

Design a 'Care Leavers Plus' Universal Basic Income pilot that includes a range of people

Y Pwyllgor Deisebau | 15 Tachwedd 2021
Petitions Committee | 15 November 2021

Reference: SR21/1262

Petition Number: P-06-1224

Petition title: Design a 'Care Leavers Plus' Universal Basic Income pilot that includes a range of people.

Text of petition: We're asking the Welsh Government to design a geographically-based Universal Basic Income (UBI) that includes children, the employed, the unemployed and pensioners, as well as care leavers.

This will allow the Welsh Government and the general public to understand how the policy would impact Wales if it were rolled out tomorrow.



1. Background

A petition to design a 'Care Leavers Plus' Universal Basic Income (UBI) pilot that includes a range of people has been submitted to the Petitions Committee.

There are many models of UBI but the general understanding is that it describes an approach where the government provides adults with a standard, regular, unconditional payment, regardless of their other income. It is sometimes referred to as 'basic income' where a specified group of people, as opposed to all adults, receive a payment. Some argue a UBI should provide enough to live on by itself; others support more limited universal payments, made alongside existing social security systems.

The extensive writing on UBI shows support and criticism from a wide range of viewpoints. The UBI Lab Network, Basic Income and the Royal Society for Arts, Manufactures and Commerce call for UBI. Others have expressed more sceptical views, including the Centre for Social Justice, the Institute for Economic Affairs, and the Joseph Rowntree Foundation.

Proponents of UBI argue that a basic income:

- is every citizen's right, providing security from poverty and improving health and well-being;
- can distribute national income more equitably;
- can reward non-wage labour such as caring;
- gives workers freedom to choose other, perhaps more entrepreneurial, options; and
- is simple and easier to understand than complex social security systems.

However, opponents argue that UBI:

- is extremely costly (with the Minister for Finance and Trefnydd indicating a full UBI in Wales could cost between £35-40 billion);
- isn't targeted, so money also goes to those who don't need it;
- represents a significant shift from existing social security systems; and
- can provide a disincentive for people to seek employment.

1.1. Undertaking a pilot

Welsh Government plans for a UBI pilot are at an early stage, but look to be focussed on a small, targeted group of care leavers. The benefits of carrying out a pilot include:

- Building awareness and improving public understanding;
- Generating debate among key stakeholders;
- Building an evidence-base on basic income's social and psychological impacts;
- Generating practical insights, helping to identify unintended consequences and iron out any potential difficulties associated with the implementation and administration of a basic income; and
- Collecting data on the impacts of a basic income that can be used to further inform the design of a national model.

A number of individuals and organisations have proposed alternatives to the existing proposals, with a focus on extending the pilot. [UBI Lab Cymru](#), the [Future Generations Commissioner Sophie Howe](#), [Women's Equality Network \(WEN\) Wales](#), [Chwarae Teg](#) and the [Basic Income Earth Network](#) wrote an [open letter calling on the First Minister](#) to consider a:

'Care Leavers Plus' pilot that includes a demographically representative sample of the entire population, as well as care leavers.

[Jonathan Rhys Williams](#) from UBI Lab Cymru has called for a three-year, geographically spread non-means-tested pilot. The plan would involve around a minimum of **5,000 people**, who would receive a weekly payment of between **£100 to £150**. The pilot would cost **£120 million**.

In '[Fit for the Future Programme for Government](#)', the Future Generations Commissioner has supported a similar approach, which involves a 2-year, non-means-tested pilot which involves a urban and rural setting.

The independent think tank [Autonomy](#) has also called for a **two year pilot** which includes **5000 people**. Costing an estimated **£99 million**, they recommend conducting a pilot with an entire community in a particular location and argue that, running a pilot targeted at a specific social group would fail to capture the universal aspect, and limit the learning and insights.

Platform would like to see the pilot include people with a mental health diagnosis, and the impact on people's wellbeing being included as part of the evaluation of the pilot.

The Institute of Welsh Affairs (IWA) has published two opinion pieces, one arguing that the pilot provides "a potentially transformative measure for a vulnerable group who are being failed by our social security system". Conversely, a second piece believes that the pilot is not wide-ranging or large enough.

Several other countries have explored options for implementing UBI through a pilot study. A Basic Income Experiment was undertaken in Finland between 2017-2018. 2,000 unemployed people aged 25-58 received a monthly payment of €560. The experiment found that employment effects were small, "but recipients were "more satisfied with their lives and experienced less mental strain" and had "a more positive perception of their economic welfare". Pilots have been conducted in several states in California, and in July 2021 California lawmakers approved a state-funded guaranteed income programme which enables states and counties to apply for funding from a \$35 million pool to support pilots which gives priority to **young people who have left the care system and pregnant mothers**. The pilot will last for five years. Under the plans, local officials can decide on the payments, which are thought to range from \$500 to \$1,000. There will be no rules on how people spend the payment.

2. Welsh Government action

Although the Welsh Government plans for a UBI pilot are at an early stage, in October the First Minister provided further details and confirmed the pilot would run for about three years, will involve around **250 care leavers**, be and '**pitched at the real living wage**',

During plenary in October, the First Minister confirmed the pilot would begin in April 2022 and explained that the ongoing work to develop the pilot has been shaped by advice from the Care Leavers Forum and Care in Wales. He said that the pilot will give 'us valuable information for the future about how the concept of basic income could **apply to other groups more widely across the Welsh population**'.

A key challenge for the Welsh Government will be developing a pilot that is within the devolution settlement. The Minister for Finance and Local Government,

Rebecca Evans MS previously said (in her former role as Minister for Finance and Trefnydd) that a UBI trial:

[...] would not be possible without the active co-operation of the UK Government, and this is because of the interaction of universal basic income with the tax and benefit system.

3. Welsh Parliament action

The interest in UBI has increased in Wales. On 30 September the Senedd debated and passed a motion calling for the Welsh Government to establish a UBI Trial in Wales.

Heading into the election, the campaign group UBI Lab Wales secured pledges supporting a pilot from 105 candidates (25 of whom were elected), alongside policy commitments in the Plaid Cymru, Welsh Liberal Democrat and Wales Green Party manifestos. Four councils – in Swansea, Rhondda Cynon-Taf, Cardiff and Gwynedd – also passed motions calling for pilots to take place in their local area.

To mitigate the impact of the pandemic, Adam Price MS, leader of Plaid Cymru, called for a temporary UBI to be introduced to support 'self-employed people, freelancers and those on zero hours contracts'. Jane Dodds, leader of the Welsh Liberal Democrats, has backed the Welsh Government pilot, but has called for the scheme to be widened to include more people.

4. UK Parliament Action

The Welsh Affairs Select Committee is currently undertaking an inquiry in to The Benefits System in Wales, and took evidence on UBI during its session on 3 November. Further evidence sessions are planned for December, and a report is likely to be published early in 2022.

Every effort is made to ensure that the information contained in this briefing is correct at the time of publication. Readers should be aware that these briefings are not necessarily updated or otherwise amended to reflect subsequent changes.