



UBI|LAB
Sheffield

Working paper:

Proposal for a Sheffield Pilot

Draft 02/18



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What is Universal Basic Income?

A Universal Basic Income (UBI) or citizen's income is essentially "Everyone in society, rich and poor, gets a regular payment, replacing means testing of welfare and benefits."

The idea of a UBI has generated interest from across the political spectrum. For some people, it is a way of supporting citizens to achieve their full potential in the way that is best for them. For others, it is a way of reducing the size of the welfare state, making it more efficient and less intrusive. For others, it is a way of supporting people through times of change and uncertainty...

"We need to consider the one prompt and effective solution for poverty, which is to provide everyone with a minimum income." - J K Galbraith

"Everyone can enjoy a life of luxurious leisure if the machine-produced wealth is shared" - Stephen Hawking

"What a change of temper a fixed income will bring about. No force in the world can take from me my five hundred pounds. Food, house, and clothing are mine forever. Therefore not merely do effort and labour cease, but also hatred and bitterness. I need not hate any man; he cannot hurt me." - Virginia Woolf

There are many different models of UBI, which differ on the amount each citizen receives or how the current tax and benefit system is reformed.

What should a tax and benefit system do?

The principles that a tax and benefit system could aim for are that it is:

- **Fair** - ensuring everyone has enough and gives everyone a stake in the system
- **Efficient** - it isn't heavy on bureaucracy
- **Democratic** - helping everyone participate in the life of the community

The UBI Labs are proposing pilot is designed to investigate whether a Universal Basic Income is the means to tackle the challenges the tax and benefit system faces in a way that fits with those aims.

What are the challenges to our tax and benefit system?

- **Precarity:** people can no longer expect a stable career over which they can expect continuous employment.
 - Technological advances continue to destabilise and disrupt traditional labour markets, with many jobs potentially automated, but unemployment is treated as an exception in the current system
 - Globalised businesses look for flexible labour supply to meet changing demand, but benefits are not constructed to take account of fluctuating employment
 - With rapid change, constant innovation is required to keep pace, but individuals often lack the space to explore reskilling and entrepreneurship
- **Inequality.** Levels of economic inequality are high, with a huge gap between the lives led by the well off and the struggling
 - Economic inequality is a threat to economic development, stifling innovation and growth
 - Economic inequality has serious impacts on social and physical well-being, with costs for many public services of addressing the problems downstream
 - The tax and benefits system currently favours low to middle income citizens rather than the poorest
- **Poverty.** The current welfare and tax system has not addressed serious issues of poverty
 - Benefits are stigmatised, with £14 billion going unclaimed by those who need support
 - The current model of targeted benefits creates a false gap between 'taxpayers' and 'claimants', which hinders progress on addressing poverty
 - Benefit sanctions and administrative delays has led to a significant rise in poverty and hardship, including for many children.
- **Community.** The current welfare state fails to encourage community
 - The benefits system penalises couples who choose to live together
 - The benefits system penalises those who do unpaid care or charity work
 - The stigma of benefits and poverty can divide communities and harms social cohesion

Is the UBI the solution?

There are many options to reforming the tax and welfare system, UBI is just one of them. There are many reasons why UBI might be a solution to the issues faced.

- **Precarity:** A UBI could provide stability and security through fluctuating employment and give space for people to re-skill or innovate
- **Inequality:** A UBI could be a tool to redistribute income such that economic inequality would be reduced through progressive taxation
- **Poverty:** A UBI could significantly cut poverty, particularly child poverty, and would be free of the stigma of targeted benefits.
- **Community:** A UBI could strengthen communities by supporting every individual regardless of their relationships, whether they are in paid employment, caring for another, or volunteering for charity.

However, when we look at the tax and benefit system, people might question whether a UBI would have the preferred impact

- **Fair?** Some people have criticised the UBI for not being fair, either in being a way to reduce benefits, or raise taxes beyond a level perceived as fair
- **Efficient?** Some models of UBI still rely on a lot of means-tested benefits to target support, leading some to question whether a UBI can be fair and efficient at the same time
- **Democratic?** Some people have questioned whether a UBI will allow people the choice to forgo participation in community altogether, forgoing any responsibility to wider society

Why a Pilot?

The welfare state faces huge challenges and poverty and economic inequality comes with huge costs. Therefore, it is important to explore if another way of structuring the tax and benefit system is possible. A UBI might or might not be the answer, but there are several things that could be gained from a pilot:

- **Evidence:** There have been several pilot UBI schemes introduced around the world. There is also evidence from some historical trials. However;
 - these trials have usually fallen short of the standards for robust evidence;
 - a pilot is needed that is within the context of the UK tax and benefit system, examining both the impact of UBI and associated tax and benefit changes;
 - a pilot is needed within the cultural context and labour market of the UK, looking at how people across different groups behave in response to it;
 - a full trial in England would contribute to evidence generated by a small trial mooted for Rochdale, and proposed trials in Scotland.
- **Discussion:** A UBI pilot would contribute to the discussion of the tax and benefit system:
 - Evidence points towards a supportive welfare system being more effective than a conditional one, yet the current benefits system rests on conditionality, sanctions, and punishment;
 - Most people have a very poor knowledge of how the tax and benefit system works and where money goes;
 - If the pilot does not support the implementation of UBI, it will open up the question of what the solution should be;
 - The pilot will generate evidence that can be used in discussions on alternate models, regardless of whether these are based on a UBI model.
- **Immediate benefits:** Based on previous evidence, a UBI pilot should reduce poverty and improve wellbeing for many of those involved in it. This presents an opportunity to make an immediate impact on a community in Sheffield.

Why Sheffield?

Sheffield is a city of communities: Built around seven hills, Sheffield is more a collection of towns than a single city, with some of the wealthiest and poorest areas in the country. Within these towns are particular communities that would be ideal as a testbed of UBI

Sheffield is a city of makers: UBI supports entrepreneurship, providing unconditional support for people who need the freedom to explore new ideas and take risks which are vital to innovation in all sectors.

Sheffield is an innovative city: With two major universities and a City Council with an excellent track record of piloting innovation, Sheffield has the expertise available to run a UBI pilot

Sheffield is a city of change: Artificial intelligence and job automation is changing the face of labour as we know it, with Sheffield leading the way in these areas

What would a Sheffield UBI Pilot look like?

There are many options for what a UBI pilot would look like, depending on the priorities to be tested and the model of UBI adopted.

Fair: A model of UBI that would significantly reduce poverty and could act as a tool to address income inequality

Efficient: A model of UBI that would replace most of the current bureaucracy around benefits

Democratic: A model of UBI that would allow people to contribute to their community

The model proposed is one of those evaluated by IPR at the University of Bath, and is termed here as UBI+. It is a model that replaces the current benefit system at the level of current benefits, with a lower payment for children and a higher payment for pensioners. People who are disabled would get payments equivalent to those made currently. UBI+ also substitutes the personal tax allowance for a universal payment equivalent to that allowance.

We propose the pilot is geographically located around particular neighbourhoods. This would allow for exploring the potentially impact of a UBI upon not just individual households, but the wider community. If we wish to evaluate the impact of the UBI around our key challenges, then that also suggests a particular framework for the aims of the pilot:

Precarity: The pilot could evaluate the impact on workers in precarious employment, rates of entrepreneurship and re-skilling

Inequality: The pilot could evaluate the impact on health and social wellbeing, both individually and across a community

Poverty: The pilot could evaluate impacts on poverty and the services supporting those in poverty, including state and third-sector bodies

Community: The pilot could evaluate impacts on community, through individual relationships and activities, and wider social cohesion

The study will focus on neighbourhoods that potentially would see greatest benefit from implementation. To control for effects, individuals within the pilot geographical area will be compared to a sample of similar individuals outside the pilot area. These individuals will not need to be located within the same geographical area.

Option	Area / pop tested	Study outcomes	Approximate cost of pilot
1 - Limited 2 year qualitative study	50 people	Evidence around the everyday impact of UBI and what might drive people to change behaviours	£600,000
2 - Extended 3 year qualitative study	100 people (+control)	Evidence of the everyday impact of both UBI models along with a comparison to those not on UBI	£1,600,000
3 - Basic 2 year quantitative and qualitative study	Sub-area, 800 people (+control)	Evidence of everyday impact and a comparative study that quantifies large effects but will not detect minor effects	£5,000,000
4 - Extended 2-year quantitative and qualitative study	Whole area, 1600 people (+control)	Evidence of everyday impact and a comparative study that quantifies impact, along with an evaluation of how UBI can be implemented	£9,000,000
5 - Full 3-year study	Two areas, 3000 people (+control)	Evidence of everyday impact and a comparative study that quantifies impact for detailed population groups and effects across two areas, along with an evaluation of how UBI can be implemented	£27,000,000

Appendix 1 Geographical pilot areas

Whilst there are many factors where a pilot could be held, it is worth exploring what this might look like. Here, six areas have been selected based on current levels of unemployment and disability. Modelling on costs will be based on these areas, though the final areas will need to reflect practical, statistical, and socioeconomic factors. Whilst the costing is based primarily on LSOA areas, the final model may tend towards pilot schemes within more smaller areas, or a larger single area that would more completely represent a whole community on UBI.



UBI LAB: Sheffield is a collaboration between multiple organisations and individuals, seeking to explore the potential of a Universal Basic Income and explore the possibility of a pilot in the city.

For more information
ubilabsheffield.org
facebook.com/UBILabSheffield/

If you want to get involved on the research or campaigning side, or both, just get in touch hello@ubilabsheffield.org

UBI LAB is a model for exploring the potential of UBI. If you are interested in starting a UBI LAB where you live, get in touch for more information hello@ubilabsheffield.org



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