



Scottish Citizens Basic Income (CBI) Feasibility Project

Elected Members Briefing
March 2019

Introduction

The briefing aims to provide an introduction to the concept of Citizens Basic Income (CBI). Furthermore, an overview of the progress of a project researching the feasibility of testing CBI in Scotland will be provided. The briefing sets out the definition of CBI, the rationale for exploring testing in Scotland, and an update on the progress of the feasibility project.

A Basic Income (also known as Universal Basic Income, Citizen's Basic Income) is defined as an unconditional, non-withdrawable income for every individual as a right of citizenship (Citizen's Income Trust, 2018). For simplicity, we will use CBI as this is the term used by Scottish Government.

Key elements of a CBI are that it is:

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

There are many models. Differences include the amounts of the CBI, how payment levels are applied across different age groups, the source of funding, the nature and size of reductions in other transfers that accompany it.

Why test CBI in Scotland?

There is growing political and academic interest in the potential effects of a CBI, both in Scotland and further afield. To our knowledge, a full CBI has not yet been implemented in any country although there have been a number of pilots of interventions that meet at least some of the basic criteria for a CBI. There are current tests of different forms of CBI in a number of countries worldwide, including Finland, Canada and the Netherlands. However, as yet there have been no results published of tests of CBI in the UK or countries with similar welfare state provision.

While CBI is not a new concept, there has been recent rapid growth in political interest fuelled by an organised international movement which has been researching and advocating for the policy for a number of decades. Civil society organisations and think tanks, including the World Economic Forum, the Royal Society of Arts, and the Adam Smith Institute, have recently added their support to this movement. A combination of factors has broadened its appeal in recent times: rising inequality, widespread economic insecurity, and the potential of labour-displacing technological change including automation and artificial intelligence.

However, there is controversy over the concept of CBI and a number of arguments have been proposed:

Arguments for CBI	Arguments against CBI
Promote social justice and equality	Encourage labour market withdrawal
Reduce poverty & income inequality	Promote state dependency
Increase liberty	Unaffordable
Remove work disincentives	Require raising tax levels to an untenable level
Reduce bureaucracy	Divert funds from those most in need
Devote time to caring, education, volunteering etc	Provide justification for removing other social programmes
Increased entrepreneurship	Potentially costly
Address job insecurity and in-work poverty	
Address job loss due to automation	

A recent systematic scoping review of interventions which unconditionally provided substantial cash transfers to individuals or families provided insights to the potential impacts of a CBI (Gibson et al, 2018). This review concluded that, for the studies identified, the impact of basic income on labour market participation are small for male heads of household, and for both men and women in the contemporary studies. There was also consistent evidence that a basic income led to children and young people spending longer in education. Although less consistent, there was evidence of positive impacts on some health and social outcomes, and spill-over or wider economic effects such as reduction in health service use and increases in business activity.

This review suggests that a CBI could impact on a wide range of social justice, economic and health outcomes, but the evidence base for CBI is variable and there is a lack of evidence to assess the effects on long-term service use and wider economic impacts.

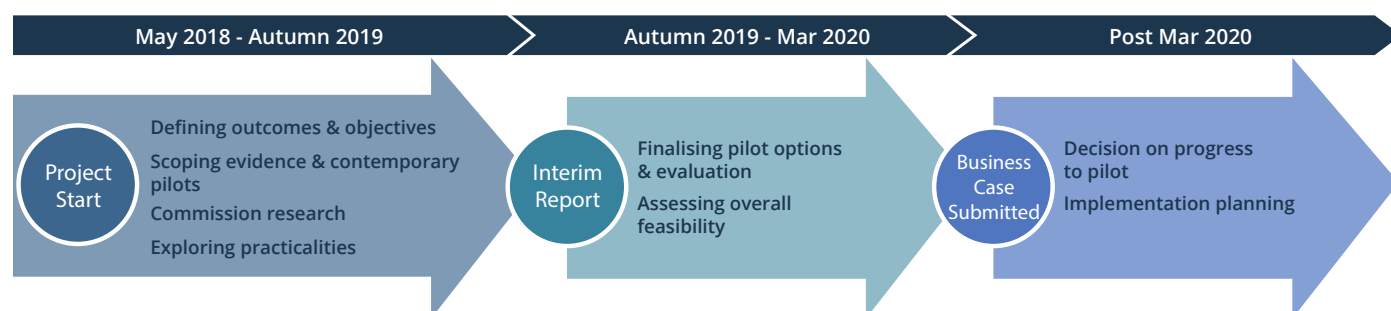
What is the CBI Feasibility Project?

In September 2017 the Scottish Government Programme for Government committed to explore a Citizen's Basic Income (CBI) scheme. Four local authorities (Fife Council, City of Edinburgh Council, Glasgow City Council and North Ayrshire Council) made a successful collective bid to the Scottish Government's Citizen's Basic Income Feasibility Fund in March 2018. The funding secured is £250,000 over two financial years, 2018/19 and 2019/20. This complements funding and resource already committed by the local authorities. The project

is overseen by a Steering Group, and local governance provided by a Councillor Group with member representation from each of the four councils.

The four local authority areas have been undertaking research into the feasibility of a CBI pilot, supported by the Scottish Government, NHS Health Scotland and the Improvement Service. An evaluability assessment process is underway to explore the nature of possible pilot options, the likely costs of pilot options and the research questions that a pilot might seek to address.

The Steering Group will produce three reports to Scottish Government. The first, in March 2019, will provide a feasibility project update. The second, in autumn 2019, will set out the interim feasibility study findings. Feedback from this report will help shape any final research, pilot design options, and final recommendations of the feasibility project. Finally, a full project report is expected by end of March 2020. Supported by evidence on the ethical, legislative, financial and practical considerations associated with piloting a CBI, the report will include recommendations on whether a pilot(s) is feasible under current circumstances. If a pilot is recommended, the report will also propose the research questions to be evaluated; the likely costs and benefits of the proposal/s; and identify possible sources of funding.



If a pilot is considered feasible, variants of CBI may be piloted in different local authority areas, potentially focusing on: a specific group (families, lone parents, health-related) or a specific geography (town, locality, or neighbourhood). These options are currently being developed by the Steering Group and assessed in terms of costs and their ability to be evaluated against the outcomes of interest. The project group are currently shortlisting outcomes that are both of interest and possible to measure. They are likely to include, e.g.:

- Individual and household income
- Changes in adult and child poverty
- Labour market participation
- Individual and community empowerment
- Health, wellbeing and education
- Experience of the social security system

Project Progress

As agreed in the feasibility funding application, a Project Manager (based at the Improvement Service) and Policy Officer (funded by and based at North Ayrshire Council) were recruited in August 2018.

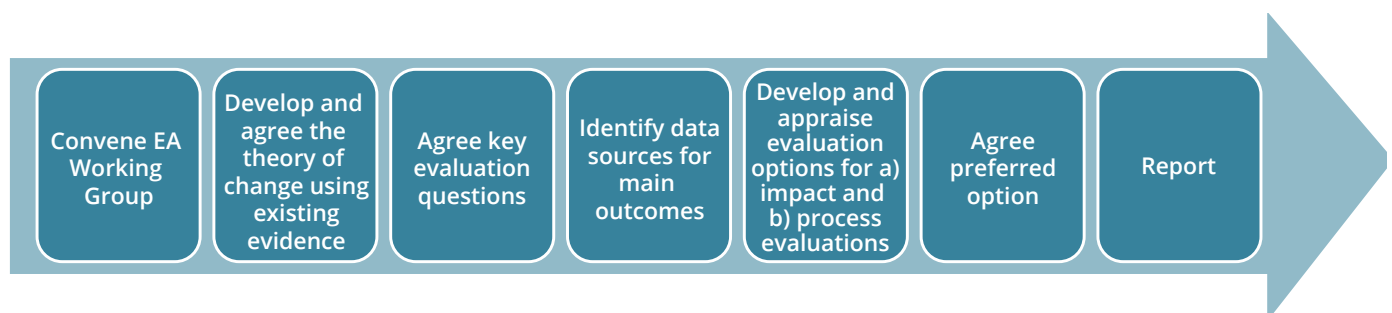
Also in August, Carnegie UK Trust funded a group of delegates from the Scottish Citizens Basic Income Steering group to participate in the 18th Basic Income Earth Network (BIEN) Congress in Tampere, Finland. Held over four days, the event brought together over 300 academics, policy-makers and advocates to discuss and share opinion on a range of topics related to CBI. Participation in the BIEN Congress allowed insight to the activities, successes and challenges of several pilots, particularly those currently underway in Finland, the Netherlands and Ontario, Canada. There is significant international interest in the Scottish feasibility study. The Steering Group have produced a learning report from this visit which is now available at <https://www.carnegieuktrust.org.uk/publications/exploring-the-practicalities-of-a-basic-income-pilot/> (Barclay et al, 2019).

As part of the governance arrangements, the initial Councillor Group meeting was held in March 2018, where terms of reference were agreed. A second Councillor meeting was held in October 2018, and a third in February 2019. In addition, the project has held two stakeholder workshops (in February 2018 and November 2018) which brought together a wide range of individuals and organisations to get broader feedback on the project plans.

The evaluability assessment is now well underway, with NHS Health Scotland hosting three evaluation workshops which achieved:

- Agreement on the intended outcomes of a potential Scottish CBI pilot
- Generation of options for CBI pilot/s to meet the intended outcomes
- Identification of the intended and unintended consequences of the pilot option/s
- Exploration of research questions to be tested through the pilot/s

Evaluability Assessment Process



Further to the evaluation workshops, it was agreed that further key research and modelling work was required to be commissioned:

- Benefits-CBI Interaction research in order to explore how a pilot study of CBI might impact on the pilot participants' eligibility for other welfare benefits and associated 'passported' benefits. This will also inform areas for negotiation with DWP/HMRC and local authorities in relation to locally arranged welfare payments/in kind benefits. This report will be available in spring 2019.
- Economic modelling of broader and second order impacts on the local and national economy to estimate the economic impacts of a CBI if it were implemented in Scotland.

The Steering Group are continuing to engage with DWP and HMRC to explore the complexities surrounding the interaction of a potential pilot and the benefits system. These discussions are ongoing, and there was a high level commitment to engaging with the project from the former Secretary of State for Work and Pensions at the time of discussion. Alongside this work, research will be undertaken to identify potential funding options and payment mechanisms

The learning gathered from international experiments, discussions with DWP/HMRC and outputs of the evaluability workshops and commissioned research will be used to inform recommendations about which CBI models are feasible to pilot in Scotland.

If pilots were to take place, it is anticipated that any evaluation results would be used to further refine the macro-economic model, giving a more robust picture of expected impacts of a nationwide CBI in Scotland.

References

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Further information

Further information can be found on the project at www.basicincome.scot or by contacting the project manager.

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