with other benefits – it was deducted, pound for pound, from Supplementary Benefit. That stopped in 2004, and when it stopped, Child Benefit had a greatly enhanced power to improve the situation of people on low incomes. BI could do that, too. The only way to make sure that poor people benefit is to make sure that they do not lose income as a consequence of receiving BI. It follows that BI should not interact with other benefits. It should not be deducted from them. It should be disregarded completely for administrative purposes.

Imagine that we want to extend something like Child Benefit to everyone. To keep things simple, let us suppose that every man, woman and child gets £100 per month. That would be treated as wholly and completely additional to existing benefits, with only one exception – because I have included children, this would also replace Child Benefit. This is much more limited than the schemes that the seminar series has been discussing, but it does respect all the principles identified with CBI schemes, being individual, universal, unconditional and undifferentiated. The example is, quite deliberately, stripped down to the core. It does not offer premiums, or extra categories, or differentials between age groups. (I have not tried to mirror current arrangements for Child Benefit, because they would complicate things. Child Benefit pays more for the first child, but there is an assumption built into that about domestic arrangements. If BI is paid individually, then two parents could legitimately claim as individuals for first and the second child, and a lone parent could not. I can see no way of resolving that without applying a household test, and for the purposes of the example I have taken it that it is more desirable to avoid such a test than it is to provide a premium for one child within a Basic Income scheme. This illustrates a general principle: any attempt to respond to need or to household circumstances is liable to complicate things. )

This is a very limited, modest proposal, but it would still be expensive. Extending the equivalent of Child Benefit to everyone would cost somewhere in the region of £68 billion – that is additional to the £12 billion that Child Benefit already costs. (The cost could largely be met by straightening out some of the kinks in tax reliefs – but of course, like all costs, the same measures could be used to fund other activity instead.) The level of benefit is set at a much lower level than many BI schemes imagine, but if it is not possible to justify benefits at that level, it is very unlikely that a justification can be found for a scheme that offers – and costs - three or four times as much.

Would it be worth doing? It would not fulfil all the promise of Citizens' Basic Income. It would not lead to radical simplification of the benefit system. It would not give people the chance of a life of sybaritic luxury, such as van Parijs's example of surfing, which sounds a bit too much like physical effort for my taste. It would not transform the labour market. Maybe there is somewhere a much higher level of benefit that would have a transformational effect on labour and society, but that is speculative; if

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there is a tipping point, a level of benefit which will lead everyone to act differently, we do not know where it lies. But a scheme like this would do other things. It would provide people with a limited secure, predictable income. It would help people who are destitute. It should be markedly progressive - the sums at issue are worth far more to poorer people than they are to richer ones. (It can be more progressive still if the mechanism for finance comes substantially from people on higher incomes.) It would have quite a substantial impact on poverty. Those outcomes are not negligible.

The arguments for better benefits do not stop with Basic Income. The central concept in assessments of the relative merits of different income schemes is the 'income package'.<sup>22</sup> Income from different sources mixes together; it is only when the package as a whole is considered that the effectiveness of a particular benefit becomes comprehensible. One of the curses of British social security policy has been the misconception that things would be simpler if only we could combine little benefits into one big benefit. That philosophy gave us 'scientific charity' under the Poor Law, Supplementary Benefit, Unified Housing Benefit and Universal Credit. No-one should be looking to add Basic Income to that list. The central disadvantage of 'portmanteau' benefits is not that they are complex, though that does not help; it is that when something goes wrong, it goes wrong with everything. If we want to make further provision for, say, childbirth, disability, sickness, caring or transport needs, we should do it separately, making sure that what happens in relation to one benefit does not infect all the others. The key to making this work is to make sure, as it happens with family allowances in France, that all the benefits get paid to the same destination on the same day. It is not Basic Income alone that matters. What matters most is the income that people finish with.

Once it is accepted that BI is an income received along with other benefits, there is scope for considerable flexibility. I think there is a reasonable case for the RSA proposal to pay more for children aged 0- 4,<sup>23</sup> there is a separate case for paying more for the first child, and I have already mentioned an argument for topping up State Pension; apart from that, there is also an argument for a Universal Housing Allowance, which could be paid for from a review of local property taxes. There could be a 'participation income', recognizing contributions.<sup>24</sup> There could be a convertible tax allowance, so that people can opt to receive the value of their allowance in place of their tax code. And, because cash is fungible, those things could all happen at the same time. People will receive varying amounts of income according to their circumstances, without compromising the universal character of Basic Income.

## OPERATIONAL ISSUES

Because Basic Income is intended to be simple, inclusive and as close to automatic as possible, there has been a tendency to assume that the administration will sort itself out. It won't. Here are a few examples of the sort of issue which need to be considered.

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1. Who is entitled: citizens, permanent residents, non-resident taxpayers? Will the benefit be payable to citizens abroad, or guest workers? What will happen when people spend time abroad, or when citizens return to Britain?
2. Will people have to claim?
3. How will applications be verified?
4. How will the benefit be paid? If it is going to be paid to a bank account, will there be a universal service obligation on the banks to ensure that everyone can receive the benefit?
5. When will the benefit be paid? What period should be covered? Will there be a uniform pay day?
6. How will payments be made for children? Will they need their own bank accounts?
7. How will payments be made for people lacking capacity? What will be the position of people in hospital or residential care who are unable to engage in financial decisions (formerly a problem with the Non Contributory Invalidity Pension)?
8. What can be done to protect the individualization of benefits, so that women are empowered in the household?
9. What happens when someone dies? When will benefits stop?
10. What will happen in the event of fraud, error or overpayment?
11. If benefits are age related, are they going to be altered from that person's birthday, or from the next due payment?
12. What can be done to make sure benefits are inalienable, and cannot be sequestered by creditors, courts or administrators?

Those may look like details, but they are details that weigh on people's lives. Any experiments with Basic Income will have to make decisions about how these issues are to be settled, and they will have to do so from the outset. As the saying goes, the devil is in the detail.



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# Some reservations about Basic Income

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