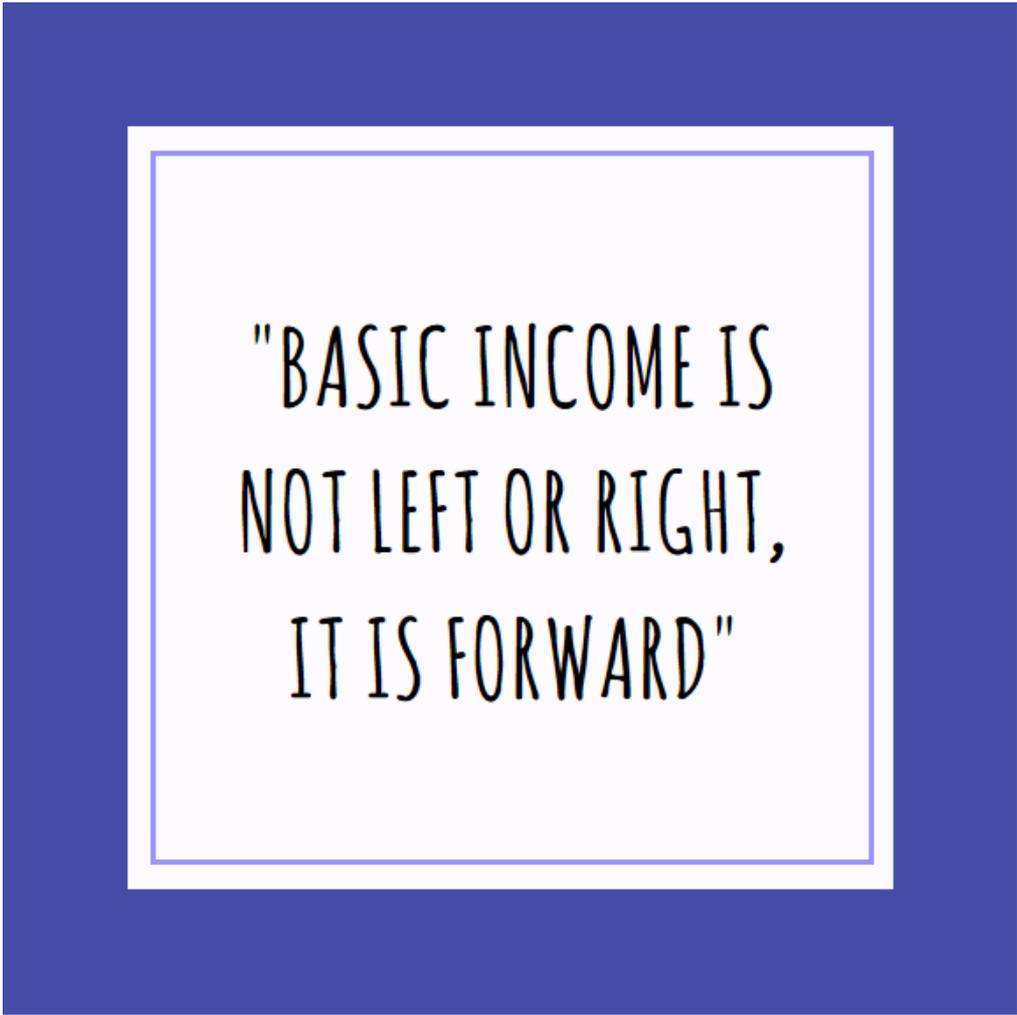

Basic Income

A large blue square frame contains a white square with a thin blue border. Inside the white square, the text "BASIC INCOME IS NOT LEFT OR RIGHT, IT IS FORWARD" is written in a black, hand-drawn, sans-serif font.

"BASIC INCOME IS
NOT LEFT OR RIGHT,
IT IS FORWARD"

What is a basic income?

“A Basic Income (BI), (Citizen’s Income, Citizen’s Basic Income or Universal Grant) is an unconditional, non-withdrawable income for every individual as a right of citizenship.”

Citizen’s Income Trust, 2017

Based on a system of cash transfer payments, basic income is seen as a right, providing social protection for everyone in society.

Key elements of a basic income are that it is:

Basic	A minimum payment, sufficient to meet basic needs
Universal	Paid to everyone, based on rights of residency
Unconditional	Without conditions, and non-withdrawable, irrespective of other sources of income
Individual	Assessed and paid individually (including to children) rather than by household

The idea of a basic income is not new: it was considered by Thomas Paine, around the time of the American Revolution, and by Richard Nixon and others in the 1960s. Following the 2008 recession, there has been renewed support for the concept of Basic Income from across the political and ideological spectrum

A full basic income would be high enough for a modest standard of living. A partial basic income would provide a floor payment sufficient to meet basic needs, and this would need topped up by other sources of income.

There are already some aspects of a universal payment to certain age groups, for example, Child Benefit (available to all children until the age of 16, with opt-out for higher income households), and the State Retirement Benefit for older people, depending on contribution. Payment on an individual rather than household basis would encourage greater financial independence and give people greater choice.

Providing people with a regular basic income is seen as a way of lifting people out of poverty, and preparing for accelerating technological change, such as the loss of jobs through automation.

A rights based approach

At the centre of this is our human rights. Everyone is entitled to a minimum quality of life, equal to everyone else. This is about individual and substantive freedom.

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.

Article 25, UN Declaration of Human Rights

Sen's Capability model sets out a rights based approach around a set of domains that focus directly on those things in life that people say are important for them to actually *do* and *be*. These domains include **life; health; physical security; legal security; education and learning; standard of living; productive and valued activities; individual, family and social life; identity, expression and self-respect; participation, influence and voice**.

The capability to engage in **productive and valued activities** includes being able to:

- have a decent paid job, with support where necessary
- care for others, including children and parents
- do something useful and have the value of your work recognised even if unpaid
- have rest and leisure, including holidays, and respite from caring responsibilities
- choose a balance between paid and unpaid work, care and leisure on an equal basis with others
- work in just and favourable conditions, including health and safety, fair treatment during pregnancy, maternity and paternity, fair pay, reasonable hours, and freedom from harassment or discrimination
- not be forced to work in a particular occupation or without pay
- not be prevented from working in a particular occupation without good reason

Source: Equalities Measurement Framework

We need money for the basic necessities of life, and require the exchange of work to obtain money. Therefore we require the exchange of work to stay alive. Increasingly labour and work have become differentiated. Not all labour is valued in monetary terms, such as providing unpaid care. A job has become specifically to mean paid work.

Objectives of a basic income

Over time, advocates have identified an increasing number of ways that a basic income could help solve critical societal problems, including:

Reduction of poverty	both through direct payments and by eliminating the barriers to labour force participation created by the welfare trap – i.e. the high effective marginal tax rates that often apply to income earned in addition to benefits
As a response to the rise of precarious work	and the dangerous mismatch that has emerged between the tools previously used to support workers and the realities of the modern labour market
Improved health and social outcomes	associated with reduced financial stress for recipients and the possession of additional personal financial resources.
Reduction of inequalities in wealth and income	an objective that could be served by funding – and possibly administering – through a progressive tax system
Increased individual freedom and dignity	through empowering individuals and reducing the stigma attached to accessing government assistance
Increased government efficiency	through a reduced need for bureaucratic oversight and the consolidation of state support. Also, due to other expected benefits, a basic income could reduce financial pressures on government in healthcare and other areas.
Better recognition of the value of unpaid work	including unpaid domestic labour and caring work
Encouraging entrepreneurship and innovation	due to a basic income's de-risking of these activities and through its provision of mechanisms that increase entrepreneurs' likelihood of success

Adapted from *Basic Impact*, May 2017, Mowat Centre, Ontario

What might a basic income mean for individuals?

Poverty has a significant impact on the physical and mental health of individuals: putting immense strain on personal relationships, posing a range of impossible choices on a daily basis, and stifling an individual's ability to achieve their full potential. Poverty can affect almost any of us, but some groups face greater risk than others, for example, disabled people, some minority ethnic groups, lone parents, and renters. We also see the links between poor quality work, insecure and high housing costs, limited services and support, and the everyday effects of anxiety, stress, loneliness and poor health that poverty can produce.

It is estimated that £1 in every £5 of public money is spent on dealing with the consequences of poverty. This varies between organisations with the UK currently spending £29 billion a year (25% of total health spending) on treating medical conditions closely associated with poverty. A basic income that provided for an individual's living costs may work out cheaper in the long run by protecting against future costs arising from failure demand. A small subsidy per month would offer a great boost in percentage terms at the lowest end of the economic scale. This money would be spent and recirculated within the local economy.

It is believed that a basic income would increase an individual's quality of life by providing peace of mind that they will never be without and to be able to eat well. Basic income would enable choice, self-determination, freedom, dignity and a sense of control, potentially reversing commonly seen austerity ailments such as fear, shame and humiliation. It would enable them to participate in society, to be creative, start a small business or retrain. A basic income pilot would help us learn about how it changes people's lives.

There is some concern that a basic income would be misused by some individuals. This reflects wider societal attitudes about why some people are in poverty, and making judgements about others people's lifestyles, even where they are living with complex needs. Evidence suggests that where a basic income is provided, this does not lead to an increase in the amount spent on temptation goods such as alcohol or cigarettes.

Reciprocity – give and take – acts as a powerful principle for building relationships between individuals in society based on mutual exchange, interdependence and a sense of future obligation. If you are given something, you feel obliged to give something back. If people are treated fairly and humanely they should respond accordingly enabling people to work together for the greater good, based on a shared sense of responsibility. It would encourage them to give back and to take an active part in society and in their local community.

How does a basic income fit with the current system?

The Welfare system is intended to provide a safety net for individuals in the UK. The UK Benefits budget is £270 billion, and this equates to 35% of all government spending. The current Social Security budget is deemed to be unacceptably high. While Pensions account for the biggest share of the benefits budget, public attitudes are most strongly entrenched in relation to the deservingness of the unemployed. The current welfare system is perceived by some to be unnecessarily punitive. There are issues around welfare conditionality, and what people are required to do to receive benefits, and for their benefits to remain in payment. It is perceived that the current system takes away people's dignity, creates misery and feelings of shame and humiliation for those who rely on it.

The UK Government have proposed and are implementing a number of reforms to the current welfare system. Universal Credit, intended to replace many other benefits with a single payment, is in the process of being rolled out across the UK. Changes include the introduction a household benefit cap, which has now been lowered from £26,000 to £20,000 per year, per household. Additional powers in relation to Social Security are in the process of being devolved to Scotland.

Introducing a universal basic income would be a major change to the system. While universal provision is less stigmatising, there is a high cost of providing it to everyone. There is a concern that the beneficiaries of a universal scheme would be those households who are least in need. There is a concern that a low basic income, if it were to be tagged on to a failing social policy, could end up being little better than a low fragmented benefits system.

A basic income is not intended as a replacement for the current system, but to establish a sufficiency minimum, or floor, below which no one should be expected to live. It is likely that a basic income would not do away with the need for means-testing. Given the wide variation in the costs of housing across the UK, and the additional living costs that some individuals require to meet their needs, Housing and Disability Benefits payments would need to remain and be kept separate. Means-testing of benefits would continue, but the amount received by each household or individual would be recalculated to account for the amount of basic income.

Focusing on the UK, it is believed that a basic income could be afforded by adjusting current systems of taxation and benefits. Citing work by the Institute for Social and Economic Research, Torry maintains that a 3% increase in income tax is sufficient to fund a basic income for the UK that would reduce poverty and inequality at zero net cost, while also allowing many households to move off means-tested programs. This example would also see the Income Tax Personal Allowance and the National Insurance Contribution Lower Earnings Limit both reduced to zero, and National Insurance Contributions collected at 12% on all earned income.

A changing world of work

The world of work is changing. In an economy driven by supply and demand, the true value of labour is not always recognised in monetary terms, ie domestic work or unpaid care. There is an assumption that people will not work without payment in the form of money. A shift to a resource based economy would see payment on the basis of what gets done.

Over time, a shift to a more flexible labour market and new forms of self-employment has resulted in greater precarity and uncertainty for many people, collectively known as **The Precariat**. A basic income would help to bridge the gap between low wage / zero hours / scarcity of jobs and a move to a resource based economy. People would have greater choice over whether to take a job or not. A basic income would not get withdrawn as people earn more. With a basic income, low demand jobs would be rewarded because fewer people would be willing to do them unless rewarded sufficiently. In this scenario, wages would increase rather than decrease.

Accelerating technological change will affect both employment and society. The impact of automation on developing countries puts up to 85% of jobs at risk. This is particularly true for economies that specialise in skills that are easily automatable. Low skilled, routine, jobs are most susceptible to automation in the future, for example, 47% of US jobs are at risk of automation over the next two decades.

There is a need to consider the types of work that will be available in the future. Basic income has the potential to minimise the impact of mass unemployment, de-skilling and the need for retraining, and to encourage social entrepreneurship, freeing us up to do more worthwhile and interesting things that are of value to society.

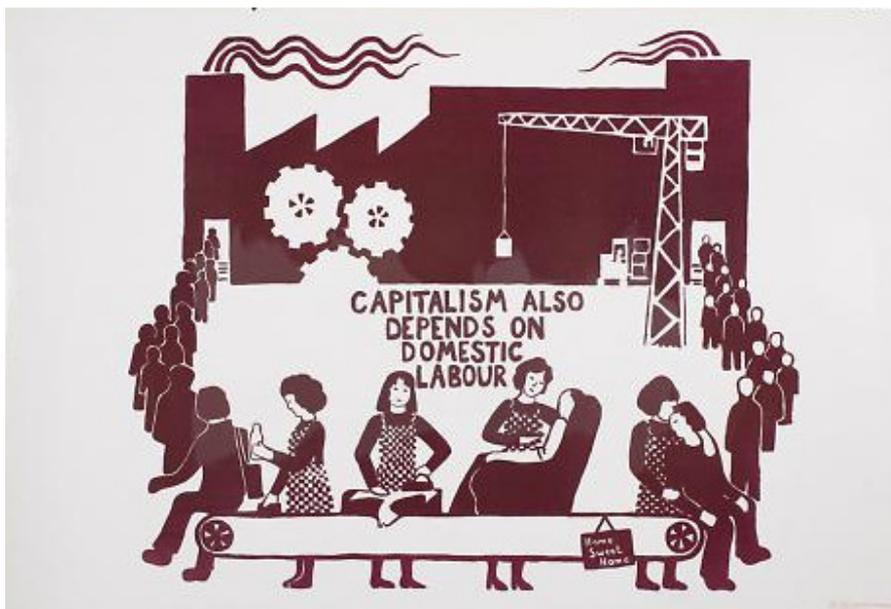


Figure 1 -
"Capitalism also depends on domestic labour"
(1970s-80s)
Image Source:
See Red Feminist silk-screen poster collective

How might this affect people's choices?

People are intrinsically motivated to work, particularly if the work (be it paid or voluntary) is meaningful. Making money serves as an extrinsic motivation. There is a concern that a basic income would encourage people to be idle. Others consider that people would work through choice rather than need.

A QUICK #BASICINCOME THOUGHT EXPERIMENT INVOLVING TWO IDENTICAL POPULATIONS:

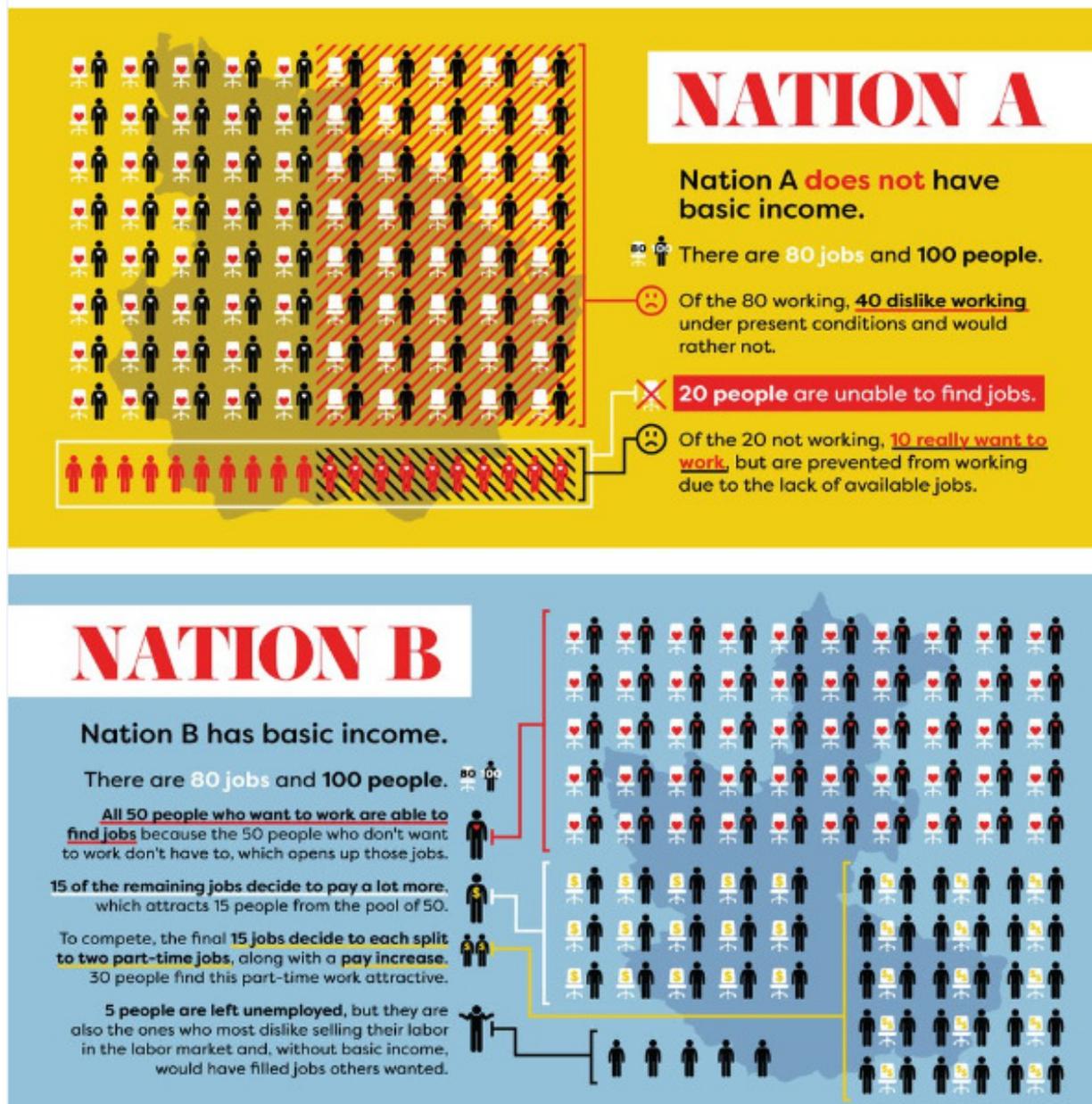


Figure 2 – Basic Income Thought Experiment (Image Source: Scott Santens and Julia Sevin, Futurism.com)

Views on Basic Income

As part of exploring the feasibility of implementing a basic income in Fife, an important starting point is to explore the level of public awareness and understanding of basic income.

Members of **Fife People's Panel** (a representative panel of 1% of the adult population in Fife) were invited to complete either a paper or online survey between 16 June and 14 July 2017. **892** people responded to **Fife People's Panel Survey 28**.

Familiarity with Basic Income

There appears to be a good level of public awareness of the concept of basic income in Fife, with more than half of respondents saying that they know something about it, or understand it fully.

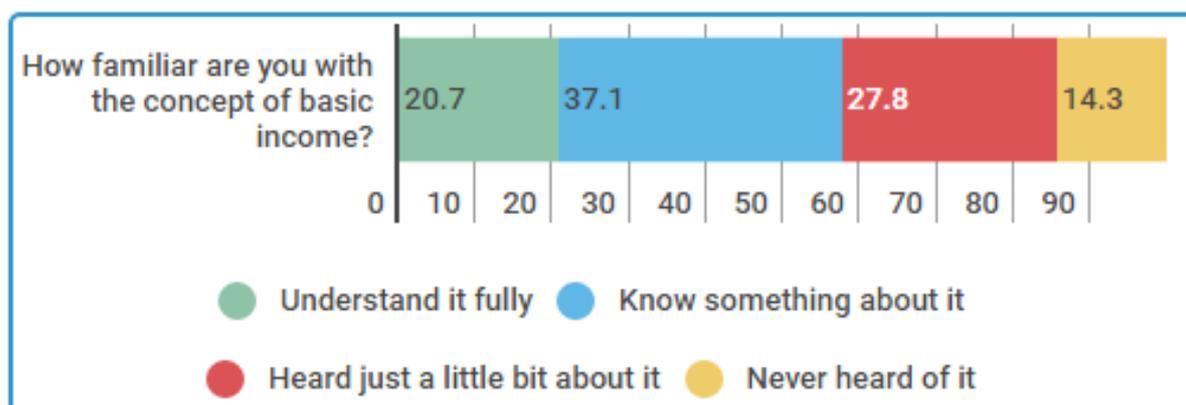


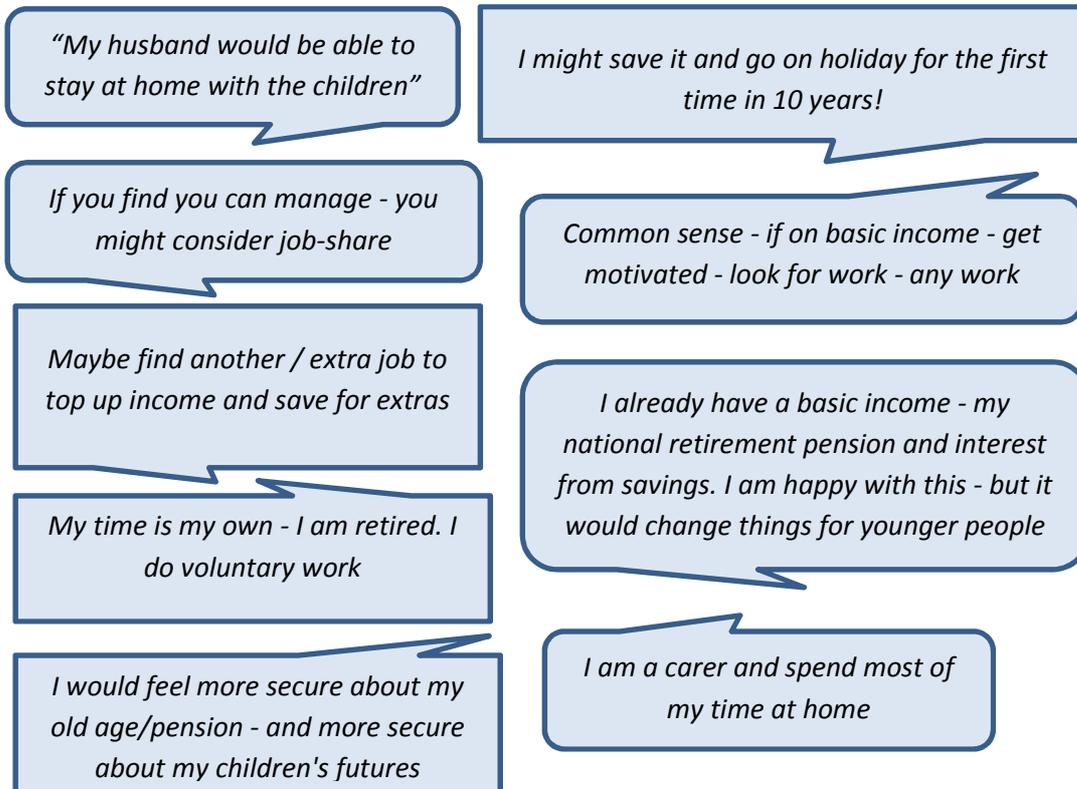
Figure 3 – Views on Job Attributes, Fife People's Panel Survey 28 (July 2017)

We used the following definition of a basic income as context to the questions that followed

A basic income is an income unconditionally paid by the government to every individual regardless of whether they work and irrespective of any other sources of income. It replaces many means-tested payments (but not housing or disability benefits) and is high enough to cover basic needs (food etc). Most models suggest around £73.10 per week for an adult of working age in line with current benefits

BASIC INCOME

Use of a basic income



Views on idea of basic income

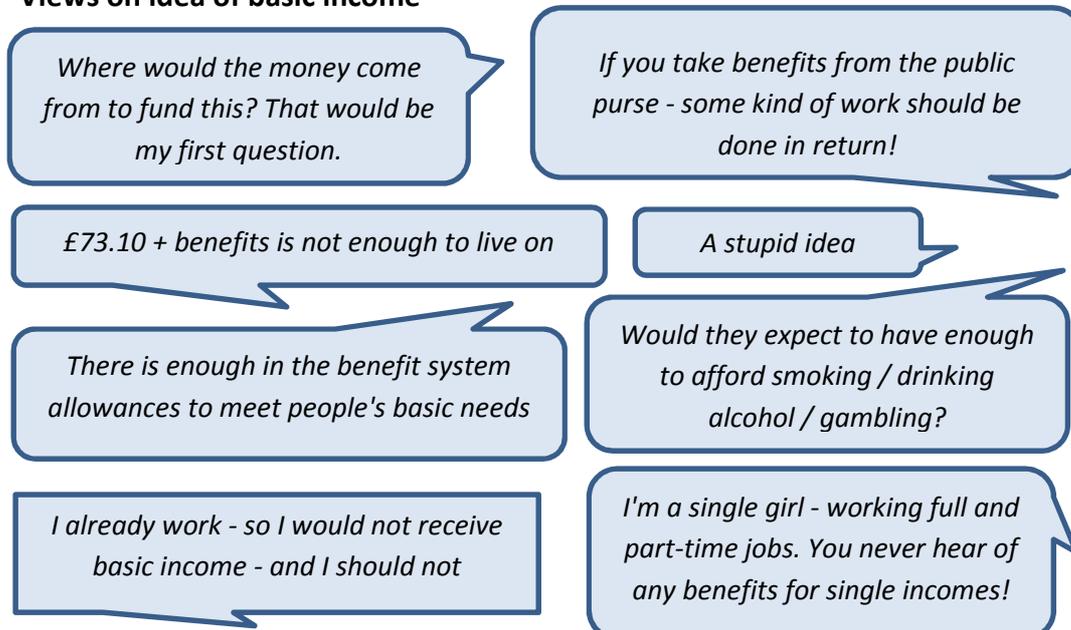


Figure 4 –People’s Panel member comments on how a basic income might affect use of time

Likely effect of a Basic Income on use of time

Just under half of respondents say that a basic income, at that level, would not affect how they would use their time. Some say that they would gain additional skills, or look for a different job. Older people would be more likely to do more volunteering work. Younger people would be more likely to choose to spend more time with family.

Some say they would work for themselves, or work less. A minority of people say that they would stop working. These tend to be people who are approaching retirement age.

A similar pattern in how people say they would use their time holds whether respondents are economically active or economically inactive.

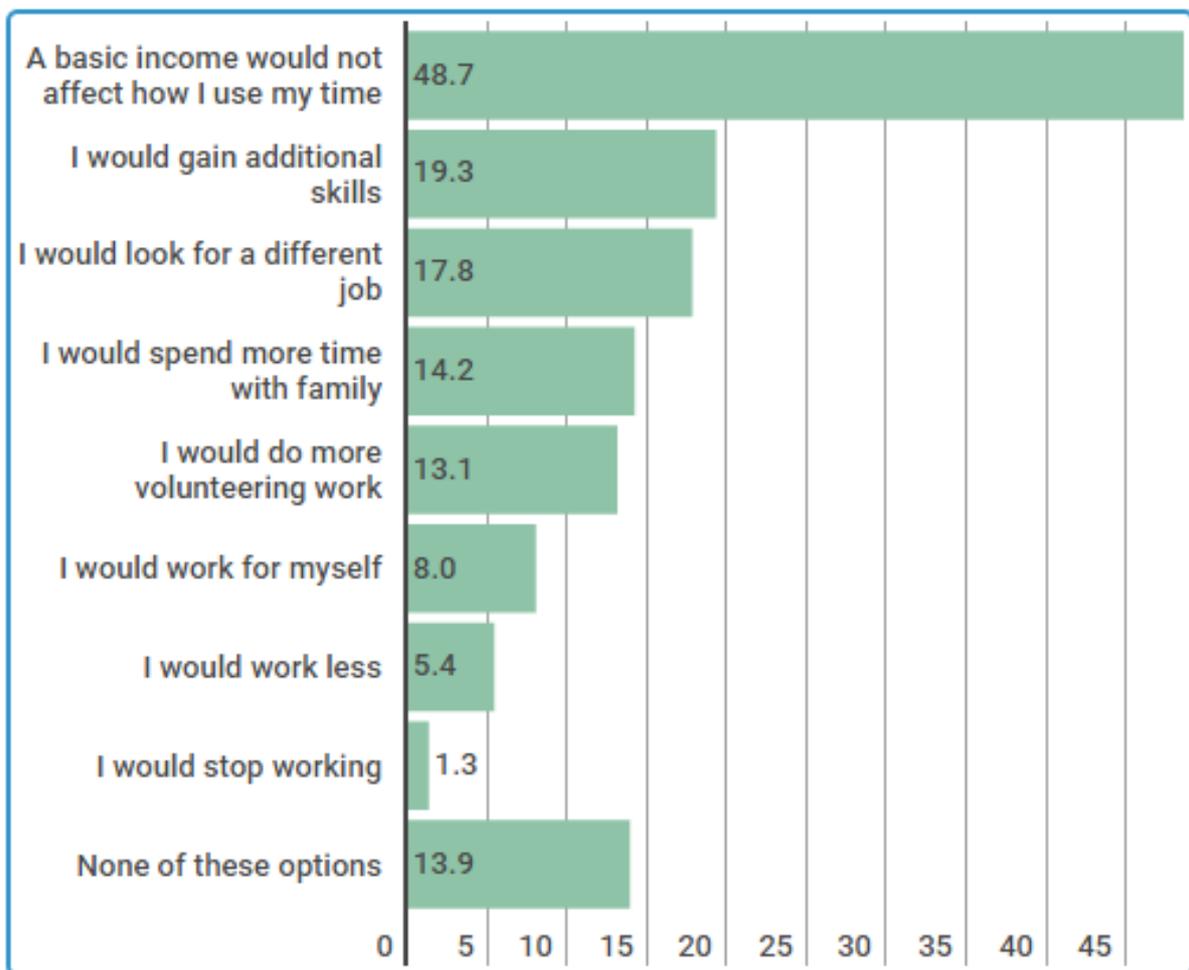


Figure 5 – Likely effect of a basic income on how people would use their time, Fife People’s Panel Survey 28 (July 2017) (multiple responses permitted)

Views on Jobs

People do not see a job as just a way of earning money. Many say they would enjoy having a paid job even if they did not need the money.

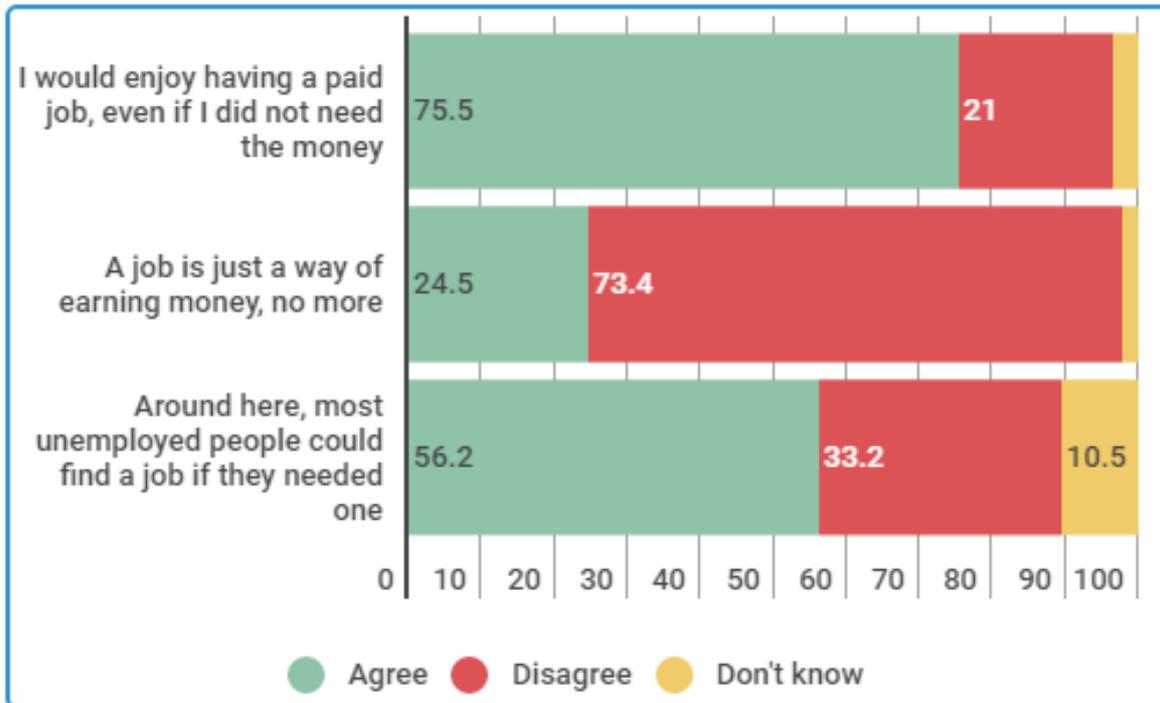


Figure 6 – Views on Jobs, Fife People’s Panel Survey 28 (July 2017)

Views on Job Attributes

We explored the relative importance that people place on particular job attributes. We found that people place the highest importance on job security, having an interesting job, with good opportunities for advancement, and a job that is useful to society. Only a minority of respondents said that having a high income was very important.

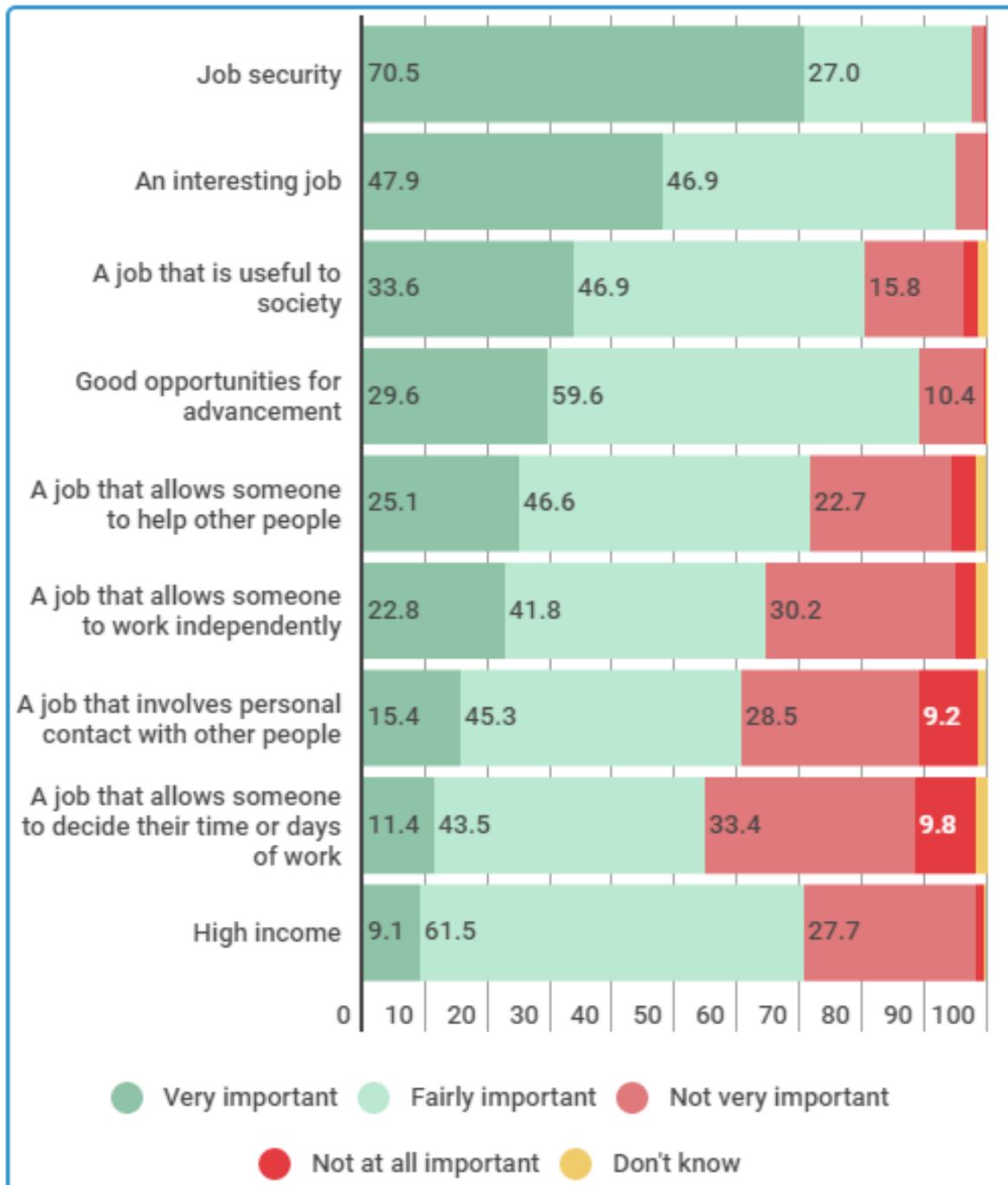


Figure 7 – Views on Job Attributes, Fife People’s Panel Survey 28 (July 2017)

Arguments FOR a basic income

The main argument that people find convincing in favour of a basic income is its perceived role in reducing anxiety about financing basic needs. This is followed by basic income encouraging independence and a sense of control, reducing bureaucracy and administrative costs, and creating more equality of opportunity. Increasing appreciation for household work and volunteering, fairer to women, and encouraging people to give back to their community appear to be less convincing arguments. Those who say None of these options, tend to be against basic income.

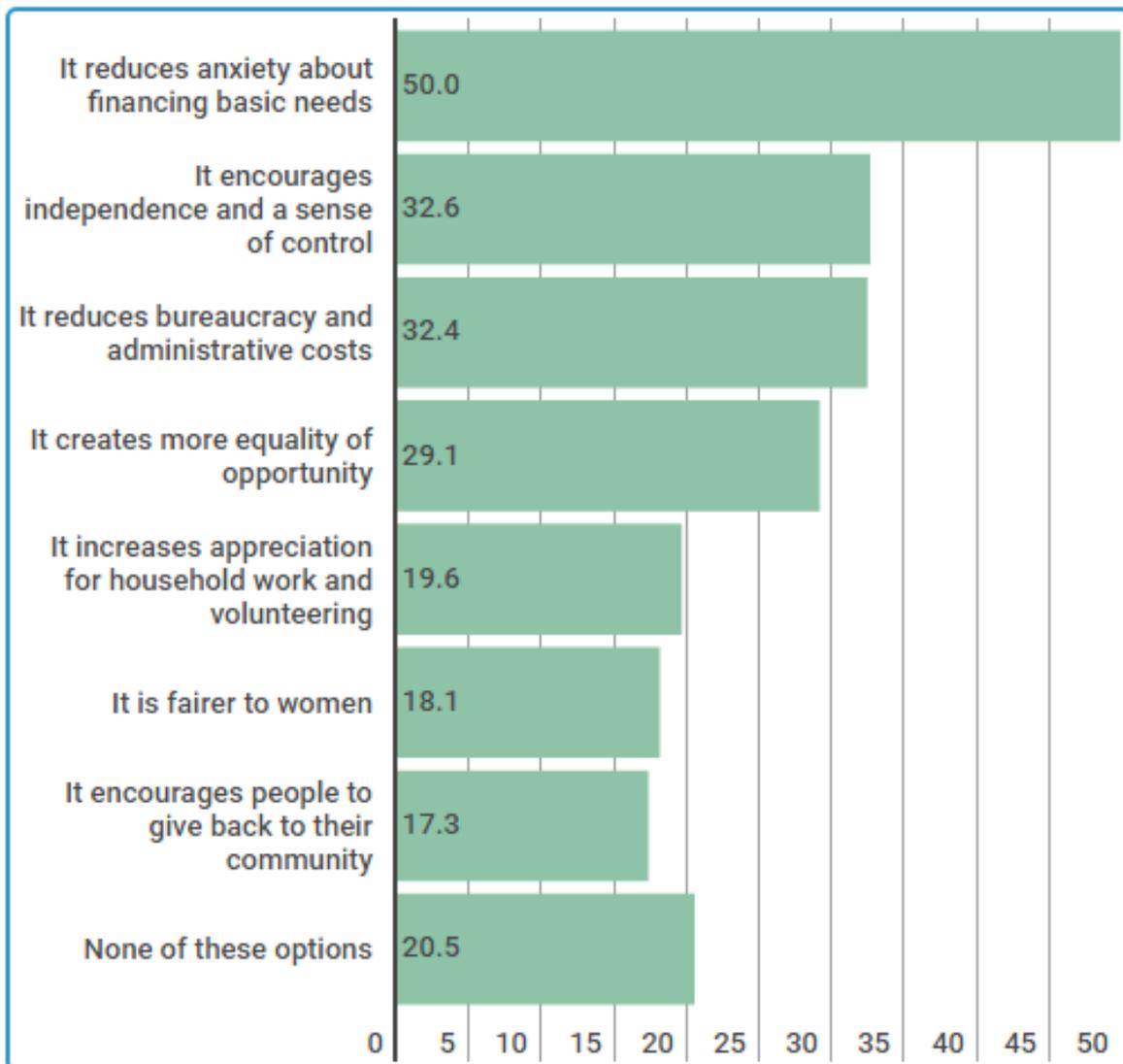


Figure 8 – Convincing arguments FOR a basic income, Fife People’s Panel Survey 28 (July 2017) (multiple responses permitted)

BASIC INCOME

Choice

Offers an opportunity to improve quality of life

It's fairer for men

It would help parents with childcare. It would help people stay home and care for relatives, it could help people on zero hours contracts etc

Any work you do earns you extra - so if you get a couple of casual days (e.g. gardening) it is ok. Currently - if you are on benefits you cannot do paid work.

It allows people to have a more balanced work/family lifestyle

People on low incomes or unemployed would be given a sense of security

Cost/benefit

I am confused about the benefits of this system - and the cost

Paying money to the wealthy is stupidity itself - you must have upper limits

The only argument I could see is if it would genuinely cost less than current system.

I've had no evidence of the cost benefits analysis for the introduction of this in either Fife or Scotland.

Individual Responsibility

People should take responsibility for their life

The basic income is not the question. The issue is how people spend their money - food, fuel, clothing, housing, drink, drugs, entertainment, and how they manage debt.

Should be no basic income - you should work for all benefits given

Future of Work

Automation and disinvention of work has been warned of for 40 years - now very close. What do we do with people when there are no real jobs?

Someone said to me, you pay people not to work.

In the future, with the impact of technology, there will not be enough economically viable work to go round.

Figure 9a – People's Panel member comments (n=44) on arguments FOR a basic income

BASIC INCOME

Sufficiency

I would love to see those in power who came up with £70 odd a week to live on trying to do so.

The £73.10 a week is really low but it ensures that people won't go hungry. It might also encourage people on JSA to undertake short-term jobs

It might allow people to be able to afford to live without food and fuel poverty

Any system which ends need for foodbanks

Need

People who didn't need it would simply take it as a nice extra - and not do anything (e.g. volunteering)

Should be means-tested

Reducing Stigma

It reduces the stigma of having to divulge every part of your life for the sake of minimal benefits.

It is universal - so would eradicate the demeaning process to access benefits. I have been shocked in the past how welfare staff treated me while applying and receiving benefits to which I was entitled

Would mean that some benefits can be abolished - such as unemployment benefit - removing stigma and having to meet conditions for getting a job

Inequality

There's a divide between the rich and the poor - and it's getting wider

Anything that reduces exclusion from society due to poverty should be encouraged

Awareness

I fully support Fife Council trialling this

I don't think I know enough about how it would work to have an opinion.

Figure 9b – People's Panel member comments (n=44) on arguments FOR a basic income

Arguments AGAINST a basic income

The main arguments that people find convincing against a basic income are that it would be difficult to finance, it increases dependence on the state, and only the people who need it most should get something. Another reason given against basic income is that it would mean everyone paying higher taxes. Younger people appear to be more concerned about this. That people should not be given something for nothing, but should be linked to their efforts, or that others might come to my community to take advantage appear to be less convincing reasons. Those who say None of these options, tend to be for basic income.

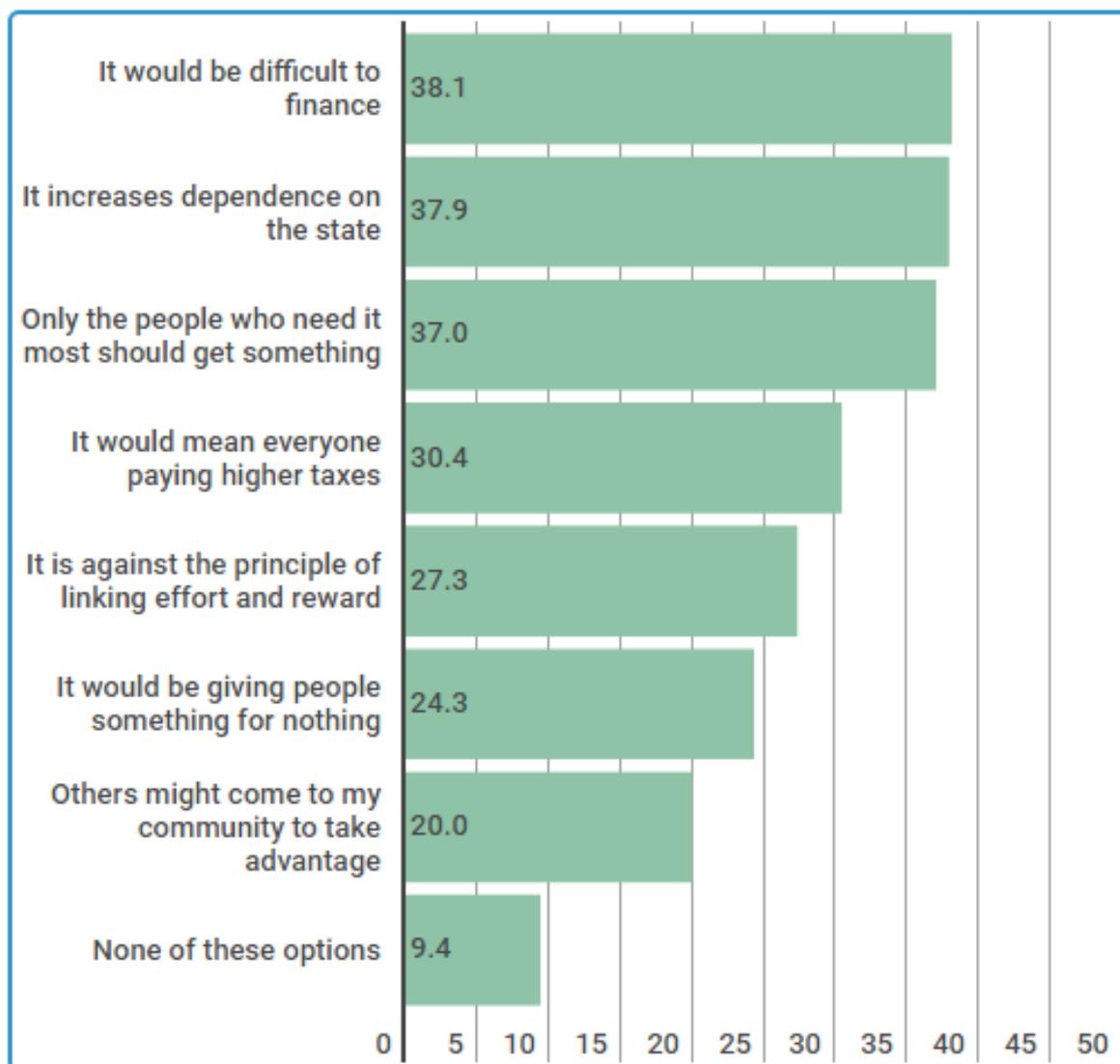


Figure 10 – Convincing arguments AGAINST a basic income, Fife People’s Panel Survey 28 (July 2017) (multiple responses permitted)

BASIC INCOME

Funding

Where is the money coming from?

The state has not got the finance for this

I don't have enough knowledge of what the needs are for people on a low income nowadays - but I think that benefits saved would pay for basic income hopefully

How it would work

Do not understand the philosophy - is there a proposal for the sum to be added to the state pension?

Why would we all receive a basic income if we work? Wages should be enough to live on

It could create further bureaucracy and administrative costs

To be honest - I don't really know much about basic income - would it replace unemployment benefit - working tax credits etc.?

Need

As I understand the principle, everyone in the community would get it regardless of need or not. People that are high earners don't need it ... regardless of what they think ... Benefits should be for people in NEED.

As it is a totally different concept - people would find it difficult to accept - especially when it would appear to be giving money to the already wealthy in our society

If you were comfortably off, you would be getting extra money for nothing when it could be spent on more deserving/needy causes.

The money for Basic Income would almost exclusively benefit people who do not currently receive social security at present - those who do will have it knocked off their benefits. We can spend the money better on other things - health, education, infrastructure

Sufficiency

It's not enough to live on

It's never going to let someone live!

I don't think there is an argument I would find convincing against everyone needing a basic income - but I don't like what I have read so far in this survey about what a basic income would mean in practice, especially at such a low level of £73.10

Figure 11a – People's Panel member comments (n=42) on arguments AGAINST a basic income

BASIC INCOME

Eligibility

A basic income is given to citizens of that country. Those who are seeking citizenship or who are living in a country illegally would be the most affected by this by creating a larger financial gap, and driving these people further 'underground' and away from the support they would need.

A strict definition of who is classified as a resident needs to exist to prevent benefit tourists moving in to claim

Human nature being what is it, there will always be fraudsters wanting something for nothing who will migrate to where life is least harsh or who will abuse the system. Therefore EFFECTIVE controls must be implemented, unlike current benefit regulations.

Attitudes and Behaviours

Not sure that society would support it.

More people would not bother to work

Everyone should work for benefits - either a job or help charities etc. - do jobs like bin men etc - gardening and cleaning the local area

Unfortunately some people are just workshy. This could be due to low confidence/self-esteem. I think help and support to get back to work would make a difference

It really depends on the kind of person as to the impact this would have. For some it would be a relief and encourage voluntary work. For others it would be a free handout which would be spent on damaging items such as alcohol or drugs

In some circumstances it would definitely, not might, encourage people to stop working. If people are physically and mentally able to work they should take part in projects that benefit the population as a whole and should not be paid to do nothing.

It is a government control tool

Unintended effects

What analysis has been made of unintended consequences? Worst case gaming of the system?

Once started difficult to stop and could lead to Politicians promising increases in order to get votes.

Figure 11b – People's Panel member comments (n=42) on arguments AGAINST a basic income

Views on introducing a Basic Income in Fife or Scotland

A mixed picture emerges when people are asked about how they would vote if there was to be a referendum on introducing basic income in Scotland.

When asked about whether they would be for or against a trial of introducing basic income in Fife, there appeared to be a greater willingness to try this, with people shifting from being unsure, to being for testing out basic income in Fife. The difference between the Scotland and the Fife picture appears to be being driven by those who are economically active being more likely to be in favour of a trial of introducing basic income in Fife.

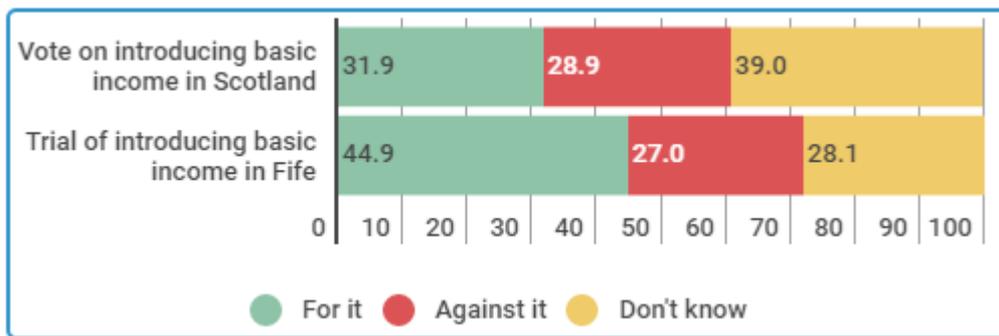


Figure 12 – Views on introducing a Basic Income in Fife or Scotland (Fife People’s Panel Survey 28 (July 2017))

What would a Pilot need to consider?

Guy Standing identifies a number of necessary elements for a true test of basic income, that preserves the key features of a basic income, and principles for designing a pilot (adapted from Standing (2012) *Basic Income Pilot Schemes: Seventeen Design and Evaluation Imperatives*)

Basic Income features

In cash	Provided in cash (or via a bank transfer) as a regular payment (i.e. monthly), <u>not</u> as a lump sum
Universal	Including all those resident within the 'pilot community'
No targeting	Should not only be given to 'the poor' however that is defined
No selectivity	Identifying a group as more 'deserving' than another undermines solidarity
Unconditional	With no conditions, as a right
Individual	Paid to each person, not the household
Regular	Paid monthly over a reasonable time period
Meaningful	Amount should be enough to be meaningful, not a tokenistic amount
Independent	No other change should be introduced at the same time to enable a fair assessment of its effects.

Pilot Design Principles

Clear and sustainable	Be clear about why a particular design is adopted. Have a clear work plan that is properly budgeted and staffed.
Kept constant	Once started, the pilot should not be altered or expanded as it will affect the efficiency of scheme and introduce new factors
Adequately large	It cannot be too large (no control) nor too small. A minimum sample of size of 1000 people is suggested
Long enough duration	A pilot needs to explore effects over time as people learn and adapt. It therefore needs to be more than one year, but ideally at least two years.

DEVELOPING A PILOT

Replicable and up-scalable	It should be possible to conduct a similar pilot elsewhere and feasible to scale up to a larger community or national level.
Use Random Control groups	Match those in the pilot with similar individuals and households and track them over the period of the pilot.
Need for Baseline Surveys	This should be sufficiently detailed to cover all aspects of the pilot that are expected to be assessed at the start. A modest community survey and public information campaign is also required.
Regular Evaluation Surveys	Regular evaluation surveys should be carried out, at least every six months, and a final survey exploring direct and retrospective change over the period.
Use Key Informants	Extra information should be collected from other key informants operating in the local areas, such as schools and health centres, about the effects that are observed.
Size	If the size of the pilot covers several communities then the areas chosen should be structurally similar, <u>and</u> account should be taken of exogenous factors that may make one community quite unlike another during the course of the pilot.
Multi-level effects	Analysis should address effects at a number of levels, including individual, household/ family, and community level, such as economic multiplier effects
Attitudes and behaviours	Evaluation of the pilot must explore both attitudinal <u>and</u> behavioural effects.
Hypotheses	Hypotheses should be explicit before a pilot is launched. This includes exploring multi-level, and direct and indirect effects.
Realistic costing and budgeting	Costing and budgeting must be realistic. Professional budgeting requires decent funding
Constant sample	The sample once defined should be kept constant. There should be no additions or substitutions.
Monitor cash transfer mechanisms	There is a need to monitor the mechanisms for making the regular payments to ensure that it does not confound the pilot.
Build in 'Agency' or 'Voice' effects	For a basic income to work optimally, those receiving it need to have individual agency and some form of collective Voice to defend their interests.

What pilot work is taking place in other areas?

A number of pilots are planned or in train across parts of Europe and North America. Many of these are not true pilots of basic income, often requiring some kind of selectivity, and which do not test saturation or community level effects.

Netherlands	<p>The Utrecht pilot – while not a true basic income pilot - relaxes the obligations of social security claimants in order to access payments. Intended to run for two years, it proposes to track at least four different groups:</p> <ol style="list-style-type: none"> 1. Control group, receive social security payments as currently 2. will receive the same amount but no obligation to apply for a job 3. As 2. plus additional support to reintegrate into the job market 4. test financial incentives (+125€ to undertake job-related activity) <p>After some delay, the Dutch Ministry of Social Affairs has finally given the go ahead to Utrecht and other Dutch municipalities of Groningen, Tilburg, Wageningen, and Nijmegen for their pilot proposals which will get underway from October or December 2017.</p>
Finland	<p>Kela – the Social Insurance Institution of Finland - are exploring how the social security system could be redesigned, reshaped in a way that enables people to participate more actively and be incentivised to work, and administration of benefits simplified. The Finnish pilot went live on 1 January 2017 and will run until to 31 December 2018. A test group of 2,000 people (aged 25 to 58 in receipt of in-work or unemployment benefits) have been selected at random to receive an unconditional basic income of 560€ per month (non-taxable). For some this will mean a top up to the level of benefits that they previously received to ensure that they are no worse off from participating in the pilot.</p>
Spain	<p>Barcelona plans for 1,000 randomly selected households to receive cash subsidies to bring earnings over the poverty line.</p>
Canada	<p>In summer 2017, Ontario, Canada, is expected to launch its pilot of Negative Income Tax to help citizens reach a minimum income floor. Income is withdrawn as earned income rises. This would replace existing social security payments for those aged 18 to 65 living in poverty. Through the pilot, 4,000 low-income participants in the Canadian province are expected receive monthly payments to assess whether the program can provide stability and positive changes. A rate of 75% of the Low Income Minimum is proposed (broadly equivalent to UK poverty line)</p>
USA	<p>100 families in Oakland have been receiving \$1500 a month from January 2017 through Y Combinator which provides seed funding for tech start-ups. This is the first step in a longer study on the effects of basic income on individuals and how they use their time.</p>
Switzerland	<p>In June 2016, a referendum on whether Switzerland should guarantee citizens a minimum income level was rejected (76.9%)</p>

Developing a Pilot of Basic Income

A pilot is usually a small-scale, preliminary study which aims to investigate whether crucial components of a main study will be feasible.

There are three aspects that will be important in determining the feasibility of undertaking a pilot.

Political	There needs to be broad political support for proceeding with and implementing a pilot of basic income.
Institutional	There needs to be institutional support for a pilot from a range of organisations. This includes how a pilot will be funded and administered.
Psychological	The idea of a basic income needs to be readily understood, and to be seen as beneficial by the community.

A pilot would allow testing of some aspects of the process of implementation, accepting that there will be some constraints. A pilot should allow examination of institutional or policy changes that would strengthen positive effects and weaken negative ones.

A pilot will help to explore how and why an intervention does or does not work rather than whether or not it works. It will require setting aside adequate provision for contingencies, including the cost and time involved in setting up payment mechanism.

Based on discussions to date, the following assumptions are starting to emerge about the kind of pilot of basic income which could be explored in Fife.

Location	A saturation pilot - geographically based - involving all residents in a local community
Scale	Between 2,000 and 5,000 people
Length	A pilot will be for at least two years
Lead in	A pilot will require a two year lead in period

Practicalities

There are a number of very practical issues which will need to be considered and addressed as part of the process of developing a pilot

Hypotheses	What hypotheses will be tested through a pilot?
Experimental conditions	Will there be one or more experimental conditions explored through the pilot? These should relate to the hypotheses that the pilot is seeking to test.
Selecting pilot area(s)	What criteria will be used to select the area(s) for the pilot?
Identifying appropriate control(s)	What method will be used for identifying appropriate comparison area(s) as a control?
Eligibility	How will eligibility to take part in the pilot be determined? How long does someone need to have been a resident of a local community? How will this be verified? What about students? or the homeless? Can people opt-out?
Information systems	What systems would be used to establish eligibility? Council tax system can identify occupied households. Electoral Roll can identify eligible adults. Community Health Index can identify all those registered with a GP in a local area, including children.
Population changes	What if someone wishes to move in to the area? Will they become eligible to participate? What if someone wishes to move out of the area? Does the basic income go with them? What about new babies born during the pilot period?

Ethical Issues

There are also ethical issues raised in planning research of this type and scale

Ensuring the sound application and conduct of research methods	Identifying the criteria for selecting the study area	Participation based on valid informed consent and adequate briefing
Enabling participation, including informed consent of children and vulnerable adults	Avoidance of personal and social harm for participants	What participation in the pilot may mean for the safety of participants
Protecting against non-disclosure of identity and personal information	Exploring whether the study will require access to individual records (health, education, etc)?	Having an Exit strategy, which includes debriefing participants and ensuring adequate follow up support

Level of basic income

A substantive question is in relation to the level of basic income that would be set, as to what provides a sufficient minimum level. A principle is that people should be no worse off than if they were in receipt of means-tested benefits. A pilot could explore the impact of different levels of basic income, for example:

Individual weekly¹	Pensioner (65+)	Working age adult (25 to 64)	Young adult (16 to 24)	Child (0 to 15)
A basic income that at least matches current levels of means-tested benefits	£159.35	£73.10	£57.90	£66.87
A basic income that meets the official EU Poverty benchmark of 60% of median household income	£157.00	£125.60	£125.60	£62.80
A basic income that meets the Minimum Income Standard for the UK (After Housing Costs)	£165.00	£150.00	£150.00	£90.00

Giving annual basic income of

Individual annual	Pensioner (65+)	Working age adult (25 to 64)	Young adult (16 to 24)	Child (0 to 15)
A basic income that at least matches current levels of means-tested benefits	£8,286.20	£3,801.20	£3,010.80	£3,477.24
A basic income that meets the official EU Poverty benchmark of 60% of median household income	£8,164.00	£6,531.20	£6,531.20	£3,265.60
A basic income that meets the Minimum Income Standard for the UK (After Housing Costs)	£8,580.00	£7,800.00	£7,800.00	£4,680.00

¹ More detailed breakdowns by household composition are available in Appendix 1 Four Illustrative Basic Income Schemes to Match a Floor and Two Poverty Benchmarks for SCOTLAND, 2017-18.

Potential Gross Resource Requirements

As an illustration of the potential gross costs involved in running a pilot, requirements per 1000 people - within a pilot area of Fife - range between £9.9m to £16.3m, depending on the model. However, the likely net cost would be significantly lower because of the impact of basic income and the interaction with existing income and benefits.

Gross Cost per 1000 people	Total 52 weeks	Total 104 weeks	10% operational and evaluation costs	Total 2 Years
A basic income that at least matches current levels of means-tested benefits	£4,539,061	£9,078,122	£907,812	£9,985,934
A basic income that meets the official EU Poverty benchmark of 60% of median household income	£6,284,647	£12,569,294	£1,256,929	£13,826,224
A basic income that meets the Minimum Income Standard for the UK (After Housing Costs)	£7,410,780	£14,821,560	£1,482,156	£16,303,706

It is possible that some of these scenarios could be explored without having to undertake a physical pilot of basic income in a local community. One option would be to simulate a trial of basic income through an economic model. The development of an agent based model would allow us to run this many times, using different input variables, and simulate the likely impact of basic income in a particular geographic community or for particular segments of the population, such as lone parents, or young people. The attraction of such an option is that it would be possible to explore a number of variants of basic income schemes at different levels and test out the likely outcomes. This would also get around some of the ethical issues that would need to be addressed through a pilot in a particular community. This option would still require appropriate planning and adequate development time.

Developing Shared Outcomes

We first need to more clearly articulate what we expect a basic income to deliver, as this will help to shape the design of a pilot. Glasgow and North Ayrshire Councils are also exploring the feasibility of a local basic income pilot in their areas. There is interest from Fife, Glasgow and North Ayrshire to work together to develop a clear and shared theory of change about what we expect pilots of basic income to deliver in Scotland. A clear theory of change is an important element of an evaluability assessment.

The timescales of a pilot may not permit the testing out of all aspects of such a theory. For example, it may not be possible to test out the impact of a basic income on inequality or on economic insecurity. We need to be pragmatic about what can be explored or assessed within a short-term pilot, including how to demonstrate that the effect of a Basic Income is more than just a cash transfer, and that modest amounts can have a positive effect.

Effect level	Example outcome
Individual	<p>A basic income reduces anxieties about financing basic needs</p> <p>A basic income leads to improved wellbeing for individuals.</p>
Household	<p>A basic income scheme reduces household poverty</p> <p>A basic income is a cost effective way of raising living standards.</p>
Community	<p>A basic income is more than just a cash transfer, and delivers additional benefits at a community level</p> <p>A basic income scheme leads to the development of local businesses and more employment in the community.</p>
Policy / Institutional	<p>What policy (basic income, the current system, or any other alternatives to be tested) produces the greatest increase in welfare for the poor (or the greatest decrease in poverty) per £ of cost (both in terms of tax cost and efficiency loss)?</p>

Awareness and Advocacy

There has been intense interest locally, nationally and internationally in plans to develop trials of basic income in Scotland.

Communication has been integral to work in other areas. Finland have been proactive in developing a regular front facing blog which is keeping a wide range of stakeholders informed about different aspects of the pilot, including background documentation. Ontario (while not a pilot of basic income) provides an example of how the importance of communicating with citizens about the pilot and what participation in it will mean for them.

Citizen's Basic Income Network Scotland are continuing to raise public awareness, and get people talking about basic income. They are offering to provide grass-roots support to local communities in pilot areas.

Conclusion

This paper provides an introduction to the concept of a basic income, and what it might be expected to achieve. It explores public awareness and attitudes to basic income, including arguments both for and against a basic income. It also identifies a range of factors that would need to be considered in planning and implementing a pilot of basic income, to help inform discussions about the political, institutional and psychological feasibility of undertaking a local pilot of basic income in a community in Fife.

A pilot of basic income would be no small undertaking. Designing a local pilot of basic income, within a wider framework for Scotland, will require a substantial amount of preparatory work. It will require a clear business case, sufficient lead-in time, coordination across agencies, and rigorous project planning. Key to a pilot will be identifying how this will be resourced, both in relation to where the funding will come from, and the staff resources (for example, community development, policy, research, financial and administrative) to both develop, support and effectively implement a local pilot of basic income.

DEVELOPING A PILOT

Appendix 1 - Four Illustrative Basic Income Schemes to Match a Floor and Two Poverty Benchmarks for SCOTLAND, 2017-18 (Miller 2017)

Scotland's mean income per head of population in 2015 (latest available figure) was £392.40 pw.	Means Tested Benefits	A FLOOR: MTB levels 2017-18	Basic BI scheme A(i)	Intermediate BI scheme A(ii)	BI scheme B(ii)	Official EU Pov BENCHMARK AHC 2014-15	BI scheme C(ii)	MIS pov Benchmk AHC 2016
Amounts for: pensioner (aged 65 +) £ pw.		159.35	159.35	160.00	157.00	140.59/101.81	165.00	165.15
working age (25-64)		73.10	73.10	100.00	125.60	140.59/101.81	150.00	177.99
young adult (16-24)		57.90	57.90	100.00	125.60	140.59/101.81	150.00	177.99
premium for parent with care child (aged 0-15)		0.00	17.42	0.00	31.40	0.00	30.00	0.00
		84.29/66.87	66.87	65.00	62.80	101.81/48.48	90.00	92.00
BI levels as proportions of UK's mean income per head in 2015: pensioner			0.4061	0.4077	0.4001		0.4205	
working age			0.1863	0.2548	0.3201		0.3823	
young adult			0.1476	0.2548	0.3201		0.3823	
premium for parent with care child			0.0444	0.0000	0.0800		0.0765	
			0.1704	0.1656	0.1600		0.2294	
HOUSEHOLD CONFIGURATIONS: £ pw.			BIs	BIs	BIs		BIs	
Pensioner, single	Pension	159.35	159.35	160.00	157.00	140.59	165.00	165.15
Pensioner, couple	Credit	243.25	318.70	320.00	314.00	242.40	330.00	240.45
Working age, single	JSA/	73.10	73.10	100.00	125.60	140.59	150.00	177.99
Working age, couple	ESA	114.85	146.20	200.00	251.20	242.40	300.00	304.25
Young adult		57.90	57.90	100.00	125.60	140.59/101.81	150.00	177.99
Lone Parent + toddler	JSA/	157.39	157.39	165.00	219.80	189.07	270.00	270.48
Lone Parent + pre-school + primary-school child	ESA	224.26	224.26	230.00	282.60	237.55	360.00	344.62
Lone Parent + pre-school + primary-school + sec	CB, CTC	291.13	291.13	295.00	345.40	339.36	450.00	452.98
Couple + toddler	JSA/	199.14	230.49	265.00	345.40	290.88	420.00	348.66
Couple + pre-school + primary-school child	ESA	266.01	297.36	330.00	408.20	339.36	510.00	422.41
Couple + pre-school + primary-school child +sec	CB,	332.88	364.23	395.00	471.00	441.17	600.00	540.63
Couple + four children	CTC	399.75	431.10	460.00	533.80	489.65	690.00	589.08
Flat tax rate required in restructured inc tax system: plus MARGIN of 0.0590 gives the flat tax rate required for TOTAL COST OF SOCIAL SECURITY			0.2265	0.2694	0.3167		0.3716	
TOTAL TAX RATE with earnings/income disregard			0.2855	0.3284	0.3757		0.4306	
			---	---	0.4183		0.4713	

KEY: MTBs = means-tested benefits, AHC = After Housing Costs have been deducted, MIS = Minimum Income Standards, inc = income.
 Sec = secondary school child, JSA = Jobseeker's Allowance, ESA = Employment and Support Allowance, CB = Child Benefit, CTC = Child Tax Credit

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Further Information

Research Team Reports

Fife Council Research Team was formed by the centralization of staff who worked across Fife Council and Police Scotland in April 2016 to create a focus for research work in Fife Council. Our research remit spans all areas of public sector involvement and we would normally work in partnership with subject experts. We are not data providers but instead provide analytical and other expertise to help generate genuine insight and identify ways to make a difference. As part of our remit to generate greater insight, we produce occasional research reports on key subjects. This report is one of those. They can combine research specifically undertaken to produce the report, available statistics, modelling and other types of analysis. They are designed to give practitioners and others access to high quality insight on key subjects. Usually these will involve cross cutting themes of general interest.

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Important Notes on this Report

1. This report is intended as a background paper to support local discussions in Fife around basic income.
2. It has been informed through collaborative discussions over the last year with
 - International experts through BIEN (Basic Income Earth Network)
 - Citizen's Basic Income Network Scotland
 - Glasgow and North Ayrshire Councils
 - The Scottish Government
 - Department of Work and Pensions
 - Carnegie UK Trust
 - The Royal Society for the Encouragement of Arts, Manufactures and Commerce, known as the Royal Society for the Arts (RSA)
 - Scottish Futures Forum
3. Public views on basic income are drawn from a survey of Fife People's Panel members: Survey 28, 16 June to 14 July 2017.
4. This report highlights a number of issues that would need to be considered if a pilot of universal basic income is to be undertaken in Fife and/or Scotland.
5. It is intended as a pathfinder report for how Fife might go forward if it is to implement a pilot of universal basic income in a community in Fife.