



DEBATE PACK

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The introduction of a universal basic income

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Summary

On Tuesday 13 October 2020 at 9.30 am there will be a debate in Westminster Hall on “the introduction of a universal basic income”. The debate will be led by Ronnie Cowan MP, Neil Gray MP, Clive Lewis MP and Layla Moran MP.

A petition, entitled [Implement Universal Basic Income to give home & food security through Covid-19](#) was considered in an [oral evidence session](#) of the UK Parliament Petitions Committee on 17 September 2020. In [response](#) to the petition, the UK Government said a Universal Basic Income “does not target help to those who need it most”, stressing additional support provided during the coronavirus outbreak, such as the Job Retention Scheme and changes to Statutory Sick Pay and Universal Credit.

The Senedd Cymru/Welsh Parliament [debated Universal Basic Income](#) on 30 September 2020. The accompanying motion, calling for the Welsh Government to establish a Universal Basic Income Trial in Wales, was passed by the Senedd.

A [motion to campaign for a Universal Basic Income](#) was also passed at the Liberal Democrats’ annual conference in September 2020.

The Commons Library previously published a debate briefing on [Universal Basic Income](#) in 2016.

The House of Commons Library prepares a briefing in hard copy and/or online for most non-legislative debates in the Chamber and Westminster Hall other than half-hour debates. Debate Packs are produced quickly after the announcement of parliamentary business. They are intended to provide a summary or overview of the issue being debated and identify relevant briefings and useful documents, including press and parliamentary material. More detailed briefing can be prepared for Members on request to the Library.

Contents

1. Policy Background	2
1.1 Universal Basic Income	2
1.2 Pros and cons of UBI	2
1.3 Recent research on UBI in the UK	4
1.4 Work and Pensions committee report on Citizen’s Income in 2017	4
1.5 International examples	5
1.6 Coronavirus-related debate	7
2. UK Parliament Material	13
2.1 Debates	13
2.2 Committees	13
2.3 Early Day Motions	13
2.4 Parliamentary Questions	13
3. Devolved Parliaments/Assemblies	17
3.1 Welsh Parliament/Senedd Wales	17
3.2 Scottish Parliament	17
3.3 Northern Ireland Assembly	17
4. Press Articles	19
5. Further reading	21
5.1 Recent reports and briefings	21

1. Policy Background

1.1 Universal Basic Income

Universal Basic Income (UBI) is a term used to describe a number of different proposals where the state would provide income for all citizens, without any conditions attached, and regardless of their other resources. The idea has a long history and has attracted supporters from across the political spectrum at various times.

There is some debate as to what constitutes a UBI. Some argue that it should be adequate to live on and could replace current social security arrangements. Others [push for more limited schemes](#) which would provide universal payments alongside the existing social security system.¹ The most common broad conception of a UBI scheme is one where **universal payments provide people with just enough money to live on**. This was summed by Annie Lowrey in 2018:

It is universal, in the sense that every resident of a given community or country receives it. It is basic, in that it is just enough to live on and not more. And it is income.²

Both supporters and critics accept that full UBI schemes would be huge and society-transforming undertakings.

In this briefing we summarise the arguments put forward by advocates and opponents of UBI schemes. We also outline a selection of international examples where some form of UBI has been introduced.

1.2 Pros and cons of UBI

Common arguments in favour

- A basic income should be a right of citizenship, providing material and psychological security throughout life
- Changes to the labour market, particularly automation, may make UBI necessary
- National income can be better distributed through UBI in a context where an increasing proportion of national income goes to capital rather than labour
- UBI could reward valuable non-wage labour such as caring and domestic work
- A full basic income replacing the social security system we have today would be simpler to administer and easier to understand
- Government interference in people's lives would be reduced through the removal of features such as means-testing and conditionality

¹ See, for example, New Economic Foundation, [Nothing Personal: Replacing the personal tax allowance with a Weekly National Allowance](#), 11 March 2019

² Annie Lowrey, Give People Money: How a Universal Basic Income would end poverty, revolutionize work, and remake the world, Penguin Random House, 2018, p4

- An independent income stream gives workers freedom to choose other options, take entrepreneurial risks and bargain from a position of power with employers
- UBI removes the risk of high withdrawal rates that claimants of means tested benefits can face as they earn through work
- UBI would provide a quickly accessible infrastructure for comprehensive financial support during crises (such as the current pandemic)

Common arguments against

The most common argument against UBI is cost. A Basic Income of £100 a week for each person over the age of 16 in the UK, and £50 a week for each child, would cost around £314 billion a year.³ To put this in context, total spending on benefits, state pensions and tax credits in the UK was forecast to be around £225 billion in 2019-20.⁴ Payments at this level would nonetheless represent a significant reduction in support for many households currently claiming benefits.

Other arguments against UBI include:

- It would require a huge shift away from established principles of contribution, targeting and lifecycle distribution (linked to changing needs) in the existing social security system
- UBI would not target payments – unlike our current social security system which directs resources towards those who are unemployed, face high housing costs, are parents, or who have disabilities and long-term health conditions
- A UBI would have unavoidable trade-offs in terms of winners and losers. For example, in terms of the level of payment, either;
 - It would pay at a level that creates few losers (in terms of benefit entitlement) compared to the status quo, but at huge cost requiring higher taxes; or
 - It would pay at a lower level, resulting in a significant proportion of the people who currently claim social security benefits losing out; or
 - It would pay at a lower level but sit alongside other targeted benefits – replicating or retaining the complexity and problems of the current system
- It could undermine the responsibility of employers to pay wages that reflect living costs
- There are no conditions for receiving UBI, so it could reduce the incentive to work
- People's identity and purpose is often tied up in paid work, so a system that facilitates a reduction in labour force participation could have negative effects on wellbeing
- The money necessary to fund a UBI scheme would be more effectively spent elsewhere.

³ Based on ONS, [Population estimates for the UK, England and Wales, Scotland and Northern Ireland: mid-2019](#), 24 June 2020

⁴ OBR, [March 2020 Economic and fiscal outlook – supplementary economy tables](#), March 2020, Table 4.7

1.3 Recent research on UBI in the UK

In the UK, the most detailed work on UBI in recent years is probably the research undertaken as part of the University of Bath Institute for Institute for Policy Research (IPR) research programme [Examining the case for a basic income](#). This looked in detail at the case for a UBI scheme and what such a scheme might look like in the UK context.

A September 2017 IPR policy brief, [Assessing the Case for a Universal Basic Income in the UK](#), looks at the recent increase in interest in the idea of UBI schemes; takes an objective look at the core issues relating to UBI's desirability, surveying the existing theoretical and empirical literature on UBI's likely effects; assesses its feasibility as a realistic proposal in the UK; and considers various options regarding policy design and implementation strategies. It also gives a review of existing literature and secondary data, and the findings from further microsimulation work undertaken by researchers at the Institute for Policy Research.

[Pages 11-16 of the University of Bath policy brief](#) give an overview of the findings from the (very limited) experiments undertaken up to 2017. None of the experiments undertaken, however, involved testing a full Universal Basic Income model, and such evidence as is available is of limited value in assessing the case for a UBI in the UK (and indeed elsewhere), for the reasons set out in pages 15-16.⁵

The policy brief was the culmination of extensive research, seminars and workshops. Two earlier reports from the research included:

- [The Fiscal and Distributional Implications of Alternative Universal Basic Income Schemes in the UK Money for everyone: The state of the Basic Income/Citizen's Income debate](#), March 2017
- [Exploring the Distributional and Work Incentive Effects of Plausible Illustrative Basic Income Schemes](#), May 2017

1.4 Work and Pensions committee report on Citizen's Income in 2017

On 28 April 2017 the House of Commons Work and Pensions Committee published a short report on [Citizen's Income](#).⁶ In light of recent interest in Citizen's (or Universal Basic) Income as a possible solution to many of the problems and uncertainties of the modern welfare state and labour market, the Committee held a one-off oral evidence session at the University of Birmingham on 12 January 2017, during which it heard both sides of the arguments from an expert panel.

The Committee concluded that Citizen's Income was a "distraction" from finding workable solutions to welfare state problems, and urged the then incoming Government "not to expend any energy on it."

⁵ Luke Martinelli, [Assessing the Case for a Universal Basic Income in the UK](#), September 2017

⁶ HC 793 2016-17

[...] CI may be an attractive idea on several counts. We convened a panel of experts to help us understand the appeal of CI and its practical application. Ultimately, we were at a loss to understand how CI could even partially resolve the issues it purports to address

There are fundamental practical problems with implementing CI. A universal CI would simplify welfare by replacing the existing benefit system. Yet providing an adequate unconditional income for all would require prohibitive increases in taxation and may undermine incentives to work at all. Some proponents of CI therefore suggest a more modest unconditional payment; CI would be paid alongside some existing benefits to avoid creating substantial losses for claimants with, for example, disabilities or high housing costs. Yet the complexity of such a system would undermine a key argument for introducing CI, and leave the promises of income security and poverty reduction largely unrealised. At best, we would end up with something very similar to Universal Credit.

There are significant challenges to overcome within the welfare system: ones that supporters of CI rightly take an interest in addressing. But CI is not a panacea. Indeed, there are many problems to which it is neither the optimal, nor even an appropriate, solution. CI risks being a distraction from workable welfare reform. We urge the incoming government not to expend any energy on it.

[Commenting on the publication of the report](#), the then Chair of the Work and Pensions Committee, Frank Field MP, said:

"A universal Citizen's Income would either require unthinkable tax rises or fail to deliver its objectives of simplification and a guaranteed standard of living. There are problems in the welfare system, but CI is not the solution to them. Rather it is a distraction from finding workable solutions."

1.5 International examples

There is no model of a permanent, state-wide, unconditional UBI (fitting Annie Lowrey's the description above) anywhere in the world today, although experiments and comparable schemes have been trialled. A selection of these are described below.

The Finnish experiment

The most high profile experiment in recent years has been the [Basic Income Experiment](#) conducted in Finland in 2017–2018. During the experiment, a total of 2,000 unemployed persons between 25 and 58 years of age received a monthly payment of €560, unconditionally and without means-testing. The experiment was conducted by Kela – the Finnish Social Security Agency – and the final results from the evaluation were published on 6 May 2020.

The headline findings from the evaluation were that there were small positive employment effects, and better perceived economic security and mental wellbeing, for basic income recipients compared with the "control group" in receipt of ordinary unemployment benefits.

The [Kela website](#) summarises the findings:

The employment effects of the basic income experiment were measured for the period from November 2017 to October 2018. The employment rate for basic income recipients improved slightly more during this period than for the control group. However, the interpretation of the effects of the experiment is made more complicated by the introduction of the activation model at the beginning of 2018, which meant more stringent entitlement criteria for unemployment benefits asymmetrically in both groups.

During the first year of the experiment, when the activation model had not yet been introduced, the basic income did not have any employment effects for the basic income recipients at group level. All in all, the employment effects were small.

The effects of the basic income experiment on wellbeing were studied through a survey. Survey respondents who received a basic income described their wellbeing more positively than respondents in the control group. They were more satisfied with their lives and experienced less mental strain, depression, sadness and loneliness. They also had a more positive perception of their cognitive abilities, i.e. memory, learning and ability to concentrate. In addition, the respondents who received a basic income had a more positive perception of their income and economic wellbeing than the control group.

A total of 81 basic income recipients were also interviewed for the study. The interviews highlight the diverse effects of the experiment and the differences in the starting points and life situations of the basic income recipients.

The Utrecht experiment: *Weten wat werkt* (What Works)

A [recently-concluded 16 month randomised control trial](#) of different social security interventions in the Netherlands looked at employment and wellbeing outcomes. Participants were randomly divided into four different treatment groups. The trial included a group who received unconditional benefits without further mandatory interventions, as well as additional financial work incentives and more intensive interventions from caseworkers in other groups. The study found positive effects for all the interventions it tested against the status quo.

For the group facing no conditionality, the [key findings](#) were:

- In the first months of the study, negative effects on labour market participation for this group occurred but disappeared towards the end of the study. Effects on a complete exit from benefits could be distinguished from zero, but indicated a positive effect in the last month.
- It was striking that lower educated people clearly benefited more from *Autonomously in action* [the name of the no-conditionality group] than intermediate and higher educated people. For lower educated people, the chances of complete exit from benefits, a job of more than 12 hours per week and a permanent contract increased. For intermediate and higher educated people, the approach did not seem to have any effect.
- In the group *Autonomously in action* a shift took place with regard to the type of work contract entered by participants. While participants in other groups mainly entered into temporary

contracts, in this group the percentage of participants with a permanent contract increased.

Further information can be found in the Utrecht University briefing, [Final report What works \(Weten wat werkt\)](#) (1 May 2020).

The Permanent Fund Dividend in Alaska

Since 1982, the US state of Alaska has paid every citizen an unconditional dividend, largely out of revenues from the state's oil industry. In a study [Looking at the PFD's impact on employment](#), University of Chicago academics Damon Jones and Ioana Marinescu found that the scheme had not had a significant impact:

The unconditional cash transfer thus has no significant effect on employment, yet increases part-time work.... In a world where trade, technology, and secular stagnation threaten people's incomes, there is growing interest in a universal basic income to promote income security. Our study of Alaska contributes to our understanding of the likely impacts of a small universal basic income on the labor market. Our results show that adverse labor market effects are limited, and, importantly, a small universal and unconditional cash transfer does not significantly reduce aggregate employment.

The PFD has existed for 40 years, and proved popular enough that in the most recent gubernatorial election in 2018, the winning candidate [ran on a platform of increasing it significantly](#).

1.6 Coronavirus-related debate

The coronavirus pandemic prompted significant Government action to support household finances as the country went into lockdown and sectors of the economy were closed. This, including the "furlough" Coronavirus Job Retention Scheme and Self Employment Income Support Scheme, is explored in our Commons Library briefing CBP-8894, [Coronavirus: Support for household finances](#). Subsequent developments are covered in Commons Library briefing CBP-8973, [Coronavirus: Withdrawing crisis social security measures](#) (updated 25 September 2020).

During the crisis advocates of UBI [have made their case](#), including members from across the House – such as the Conservative [Edward Leigh](#), [Alison Thewliss](#) from the Scottish National Party, [Ed Davey](#) from the Liberal Democrats and Labour's [Beth Winter](#). These arguments have often relied on the difficulties governments face providing a universal and watertight safety net through traditional policy instruments.

The Royal Society for the Encouragement of Arts, Manufactures and Commerce (RSA), long time supporters of UBI, argued for an "emergency basic income." This would provide support for the self-employed people and others who might have been missed out by the then proposed schemes.⁷

⁷ RSA, [UBI and the self-employed](#), 24 March 2020

[Responding to calls for UBI](#), Torsten Bell, the Chief Executive of the Resolution Foundation and early advocate of some of the policies such as the Job Retention Scheme subsequently adopted by the Government, argued that introducing UBI would take time and finite state capacity to implement. He added that calls are “misguided given the pace of what is happening.”

The Conservative Party position on UBI

The flagship social security policy of the contemporary Conservative party has been Universal Credit. The [case for Universal Credit](#)⁸ was made with some of the same goals UBI proponents claim today – increased simplicity through replacing multiple benefits with one and removing financial disincentives to work created by high and uneven withdrawal rates as claimants earn more.

However, Universal Credit also strengthened some principles – means testing and conditionality – that UBI seeks to remove or diminish.

Commitment to these principles, as well as worries about cost, form the basis of contemporary Conservative resistance to the idea. The coronavirus crisis has given the Conservative Government multiple opportunities to reject calls for UBI. It has done so not only on the grounds of practicality, but also on principle.

On 4 May this year, in response to a suggestion from Neil Gray MP in the House of Commons that the Government replace its existing coronavirus support schemes with “a far simpler universal basic payment with a longer view towards basic income”, the Secretary of State for Work and Pensions Thérèse Coffey said:

There is a variety of analysis on universal basic income. The latest report I saw estimated it would cost over £400 billion a year. It is not targeted at the poorest in society and is not an appropriate way for us to try to distribute money. Instead, our schemes are focused on making sure that the poorest do get help.⁹

A parliamentary written answer on 29 June 2020 on the feasibility of implemented a model of UBI in the UK stated that “Universal Basic Income is extremely expensive, reduces work incentives and does not target those most in need of support”.¹⁰

The Labour Party

In recent years most advocates of Universal Basic Income have been on the left of the political spectrum. Contemporary supporters of UBI can be found in many of Labour’s aligned interest groups and in the trade union movement.

Recent Labour Party leaderships have also been more open to the idea than the Conservatives, but have stopped short of promising to introduce a basic income. Former Shadow Chancellor John McDonnell commissioned Guy Standing, an Economics Professor and prominent

⁸ See Centre for Social Justice, [Dynamic Benefits: Towards welfare that works](#), 16 September 2009

⁹ [HC Deb 4 May 2020 c 427](#)

¹⁰ [PQ 64215 \[on Universal Basic Income\] 29 June 2020](#)

basic income supporter, to write a report proposing and pilot of basic income in the UK. The report was published in May 2019, and the subsequent Labour General Election manifesto promised a pilot:

we will explore other innovative ways of responding to low pay, including a pilot of Universal Basic Income.¹¹

Jonathan Reynolds, the Shadow Secretary of State for Work and Pensions since April 2020, wrote in 2016 about how he “[learnt to stop worrying and love basic income](#).” However, since becoming Shadow Secretary of State, the approach to UBI has become more equivocal. The Labour front bench did not join calls for a crisis Basic income in response to the coronavirus pandemic. Quoted in a 30 July 2020 interview with LabourList, Mr Reynolds said, however, that he remained interested in UBI:

I like benefits that aren't means-tested. I think something that is genuinely comprehensive and universal and open to everyone is clearly a plus.

However, he added that it is “not a magic bullet” and the need to provide additional support for people with disabilities and with housing costs meant that basic income would need to be a “component of the system”.¹²

The Liberal Democrat Party

There have been advocates for UBI in the Liberal Democrat Party, and before it the Liberal Party, for some time. The party developed its own proposal for a Citizen's Income in 1990, although these were subsequently dropped in 1994.¹³ During the coronavirus pandemic there has been a resurgence in interest, with Liberal Democrat politicians expressing support for the introduction of a form of Universal Basic Income which the party recently endorsed at its conference in September this year.

Whilst a candidate for the leadership of the party (and as acting leader), Sir Ed Davey argued in April during a debate in the Commons that:

Economic policy must tackle Britain's unequal society, so exposed in this crisis, including the poor pay of people in the care sector, the problems with the universal credit system and the low levels of statutory sick pay. All these problems show that we must do far more to increase social justice in our country, and I believe that they show that we should look more seriously at proposals for a universal basic income.¹⁴

On 29 July, he set out proposals for a new ‘Sovereign Wealth Fund’ to finance a new UBI scheme. Under this plan, firms unable to pay back their government-backed loans, or who believed repayments would hinder their growth, would be able to exchange the debt for shares

¹¹ Labour party, [It's time for real change: the Labour Party manifesto 2019](#), 21 November 2019

¹² [Reynolds promises “no return” to George Osborne rhetoric on social security](#), LabourList, 30 July 2020

¹³ [‘Liberal Democrats’ Conference: Citizens Income Plan Dropped](#), The Independent, 22 September 1994

¹⁴ [HC Deb 27 April 2020 c156](#)

which could be used to fund UBI once the business recovered.¹⁵ This, he argued, would “help the most vulnerable, who too often slip through our byzantine welfare state, from the homeless to young people starting out” and that it would “recognise the crucial work of millions of unpaid carers in our society”.¹⁶

At the Liberal Democrat conference on 25 September, the party passed a [motion](#) committing it to “campaign for a Universal Basic Income, paid to all long-term UK residents”, to be “funded in a socially just and equitable manner to create a fair social security system for all”. The party’s Federal Policy Committee will work further on the details of implementation. Announcing the passage of this motion, newly-elected party leader, Sir Ed Davey, argued:

Trials of UBI have suggested it can improve mental health, financial wellbeing, and boost people’s confidence. It can properly value carers and caring for the first time and in practice can be a huge boost to the incomes of many women in particular. It can act as a second safety net for those in difficulty, for the most marginalised who fall through the current complicated system

We never know what’s around the corner. Coronavirus has shown us just how fragile our system is, and how easily it can fail people. From shielding people from another global crisis to rewarding informal caring, we need a system which prioritises social and economic resilience for individuals and for our country.

UBI is a huge step towards the fairer society we, as liberals, should champion. I couldn’t be prouder that so many Liberal Democrats today voted to fix our broken system.¹⁷

The Scottish National Party

The Scottish National Party (SNP) has become more vocal in its support for the implementation of UBI across the UK, and in Scotland in particular, during the course of the coronavirus pandemic. During Prime Minister’s Questions on 18 March, before the Government announced the Coronavirus Job Retention Scheme, Ian Blackford MP, leader of the SNP at Westminster, expressed support for a temporary UBI to support people during the crisis and called on the Government to “provide people with the security of a universal basic income”.¹⁸

Responding to a Reform Scotland [report which recommended proposals for a Basic Income Guarantee](#) to support people through the coronavirus crisis in early April 2020, the First Minister of Scotland, Nicola Sturgeon, [noted](#) that she had “long been interested in [the] concept of UBI” and that the coronavirus crisis “strengthens the case immeasurably”. She noted that the Scottish Parliament does not currently have the powers to introduce such a scheme in Scotland, but

¹⁵ [‘Exclusive: Ed Davey tells Rishi Sunak to fund universal basic income with coronavirus debt-for-shares plan’](#), The House Magazine (PoliticsHome), 29 July 2020

¹⁶ [‘Covid economics have made a Universal Basic Income possible’](#), The House Magazine (PoliticsHome), 29 July 2020

¹⁷ [‘Lib Dems back universal basic income’](#), Liberal Democrats website, 25 September 2020

¹⁸ [HC Deb 18 March 2020 c997](#)

expressed hope that there could be a “serious discussion” with the UK Government on its implementation.¹⁹

At Prime Minister’s Questions on 22 April, Mr Blackford announced that the SNP was “leading a cross-party call for a universal basic income to finally protect everyone” and to “help to ensure a strong economic recovery and a fairer society”.²⁰

In an article for The House Magazine on 28 April, the SNP Spokesperson for Business, Energy and Industrial Strategy Drew Hendry MP argued that “Universal Credit has never been enough to support families”, and that a UBI scheme would support people during the coronavirus crisis, as well as “get us through the recovery phase as we strain our collective muscle to get our economy working again”. He argued that UBI would support the economic changes brought about by increased automation of traditional workplaces and the subsequent effect on the labour market. He further suggested that it would provide “a platform for more productivity – removing low-level risks around entrepreneurship and new small business development”.²¹

The Green Party

The Green Party of England and Wales has for several years been in favour of introducing a UBI scheme. It published a [proposal for a ‘Basic Income’](#) in advance of the 2015 General Election, and in November 2019 announced a proposal for a “fully costed Universal Basic Income for every resident by 2025”. Under these most recent proposals, all benefits aside from Housing Benefit and Carers Allowance would be incorporated into the new payments for every adult of “at least £89” per week (with additional payments for those who face barriers to working), to be phased in over five years.²²

The Party has reiterated its calls to introduce UBI during the coronavirus crisis. Its co-leader, Jonathan Bartley, argued in early May this year that “[i]t’s clear that only universal and unconditional protection ensures that nobody is left behind”, and that:

Universal basic income says proudly that each of us is deserving of a dignified life, whether or not we are deemed economically productive especially when that toil is often in a pointless job which serves to make men like Richard Branson even richer while driving our climate off a cliff.²³

More recently, Caroline Lucas MP noted that some people (particularly the self-employed and freelancers) had struggled during the crisis to access adequate support, and called on the Government to adopt UBI to protect people’s incomes during the coronavirus crisis:

¹⁹ [‘Universal basic income case ‘strengthened’ by coronavirus’](#), STV News, 10 April 2020

²⁰ [HC Deb 22 April 2020 c45](#)

²¹ [‘Universal Credit has never been enough to support families, we need a universal basic income’](#), The House Magazine (PoliticsHome), 28 April 2020

²² [‘Green Party announced plan for fully costed Universal Basic Income for everyone’](#), Green Party website, 15 November 2019

²³ [‘Labour’s failure to embrace UBI shows they haven’t grasped the scale of the crisis’](#), Bright Green, 8 May 2020

There is a simple and effective way to start to put things right and a universal basic income delivered via a welfare system that lifts everybody up would be a key cornerstone of that.²⁴

2. UK Parliament Material

2.1 Debates

HL Deb, [Income equality and sustainability](#), cc486-525, 6 May 2020

HC Deb, [Universal Basic Income](#), c541, 6 May 2020

HC Deb, [Covid-19: DWP update](#), cc421-39, 4 May 2020

HL Deb, [Covid-19: People living in poverty](#), cc329-43, 30 April 2020

HC Deb, [Universal Basic Income](#), cc420-34WH, 14 September 2016

2.2 Committees

Petitions Committee, [Support for individuals and households during COVID-19](#), HC 754, 17 September 2020.

Work and Pensions Committee, [Citizen's Income](#), HC 793, 26 April 2017

2.3 Early Day Motions

[ASSESSING THE FEASIBILITY OF CITIZENS' BASIC INCOME PILOTS IN SCOTLAND](#)

EDM 679 (Session 2019-21)

2 July 2020

Ronnie Cowan

That this House notes the recent publication of the report entitled Assessing the Feasibility of Citizens' Basic Income Pilots in Scotland which presents comprehensive and detailed research into the feasibility of a citizens' basic income pilot in Scotland; further notes that it has been developed by a successful collaboration of local government and public health bodies supported by the Scottish Government; and calls on the UK Government to work with the Scottish Government on developing a basic income pilot and to instruct HMRC and the Department for Work and Pensions to co-operate with the Scottish Government as they seek to establish such a pilot scheme.

[TEMPORARY UNIVERSAL BASIC INCOME](#)

EDM 302 (Session 2019-2021)

16 March 2020

Kevin Brennan

That this House calls on the Government to introduce a temporary universal basic income or an emergency measure to help freelancers and the self-employed effected by the covid-19 outbreak.

2.4 Parliamentary Questions

[Personal Income: Scotland](#)

2 Jul 2020 | PQ 68356

Asked by: Dr Phillipa Whitford

To ask the Secretary of State for Work and Pensions, with reference to the Citizens Basic Income Feasibility Study Steering Group's report entitled Assessing the Feasibility of Citizens' Basic Income Pilots in Scotland, if she will hold discussions with (a) the Scottish Government and (b) HMRC on the potential merits of a universal basic Income pilot in Scotland.

Answering Member: Will Quince | Department for Work and Pensions

I do not intend to meet with the Scottish Government officials to discuss the report on the feasibility of piloting a Citizens Basic Income (CBI) in Scotland as I do not think a CBI is the right approach for the UK. A CBI does not take any account of people's needs and circumstances, is not targeted at the poorest in society and would be hugely expensive.

This government believes Universal Credit is the right strategy for the UK because it simplifies the benefits system, promotes and incentivises work and provides targeted support to those in most need in a way that is affordable.

[Oral Questions to the Prime Minister](#)

1 Jul 2020 | 904107 (HC Deb 1 Jul 2020, c323)

Asked by: Christine Jardine

There are 3 million people in this country who get no support at the moment because they are self-employed or on contract. Our black, Asian and ethnic minority communities have an unemployment rate that is twice the national average and women are disproportionately affected by covid-19. The Prime Minister said a few minutes ago that he stands ready to help. Will he look at a universal basic income so that these people can get the help that they need now? [904107]

Answering Member: The Prime Minister

The hon. Lady raises a very important point about the self-employed. As she knows, we have provided very considerable support as part of the overall package of £120 billion—I think we have given £22 billion altogether through the furlough scheme for employed and self-employed people. Her further suggestion for a universal basic income is one that we have looked at. The best way forward for our country is to get the disease under control in the way that we are doing; get our people back into work; build, build, build; and take this country forward.

[Personal Income: Scotland](#)

24 June 2020 | PQ 64254

Asked by: Owen Thompson

To ask the Secretary of State for Scotland, what assessment he has made of the feasibility of devolving sufficient powers for the Scottish Government to undertake a national basic income experiment per the

recommendations of Basic Income Scotland's Report on the feasibility of Scottish Citizens' Basic Income pilots published in June 2020.

Answering Member: Alister Jack | Scotland Office

Since 2016, the Scottish Government have had the power to provide assistance for social security purposes in areas of devolved responsibility. Scotland has significant tax and welfare powers and can top-up existing benefits, pay discretionary payments and create entirely new benefits altogether.

The funding of the Scottish Government's social services programmes is entirely a matter for them out of the funds allocated to it for that purpose. Where the Scottish Government introduces a new policy which has expenditure implications it is for them to find the appropriate funding, including through their own tax raising powers where appropriate.

Personal Income

24 June 2020 | PQ 64255

Asked by: Owen Thompson

To ask the Chancellor of the Exchequer, whether he has had discussions with Cabinet colleagues on implementing a basic income to support the UK economy's recovery as the covid-19 lockdown restrictions are eased.

Answering Member: Jesse Norman | HM Treasury

The Government is committed to helping families get through this crisis. The Government has announced a significant package of welfare measures to support those who need it most, including a £20 per week increase to the Universal Credit standard allowance.

The Government's approach to welfare is to recognise the value and importance of work, while protecting the most vulnerable in society. The Government considers that there are fundamental problems with the realities of a Universal Basic Income (UBI) and does not see it as an effective method of advancing social equality.

This is because a flat rate UBI does not take into account the additional needs and costs faced by some individuals. It therefore has the potential to increase inequality markedly. Any practical implementation would also be expensive, and would require a significant increase in taxation.

Personal Income

21 Apr 2020 | PQ 38615

Asked by: Christine Jardine

To ask the Chancellor of the Exchequer, whether he has made an assessment of the potential merits of introducing a universal basic income.

Answering Member: Steven Barclay | HM Treasury

There are fundamental problems with the reality of a Universal Basic Income (UBI). A flat rate UBI would not take into account people's

circumstances, and the additional costs faced by some individuals. Therefore, a UBI would not target support where it is most needed.

To protect people's incomes during the Covid-19 crisis, the Government has announced alternative measures, including the Coronavirus Job Retention Scheme and Self-Employment Income Support Scheme, and additional support for low income families which can be delivered quickly and effectively through the existing welfare system. This includes increasing the Universal Credit (UC) standard allowance, the Working Tax Credit basic element, and the rates used to calculate Housing Benefit and the UC housing element. At a time when the Department for Work and Pensions and HM Revenue and Customs are experiencing unprecedented demand, we have rightly prioritised the safety and stability of the existing tax and benefit systems.

Personal Income: Sheffield

17 June 2019 | PQ 265451

Asked by: Chris Ruane

To ask the Secretary of State for Work and Pensions, if her Department will take steps to monitor the roll out of a universal basic income pilot by Sheffield City Council; and if she will make a statement.

Answering Member: Alok Sharma | Department for Work and Pensions

We are aware of experiments in universal basic income (UBI) around the world and we do not believe there is a case for UBI. We believe Universal Credit is the right approach for the UK because it simplifies the benefit system, promotes and incentivises work, including progression in work, and provides targeted support to those in most need in a way that is affordable.

In February 2018 the OECD concluded in its [survey of the Finnish Economy](#) that the complexity of the current benefits system in Finland was an obstacle to stepping into work and that the basic income experiment, whilst possibly enhancing work incentives, may increase poverty and would require increasing income taxation by nearly 30%. More recently, findings from the evaluation of the Finnish basic income experiment show some improvement in perceived wellbeing, but that it did not increase the employment level of the participants in the first year of the experiment. The OECD also developed a scenario for Finland inspired by the UK's Universal Credit (UC). They found that this 'would consistently improve work incentives and reduce complexity, with limited changes to the income distribution and limited fiscal cost.

This [OECD blog post](#) is particularly useful on the OECD's work to compare UBI and UC.

3. Devolved Parliaments/Assemblies

3.1 Welsh Parliament/Senedd Wales

[Universal Basic Income, Motion NDM7384: Jack Sargeant](#), 30 September 2020

3.2 Scottish Parliament Parliamentary proceedings

Scottish Parliament, [Universal Basic Income](#), 27 March 2019

Scottish Parliament, [Citizens Basic income Pilot Schemes](#), 24 January 2019

Committee proceedings

Social Security Committee, [Oral session: Citizens Basic Income Pilots](#), 28 November 2019

Social Security Committee, [Oral session: Citizen's income](#), 9 March 2017

3.3 Northern Ireland Assembly

Assembly Questions

[Short-term Basic Income](#)

18 March 2020 | AQW 3818/17-22

Asked by: Colin McGrath

To ask the Minister for the Economy what consideration is being given to the provision of a short-term basic income model especially for self employed people to assist them during the COVID-19 outbreak.

Ministerial Answer:

The cost of a short-term basic income model, for the self-employed is beyond the funding envelope available to the Northern Ireland Executive. Consideration of such a proposal would be a matter for the UK Government. However, this is an evolving situation and my Department, along with Executive colleagues, continue to explore all potential options to identify further means of offering support to as many local businesses as possible during the Covid-19 pandemic.

Currently there are UK wide means of support available to the self-employed, including the Self-employed Income Support Scheme. This offers 80% of trading profits up to a maximum of £2,500 per month for 3 months. To date over 69,000 claims have been made to the scheme from individuals in Northern Ireland. Other support is available such as HMRC Time to Pay, Income Tax Deferral, the recently extended mortgage holiday and changes to the rules of Universal Credit. Further details are available at <https://www.nibusinessinfo.co.uk/business-support/coronavirus> .

Specific to Northern Ireland, the Minister of Finance announced a 3 months rates holiday which has been extended by one month for all businesses and for the remainder of this financial year for businesses in the retail, hospitality, tourism and leisure sectors, childcare facilities and Belfast City Airport, Belfast International Airport and the City of Derry Airport.

Additionally, on 5 May 2020 I announced the development of the NI Microbusiness Hardship Fund. Self-employed people who employed at least one other person were eligible to apply for the fund. This scheme closed to new applications 12 June 2020.

Short-term Basic Income

18 March 2020 | AQW 3815/17-22

Asked by: Colin McGrath

To ask the Minister of Finance what consideration is being given to the provision of a short-term basic income model, especially for self-employed people, to assist them during the COVID-19 outbreak.

Ministerial Answer:

I have lobbied the British Government on provision for the self-employed and the Chancellor announced the Coronavirus (COVID-19) Self-employment Income Support Scheme on the 26th of March 2020.

I am disappointed that the first payments from this scheme are not expected until the beginning of June. My officials will be working with their Treasury counterparts to monitor its impact locally and I will continue to press Treasury Ministers on their support for the self-employed.

4. Press Articles

The following is a selection of reports and other articles relevant to Universal Basic Income (UBI). Please note that the Library is not responsible for either the views or accuracy of external content.

[**Lib Dem members expected to commit party to UBI in vote at online conference**](#)

The Independent

24 September 2020

[**Leeds becomes largest city in UK to call for UBI pilot**](#)

The Independent

17 September 2020

[**“Our generation’s NHS”: Support grows for UBI**](#)

The Guardian

10 August 2020

[**Citizen’s basic income: Pilot scheme “challenging but desirable”**](#)

BBC News

11 June 2020

[**Spain to push through minimum income guarantee to fight poverty**](#)

The Financial Times

28 May 2020

[**Furlough scheme strengthens case for UBI, says Institute for Economic Affairs**](#)

The Times

26 May 2020

[**A universal basic income to safeguard our future**](#)

The Royal Society for Arts, Manufactures and Commerce

Ronnie Cowan MP

13 May 2020

[**Finnish trial of UBI should encourage similar system in the UK**](#)

The Scotsman

6 May 2020

[**Coronavirus in Scotland: Nicola Sturgeon eyes plans for UBI**](#)

The Times

5 May 2020

[More than 100 UK opposition politicians call for UBI after lockdown](#)

Financial Times

22 April 2020

[Coronavirus: Over 170 MPs and Lords call for UBI during pandemic](#)

The Independent

20 March 2020

[DUP joins Commons call for basic universal income as Covid-19 crisis deepens](#)

The Irish News

19 March 2020

[Government considers UBI to help workers through coronavirus crisis](#)

The Telegraph

18 March 2020

5. Further reading

5.1 Recent reports and briefings

Cemal Karakas, [Basic income: Arguments, evidence, prospects](#), European Parliament briefing, September 2016

OECD, [Basic income as a policy option: can it add up?](#), policy briefing, May 2017

Andrew Harrop and Cameron Tait, [Universal basic income and the future of work](#), Fabian Society report commissioned by the TUC, July 2017

Luke Martinelli, [Assessing the Case for a Universal Basic Income in the UK: An IPR Policy Brief providing a detailed insight into the implications of implementing a universal basic income](#), University of Bath, September 2017

Chris Goulden, [Universal Basic Income - not the answer to poverty](#), Joseph Rowntree Foundation blog, 25 April 2018

Stewart Lansley and Howard Reed, [Basic Income for All: From Desirability to Feasibility](#), Compass, January 2019

World Bank, [Exploring Universal Basic Income : A Guide to Navigating Concepts, Evidence, and Practices](#), February 2020

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