



Autonomy

A Future Fit For Wales

a basic income for all

Summary report

November 2021



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Published 2021 by:

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A Future Fit for Wales: a basic income for all

This is a summary of a report commissioned by the Future Generations Commissioner for Wales which explores the feasibility and desirability of a basic income in Wales.

A basic income is a regular, unconditional payment to every individual, designed to cover their basic needs.

- *Basic income is best understood not merely as state expenditure, but as an **investment** in people and place and a **boost** to the Welsh economy through increased spending power.*
- *Basic income speaks in a language of universalism - **where all Welsh residents are entitled to a basic standard of financial security.***
- *The proposals for the level of a basic income in the full report are based on **no one who is using the Universal Credit system being made worse off** - all social protections would be maintained or enhanced.*
- ***A basic income should be taxable**, meaning that while every resident receives the basic income, those most in need see a larger proportion of it, whilst the most well-off gain relatively less in net terms. **This makes a basic income fair as well as universal.***

Current conditions in Wales suggest that the time is right for a basic income.

- The nation has **amongst the highest levels of relative income poverty in the UK**, which in turn has significantly negative effects on the nation's health. Many of Wales' residents are working on poor terms and conditions in non-standard jobs, with further labour market disruption likely as a result of new technologies in the workplace.
- A basic income for Wales has **strong potential to succeed where the current UK welfare system is failing**. This could help the nation recover from the devastating effects of the COVID-19 pandemic as well as supporting more general progress towards the well-being goals in the Well-being of Future Generations Act.

Two models of basic income are modelled in the report.

- *The first model, an introductory basic income, would provide the following rates of payment (before tax)*

	Model 1 weekly rate	Model 1 annual rate
A child	£40	£2,080
Single adult aged between 18 and 64	£60	£3,120
Single adult aged 65 and over	£175	£9,100
Couple aged under 65	£120	£6,240
Couple with one child	£160	£8,320
Couple with two children	£200	£10,400

- *The second model in the report is a more substantial basic income, with significantly higher payments.*
- *In both models **all existing benefits would either be retained at their current level or replaced at a higher level.***

The first model of basic income, an introductory basic income, would cut poverty in Wales in half and reduce inequality substantially.

- Overall poverty rates in Wales would **decrease by 50%**.
- It would **reduce child poverty by two thirds, to 10%** - in line with the recommendations of the 2020 [Marmot Review](#) of the UK.
- **Pensioner poverty in Wales would decrease by 61%**.
- This introductory basic income would cost around £6 billion.
- A more substantial, and expensive, 'Model 2' basic income would almost wipe out poverty in Wales entirely. This second model of basic income is posed as a longer-term goal for policymakers.

A basic income would stimulate millions of extra pounds in household spending, providing a boost to the economy.

- The calculations included in the full report show that **extra spending (around £600 million) could be expected** by putting more cash in the pockets of lower income households, via basic income.

- *This, in turn, would generate greater VAT returns for Welsh Government - a crucial source of revenue.*

A basic income would deliver a range of other benefits

- *A basic income would **improve our health** - evidence shows that life expectancy and levels of health are closely linked to poverty, and recent research from the World Health Organisation shows that 'income security and social protection' is the most decisive factor in shaping health inequalities.*
- *With the financial protection of a basic income, **a wide range of hypothetical new freedoms can become possible**. People would be able to do things like finding suitable jobs, undertaking financially risky ventures such as starting a new business or developing their education or skills.*

There is a strong appetite amongst the Welsh public for trying basic income.

- **69%** *of the public support Welsh Government trialing a basic income scheme (only 11% oppose).*
- **67%** *support Welsh Government increasing taxes on the very rich in order to provide a 'basic standard of living for everyone in Wales'.*

The current climate in Wales presents fertile ground for developing a basic income.

- *Along with key Welsh councils, figures from Welsh Labour, the Welsh Liberal Democrats and Plaid Cymru have all backed the prospect of a basic income pilot. The First Minister and the Welsh Government have also committed to delivering a basic income pilot.*
- *The stakeholders and citizens who informed the research highlighted **the potential for a wide range of positive impacts for specific social groups** including women, carers, the self-employed and people experiencing homelessness.*

A key next step is to establish a basic income pilot in Wales.

- ***A well-designed pilot with 5,000 residents can be conducted at an estimated base cost of £50 million.** It would benefit from the existing political and civil society support in Wales, although some cooperation from the UK Government would be needed.*
- *The full report takes the best elements of previous basic income pilots, to suggest a pilot that prioritises affordability, validity, and involves a wide-ranging evaluation including a number of well-being indicators.*

The current devolution settlement places constraints on the establishment of a national basic income scheme and pilot.

- *The report suggests that the current devolution settlement is not set in stone, and points to the feasibility of a basic income pilot in the short-term, with some cooperation from the UK Government. In the longer-term a basic income budget could form part of UK-Wales financial arrangements.*
- *A basic income could be funded in a variety of ways: through rises in different forms of taxation, through a reallocation of funding from the UK budget or through payouts from a 'Welsh Future Fund'.*