

# An Introduction to Basic Income Plus

Version 1.0 for consultation

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This short paper describes radical reform of the welfare system:

- Everyone gets a secure basic income
- People who faces extra costs gets additional bolt-on allowances

This idea is called **Basic Income Plus or UBI+**

We are currently working on a more detailed paper with references to the latest research. But we want your feedback and questions about this proposal and so we are sharing this shorter version as **Version 1.0**.



# Basic Income

Lots of people are suffering because the current benefit system doesn't work well:

- The system is too complex and lots of people don't get what they are entitled to
- Benefits are too low, people are going into debt and are using food banks
- The system is bureaucratic and the assessments are often wrong
- People are frightened of being punished, people are dying or going without
- People fear losing their benefits if they work, save or live with someone else

Today there is a strong and growing social movement for a different kind of system called basic income.

## **Basic income means:**

1. Every single individual gets a secure and regular income
2. You do not lose this income if you start to earn money or live with others
3. You do not lose this income if you are a carer or volunteer
4. There are no sanctions, no punishments, no fear

There is a growing movement for basic income and the COVID crisis has shown people that the economy can't provide the basic security we all need. But a basic income system on its own is not enough. Some people have more complex needs or face extra costs, so we also need **Basic Income Plus** - everyone gets a basic income, but with extra allowances for people with extra needs.

# Basic Income Plus

The purpose of a basic income is to ensure people can meet their basic needs and participate fully as an equal citizen. Basic needs include the following: food, water, clothes, shelter, sanitation, warmth, the opportunity to contribute, rest, exercise, communicate, socialise, and freedom from fear – including the fear of sanctions, deprivation and destitution.

However some people face extra needs, for example because:

- They live alone and can't share some essential costs
- They have a disability that creates extra costs
- They are too ill to work

Fortunately, there is already a good framework for identifying needs and costs called the Minimum Income Standard (MIS). The MIS was developed by the Joseph Rowntree Foundation (JRF). It is calculated by specifying baskets of goods and services required by different types of household in order to meet everyone's needs and to ensure everyone can participate in society.

Specifically, the minimum is defined in consultation with members of the public and with reference to the real costs of meeting basic needs. The minimum standard of living is not a bare minimum, it is enough to live with dignity and as an equal citizen:

*“A minimum standard of living in the UK today includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.”*

For more information on the MIS and the latest data, go to:

<https://www.jrf.org.uk/report/minimum-income-standard-uk-2020>

In addition we can look at existing benefits to identify some of the kinds of extra payments necessary for people who are too ill to work or for disabled people facing extra costs. By combining all these elements we can create a system of **Basic Income Plus** where everybody's basic economic needs are met and which is truly universal - by including everyone.

This does not require the kind of damaging privatised assessments that are currently used by the benefit system. Instead we can move to a system of self-assessment, exactly the same as used by the current tax system.

# The Bolt-on Method

The figures below are based on MIS data, but they are rough and ready figures and they are only meant to give an indication of how the bolt-on method would work in practice. Currently the MIS identifies 4 broad categories of basic human need:

1. **Individual costs** - food, clothing and sundries
2. **Home costs** - water, heating, light, insurance, internet, phone, equipment
3. **Travel costs** - bus, train, car, taxi
4. **Activity costs** - community participation and cultural activities

The MIS gives data on the costs of meeting each need for different individuals, including children, in different household sizes and configurations (single person, single parent, couple, with or without children etc). We can therefore use this data to define the level of everyone's basic income. Hence every individual, including children, would get their own payment based on their own real life situation.

In addition to the costs identified within the MIS we can also identify additional bolt-ons that would be available for long term illness, disability, and caring. For example, the Personal Independence Payment (PIP) [what used to be called Disability Living Allowance (DLA)] is a system used to meet the extra costs of having a disability. This is one example of a part of the current UK benefits system that is already closely aligned to **UBI+**. The criteria for qualification and the assessment process still need reform, but the payment itself is already an example of the non-means-tested, non-taxable bolt-on that we are proposing.

However ESA would need more radical reform, as it combines (at least in principle, if not in fact) an element to reflect the basic costs of living, plus an element to compensate people for the income lost because of an inability to work. However ESA might be reformed by replacing it with a combination of the the four basic payments defined by MIS (which everyone will receive) plus a bolt-on payment to reflect the cost of a person's inability to work due to ill health (e.g. £65 per week).

The current Welfare system also has around 70 legacy benefits and allowances still in payment. Further work will be undertaken to ensure that essential allowances and payments are covered by **UBI+**. Some of these could remain, including one-off payments for special circumstances; but many could be absorbed into the UBI+ system as there is duplication regarding both the payment and the recognised need.

Another group who should receive additional payments to reflect extra costs and needs are people who care for pre-school children or for adults in way that prevents or restrict

their capacity to work (e.g. an allowance for caring could be set at £130). As with all of these payments, this income could also be used to purchase care if the carer chose.

Another important cost that would also need to be addressed in any reform would be the need to ensure everyone can afford to pay their rent. For the sake of this illustration we are going to treat the Local Housing Allowance (LHA) as an adequate means for covering the cost of rent. However it should be acknowledged that the UK's housing market is broken and the whole system of housing benefits, property taxes and local government funding needs radical reform (however that is not a matter for this paper).

### **Example 1 A single person who lives alone in their own home**

Individual allowance = £50

Home allowance = £57.34

Travel allowance = £30

Social & cultural participation allowance = £20

Total UBI = **£157.34**

### **Example 2 A single person with a disability who lives alone in a rental property**

Individual allowance = £50

Home allowance = £57.34

Travel allowance = £30

Social & cultural participation allowance = £20

plus Unable to work payment = £65

plus LHA to pay for rent

plus DLA/PIP and disability premiums

Total UBI+ = **£222.34 or more**

## Next Steps

There is growing interest in Basic Income:

- The Scottish government is planning a major pilot programme
- Several English cities (Liverpool, Sheffield, Hull & Norwich) want to pilot basic income
- There is growing support for basic income in all political parties (except the Conservative Party)
- There are a growing number of UBI groups across the UK

We believe it is now time to start exploring the idea of **Basic Income Plus**. There could be important benefits for many different groups, especially for disabled people. For example:

- Everyone will get a secure income and whatever your level of disability
- If you can work then you can work without fear of losing your income
- If you live with someone else you will still get your own income

There have already been important pilots of basic income which shows that it improves people's health, wellbeing, education and increases income and days in paid work and has many other benefits. It also reduces stress, domestic violence and mental illness. There is also evidence that basic income is particularly beneficial to disabled people and people with mental health problems.

We believe now is a good time for disabled people, people with mental health problems, carers and people with other extra needs to start working together with the basic income movement to make sure that any new system includes everyone, especially people with extra needs.

We have set up a feedback form to gather your views, suggestions and questions here:

<https://www.surveymonkey.co.uk/r/LLDFDCY>

## Further reading

There is a lot of free information about basic income available on the *Citizen's Basic Income Trust* (<https://citizensincome.org>) and the *Basic Income Earth Network* (<https://basicincome.org>). The *UBI Lab Network* also has a wide variety of blogs on basic income (<https://www.ubilabnetwork.org/blog>). More information on Basic Income Plus can be found here:

<https://centreforwelfarereform.org/library/an-emancipatory-welfare-state.html>

<https://centreforwelfarereform.org/library/basic-income-and-independent-living.html>

## About the authors

Caroline Richardson is part of the Spartacus Network organisation, that has researched and reported on Government policies and legislation. She has authored many reports analysing government policies on ESA, PIP and other welfare reforms.

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## Publishing information

This paper has been published by the Centre for Welfare Reform in association with the UBI Lab Network and Citizen Network. Explore the Centre's library of resources here:

<https://www.centreforwelfarereform.org/library>

The UBI Lab Network is supporting a growing movement in support of basic income. You can find out more information here:

<https://www.ubilabnetwork.org>

Citizen Network is a global cooperative to create a world where everyone matters, you can join for free here:

<https://citizen-network.org>