

Executive Report

Ward(s) affected: All

Report of Director of Resources

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Universal Basic Income (UBI)

Executive Summary

At the Council meeting on 13 April 2021, following consideration of a motion submitted by Councillor Steven Lee, the Council agreed to ask the Executive to consider the following action:

- (1) To engage with our local UBI lab in order to seek government funding for a pilot UBI trial in Guildford.
- (2) To call upon the government to fund UBI trials across the UK and to support trials of UBI in Guildford now and that the findings of these trials be published and used to assess the best way to implement financial security for every family.
- (3) To write a letter signed by the Leader of the Council and all leaders of the Groups on the Council choosing to support this motion and address it to: the Prime Minister; the Secretary of State for Work and Pensions; the Chancellor of the Exchequer; the leaders of all opposition parties in Parliament; all Surrey MPs and the media.
- (4) To send the aforementioned letter, accompanied by this motion to addressees and ask in it for a trial of Universal Basic Income in Guildford to be urgently established and funded by Government.

This report provides further information on what Universal Basic Income (UBI) is, the consideration of UBI at government level to date and what the purpose of UBI labs are.

The report finds that national UK government has considered the proposal of UBI in a parliamentary debate following a petition and has decided not to progress any pilot schemes at present. In responding to the debate, the parliamentary under-secretary of state for work and pensions responded that replacing universal credit with UBI would be of little benefit. Various reports and research has been conducted in the UK on UBI so far but the conclusions have not evidenced substantial benefits of implementing UBI above and beyond that which could be achieved through increasing allowances within the existing benefit system. The

purpose of engaging with and undertaking a UBI pilot would be to try to gather evidence to assess the costs and benefits of implementing UBI.

If UBI were to deliver the benefits which supporters of the scheme are aiming for then the Council will be contributing towards helping to achieve a number of its corporate priorities related to community. However, these priorities could also be achieved by asking government to consider other reforms (such as increasing allowances and improving access) to the existing benefit system.

Recommendation to Executive:

The Executive is asked to consider the information contained in the report and decide if it wishes to:

- (a) carry out the actions detailed in the motion, in particular to send the letter proposed in Appendix 2 (with or without amendment) to various parties and engage with the local UBI lab or,
- (b) to send a revised letter asking government to consider reforms to the existing benefit system such as increasing allowances and improving access to the system to reduce poverty, in particular child poverty
- (c) do nothing

Reason for Recommendation:

To respond to the motion adopted by the Council on 13 April 2021.

Is the report (or part of it) exempt from publication? No

1. Purpose of Report

- 1.1 To enable the Executive to consider whether to undertake the actions put forward in a motion adopted by the Council on 13 April 2021.

2. Strategic Priorities

- 2.1 A key corporate priority within the Council's Corporate Plan 2021-2025 is to tackle inequality in our communities, to work with communities to support those most in need and to support the unemployed back into the workplace.

3. Background

- 3.1 At the Council meeting on 13 April, following consideration of a motion submitted by Councillor Steven Lee, the Council agreed to ask the Executive to consider the following action:
 - (1) To engage with our local UBI lab in order to seek government funding for a pilot UBI trial in Guildford.
 - (2) To call upon the government to fund UBI trials across the UK and to support trials of UBI in Guildford now and that the findings of these trials be

published and used to assess the best way to implement financial security for every family.

- (3) To write a letter signed by the Leader of the Council and all leaders of the Groups on the Council choosing to support this motion and address it to: the Prime Minister; the Secretary of State for Work and Pensions; the Chancellor of the Exchequer; the leaders of all opposition parties in Parliament; all Surrey MPs and the media.
- (4) To send the aforementioned letter, accompanied by this motion to addressees and ask in it for a trial of Universal Basic Income in Guildford to be urgently established and funded by Government.

- 3.2 This report sets out background information to aid the consideration of the actions requested so that the Executive can make a decision as to how it wishes to proceed.

What is Universal Basic Income (UBI)?

- 3.3 Universal Basic Income (UBI, Citizens' Basic Income – CBI, or simply Basic Income) is an idea where a regular cash payment is made to every individual adult, without any reference to their other income or wealth and without any conditions. The core aim of the proposal is to reduce or eliminate poverty. Payment amounts can vary according to broad demographic characteristics, such as a different payment for working-age adults, children, and pensioners. The Welsh Government has committed to trialling it, the Scottish Government has invested in the feasibility of pilots, several English cities are keen to test it out and have written letters in support of holding pilots in their areas and a number of political parties included UBI trials in their election manifestos.
- 3.4 Most modern UBI proposals include two features, (in contrast to some earlier proposals which intended to replace all benefits with UBI or introduce UBI without accompanying tax changes). The main feature is that each adult individual would receive a flat basic income payment from the government; however, this flat basic payment would then be enhanced by a system of benefits linked to costs. Most researchers propose that a system of flat payments alone could not offer adequate support with varying costs of housing, childcare, or disability. This means that there would continue to be a degree of complexity and means-testing of benefits if UBI was introduced (sometimes known as UBI+). The second feature is that UBI would replace parts of the tax system as well as the social security system. Most likely, the tax-free personal allowance would be removed, so people would pay tax on the entirety of their earned income. Depending on the design, many on lower-to middle-incomes would more than recoup this through the universal basic income payment.

Advantages and Disadvantages of UBI

- 3.5 UBI is proposed by supporters as a system which provides a level of economic security to everyone and destigmatises the social security system by ensuring that people are not locked out of the support they need or do not have to go

through a means-tested application process. It is seen as a method to address issues that are perceived with the existing social security system such as:

- non-take up of existing benefits and support due to the 'stigma' of being on benefit, lack of awareness of entitlement to benefit, mistakes in applications and processing leading to underpayments and general perceived unpleasantness of the system (such as stress and uncertainty caused by means testing)
- perceived inadequacies in existing systems for maternity, paternity, training support and sick pay; e.g., to address differences in access to more generous occupational schemes and those who only have access to statutory schemes
- people dropping out of the system (e.g., due to health / mental health reasons, conditions, or treatment)
- sanctions within the existing system
- delays, errors, and processing issues which can lead to delay in payments
- job insecurity and low pay

In addition, some supporters argue that the additional benefits of UBI is that it will reduce the level of state involvement in people's lives, reduce bureaucracy, offer mental and physical health benefits by improving the stability and security of people's income and be a fairer redistribution of wealth. It is seen as a method to significantly cut poverty, particularly child poverty.

3.6 People who do not support UBI point to the following criticisms of the proposals and point out the existing arrangements in place for social security benefits in the UK as follows:

- There is already in place legislation around the minimum wage which is intended to try to ensure that all employed people have sufficient income to live on.
- There is existing legislation around statutory sick, paternity and maternity pay to ensure people who are not working for those reasons continue to receive a basic level of income
- There is an existing system of 'universal credit' which is designed to support those people not in employment and top up income levels for those that are employed where additional help and support is needed (e.g., for housing costs, children or those with disabilities and long-term health conditions)
- UBI does not target those most in need – e.g. 'rich' people as well as 'poor' people would receive the basic income level regardless of their other income or wealth
- UBI is perceived as 'expensive' and would require higher taxes in comparison to the existing benefit system
- UBI is perceived as something which would not incentivise people to work where they can
- UBI undermines the duties of employers to pay wages that reflect living costs

3.7 A core issue with any UBI proposal is the level at which the UBI is set. Any system design will need to consider whether the level of basic income is set at or

just above current benefit levels or higher (e.g., at the 'living wage' or at the 'minimum income standard' or higher). It is the level of the UBI that will determine whether the benefits of having a UBI meet the core aim of reducing poverty and will determine whether the cost of the UBI scheme is higher or lower than the existing benefits system and therefore would require an increase in taxation or not. For information, a simple core basic comparison is set out in the table below (figures have been converted from monthly amounts):

	Standard weekly allowance / wage for adults aged 25 or over
Universal Credit	£74.75 for an individual £117.35 for a couple
National Living Wage	£311.85 (before tax based on a 35 hour working week and a rate of £8.91 p/hr)
'Real' Living Wage (from the Living wage foundation)	£346.50 (before tax based on a 35 hour working week and a rate of £9.90)
Some UBI proposals	£89 to £100 per person

- 3.8 In addition to the universal credit standard allowances, if an individual or couple have between 1 and 3 children then an additional amount of £54.56 per child per week is payable (however, there is no additional allowance for more than 3 children) and further allowances are payable to adults and children with disabilities. Further help is also available for people on universal credit to help with rent and some service charge costs up to a maximum amount.
- 3.9 It is worth noting that the existing welfare benefit system is complex to enable the system to deal with a significant variety in household and individual circumstances. In order for UBI to work without additional means tested supplements it may be that the UBI will need to be set at a level significantly in excess of the real living wage.

Current UK government policy position and political debates on UBI

- 3.10 The current UK government does not have currently have any proposals to conduct trials of UBI in the UK despite requests to do so. Over recent years there have been a number of policy reports and debates in Parliament about UBI.
- 3.11 Following a petition to the UK Parliament, a debate was held on Tuesday 13 October 2020 which considered the advantages and disadvantages of introducing UBI in the UK. However, the motion to consider trials of UBI in the UK lapsed when the Parliamentary Under-Secretary of State for Work and Pensions responded to the motion that replacing universal credit with UBI would be of little benefit. The petition was previously considered by the Parliament Petitions Committee on 17 September 2020. In order to facilitate the debate on the petition, the House of Commons issued a debate paper which is available from the House of Commons Library and has been attached as **Appendix 1**, the

paper includes reference to the current position of each of the main political parties in the UK on UBI. There are other briefing papers available for example from the Joseph Rowntree Foundation and the Institute for Policy Research as well as many academic research papers from universities in the UK. Some of these papers are referenced with links, in the background papers section of this report and in Appendix 1.

- 3.12 The House of Commons Work and Pensions Committee also published a report in 2017 on Citizens' Income in response to interest in UBI as a solution to issues with the welfare state labour market. The Committee held an evidence session at which arguments for and against the proposals were put forward; however, the Committee concluded that the proposal for UBI was a 'distraction' and that other workable solutions to problems using the existing welfare state and legislative framework could be found.

UBI Trials and 'Laboratories'

- 3.13 UBI Lab is a worldwide network of citizens, researchers, activists, and campaigners who want to promote the exploration and potential of UBI. An individual UBI lab is a citizen led group that is seeking to explore and advocate for UBI in their local area. There are currently 35 UBI labs across the world with the majority based in the UK. The labs meet on a monthly basis to share learning and contribute to a shared set of resources. The labs are supported by a staff team who offer skills, resource, and expertise to facilitate the aims of the lab. The network is supported by Opus, a not-for-profit social enterprise working in culture, politics, and arts. They claim to provide independent information and communication to support active citizenship and community participation.
- 3.14 The first UBI lab was established in Sheffield as a collaboration between multiple organisations and individuals, seeking to explore the potential of a Universal Basic Income and the possibility of a pilot in the city. The lab consists of individuals such as the founder and director of the Centre for Welfare reform, Sheffield Equality group, the founder and director of Opus and various journalists, academics from the University of Sheffield and freelance researchers.
- 3.15 The aim of running pilot schemes is to assess whether UBI is the means to provide welfare state reform. The pilot schemes aim to provide evidence to support whether the idea of UBI would seek to achieve the proposed aims, support discussion, and increase public awareness of the tax and benefit system. UBI pilot schemes claim that they will immediately reduce poverty and improve well-being for many of the participants involved in the pilot scheme.
- 3.16 A UBI lab has been established in Surrey but there is very little public detail on the UBI lab network about the local organisation. There is also a UBI lab Guildford, but it is currently unclear whether this is part of the Surrey lab network or a separate network. Unlike other UBI Labs (for example in Sheffield) the details of the individuals who are part of the lab are not currently public.
- 3.17 According to the UBI lab network website the network is actively lobbying local councils to pass motions in support of basic income pilots in their area. The

network is doing this as it believes that councils calling for UBI creates political legitimacy for the idea as well as generating press coverage. Its website includes a video message to councillors detailing why they should back basic income and a 'guide on how to get your council to pass a motion in support of a basic income pilot'. The content of the guide sets out how to undertake local political lobbying of councillors and local media campaigning.

- 3.18 The UBI lab network will undertake a feasibility study into what a UBI pilot or micro-pilot will look like in the area and design pilots which respond to the social, economic and environmental issues faced by people in the local area.

Actions proposed in the Motion

- 3.19 The first item from the Council motion asks the Executive to consider engaging with our local UBI Lab in order to seek government funding for a pilot UBI trial in Guildford.
- 3.20 The second, third and fourth actions from the motion ask the Executive to consider calling upon the government to fund UBI trials across the UK and to support trials of UBI in Guildford, along with writing a letter signed by the Leader of the Council and leaders of all groups on the Council to the Prime Minister, other members of the Cabinet, leaders of all opposition parties in Parliament, Surrey MPs, and the media.
- 3.21 A draft letter has been written by Councillor Steven Lee, who proposed the Council motion. This letter is attached at **Appendix 2**.
- 3.22 Following consideration of this report, the Executive is asked to decide whether it wishes to undertake the actions set out in the Council Motion.

4. Consultations

- 4.1 The Motion was put to Full Council on 13 April 2021 and was debated during which an amendment to the motion was proposed and accepted which asked the Executive to consider undertaking the actions set out in the motion. A recorded vote was undertaken on the amended motion with thirty-six councillors voting in favour, one voting against and seven abstentions.

5. Key Risks

- 5.1 Officers are concerned there is a risk that the resources of the Council are being utilised for the purposes of political lobbying in undertaking the actions proposed by the motion. If political group leaders wish to send the letter, then they should do so either individually or jointly in their capacity as group leaders.

6. Financial Implications

- 6.1 The UBI Lab network proposes that central government should fund any pilot schemes; however, it is unclear whether any pilot scheme would need to be administered locally by the Council given the Council's existing role in administering housing benefit and local council tax support for existing claimants

that have not moved to universal credit and for non-working age benefit claimants. Universal credit is administered by the Department for Work and Pensions, but the roll-out of universal credit to all claimants has been significantly delayed over many years. If there was a requirement to administer the scheme, then there would be a resource impact on the Council.

7. Legal Implications

- 7.1 Council resources should not be used for political purposes and Members should be mindful on this when asking officers to take any further action in relation to this motion.

8. Human Resource Implications

- 8.1 If the Council was required to be involved in administering a UBI pilot scheme then there would be human resource implications for the Council in doing so.

9. Equality and Diversity Implications

- 9.1 Supporting a UBI scheme potentially may have a positive impact on equality and diversity through providing a basic level of income for people (who may currently receive universal credit) without a means test. This may have a positive impact on the mental health and wellbeing of people with protected characteristics. However, the proposals for UBI would still require some additional assessment to access any additional disability or health related allowances on top of the UBI.

10. Climate Change/Sustainability Implications

- 10.1 There are no envisaged impacts on climate change or sustainability.

11. Summary of Options

- 11.1 The Executive is asked to consider the information contained in the report and decide if it wishes to:
- (a) carry out the actions detailed in the motion, in particular send the letter proposed in Appendix 2 (with or without amendment) to various parties and engage with the local UBI lab, or
 - (b) to send a revised letter asking government to consider increasing allowances and resolving issues within the existing benefit system to reduce poverty, in particular child poverty, or
 - (c) do nothing

12. Conclusion

- 12.1 At the Council meeting on 13 April, following consideration of a motion submitted by Cllr Lee, the Council agreed to ask the Executive to consider the action set out in the motion in relation to engaging with the local UBI lab and writing a letter to government calling for a pilot of UBI in Guildford. This report provides further information on what Universal Basic Income (UBI) is, the consideration of UBI at government level to date and what the purpose of UBI labs are.

- 12.2 The report finds that national UK government has considered the proposal of UBI in a parliamentary debate following a petition and has decided not to progress any pilot schemes at present. Various reports and research have been conducted in the UK on UBI so far but the conclusions have not evidenced substantial benefits of implementing UBI above and beyond that which could be achieved through increasing allowances within the existing benefit system.
- 12.3 The purpose of engaging with and undertaking a UBI pilot would be to try to gather evidence to assess the costs and benefits of implementing UBI.
- 12.4 If UBI were to deliver the benefits which supporters of the scheme are aiming for then the Council will be contributing towards helping to achieve a number of its corporate priorities related to community. However, these priorities could also be achieved by asking government to consider other reforms (such as increasing allowances and improving access) to the existing benefit system.

13. Background Papers

Joseph Rowntree foundation [Is Universal Basic Income a good idea? | JRF](#)

Institute of Policy Research [Assessing the Case for a Universal Basic Income in the UK \(bath.ac.uk\)](#)

UBI Lab network [Council Motions — UBI Lab Network](#)

14. Appendices

Appendix 1: House of Commons Debate paper 8 October 2020

Appendix 2: Proposed letter to be sent by the Leader of the Council and political group leaders.