

# Policy and Sustainability Committee

10.00am, Tuesday, 25 June 2020

## Scottish Citizens Basic Income Feasibility Project Final Report

Executive/routine	
Wards	All
Council Commitments	2, 31, 39 and 45

### 1. Recommendations

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- 1.1 It is recommended that the Policy and Sustainability Committee.
  - 1.1.1 Notes the findings and recommendations of the Final Feasibility Study Report;
  - 1.1.2 Agrees that Council ask Scottish Government to actively consider the findings of the Final Report and requests continued dialogue with UK Government regarding institutional arrangements for a pilot;
  - 1.1.3 Agrees that officers participate in the communication and dissemination of the findings of this Feasibility Study; and
  - 1.1.4 Agrees that any further Council involvement in development of a potential pilot will be subject to approval by this Committee.

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Chief Executive

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## Scottish Citizens Basic Income Feasibility Project Final Report

### 2. Executive Summary

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- 2.1 The City of Edinburgh Council has been working with three other local authorities (Fife, North Ayrshire, Glasgow City), Public Health Scotland, and the Improvement Services to research the feasibility of a Citizens Basic Income (CBI) pilot in Scotland.
- 2.2 This feasibility research, supported by the Scottish Government and the Improvement Service, has now been completed and a draft final report prepared outlining the findings and recommendations of the Feasibility Study.
- 2.3 The research concludes that a pilot study in Scotland would provide an important step to fully understanding the potential benefits and costs of a CBI policy. The findings further provide detailed evidence on the technical, and legislative challenges to implementing a pilot, and the support required from all levels of government (UK, Scottish, and Local) that would be needed to make a pilot feasible.
- 2.4 The draft Final Feasibility Study Report Executive Summary and Full Report are available through the external references section of this report.

### 3. Background

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- 3.1 In August 2017 Council agreed a motion for the City of Edinburgh Council to work with other local authorities to develop a pilot scheme for Citizen's Basic Income in Scotland
- 3.2 In November 2017 the Scottish Government made available £250,000 to fund feasibility research to inform development of a pilot project. In February 2018, the Corporate Policy and Strategy Committee approved Council participation in a project bid for this funding. As a part of that project officers have, since May 2018, been working with colleagues in three other local authorities (Fife, North Ayrshire, and Glasgow City), Public Health Scotland, and the Improvement Service to undertake a study into the feasibility of a Citizen's Basic Income pilot in Scotland.

- 3.3 An interim report on this research was published in November 2019. A draft final feasibility study report has now been prepared and, subject to scrutiny by committee at all four partner local authorities, will be submitted to Scottish Government.

## 4. Main report

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### Research process

- 4.1 The final report considers the feasibility of conducting local pilots, or trials, of a Citizen's Basic Income (CBI) in Scotland. The report is based on collaborative research carried out by local government and public health agencies in Scotland, with support of the Scottish Government.
- 4.2 The reports attached set out a definition and proposed model for a CBI and design of a proposed pilot approach that would aim to understand the impact of CBI on poverty, child poverty and unemployment, health and financial wellbeing, and citizen's experience of the social security system.
- 4.3 In developing and assessing the feasibility of the pilot model, the project steering group gathered and synthesised CBI evidence across published research, learning from contemporary pilots, community engagement and survey data, as well as commissioning new research to address evidence gaps.
- 4.4 Specifically, the Steering Group commissioned two pieces of research:
- 4.4.1 **Exploring the social security implications of a CBI pilot** was carried out by the Child Poverty Action Group in Scotland. This work explored how a pilot study of CBI might impact on the pilot participants' eligibility for other welfare benefits and associated 'passported' benefits.
- 4.4.2 **Economic Modelling of the potential distributional and macroeconomic implications of a CBI** was led by the Fraser of Allander Institute at the University of Strathclyde in collaboration with the Institute for Public Policy Research (IPPR) Scotland and Manchester Metropolitan University.
- 4.5 Alongside these research commissions, steering group members carried out engagement with relevant civil servants (Scottish Government, and UK Government, including HMRC and DWP officers), council officers, and wider stakeholders to gather information and insights, particularly in relation to the institutional and legal aspects of a CBI pilot.
- 4.6 The research was supported by a CBI Stakeholder Group with a cohort of over 60 interested individuals and groups who acted as a sounding board at various stages of the project.
- 4.7 Insights into community perceptions and attitudes to a CBI pilot were gathered through analysis of published research, augmented by local survey activity carried out by individual partner local authorities.

- 4.8 As part of governance arrangements for the feasibility study, an Elected Member group was formed comprising three cross-party representatives from each local authority. The purpose of this group was to provide feedback on the progress of the Steering Group and give senior local authority input to the Feasibility Study. The Elected Member group met on 27 May 2020 to consider the Final Feasibility Study Report and agreed to endorse the report subject to minor changes which have since been made.

### **Research findings**

- 4.9 The draft final report finds that a robust and well-designed pilot would provide an invaluable insight into the effects of CBI within the Scottish context.
- 4.10 The report sets out a proposed model for a pilot, including details of level of payment, number and size of pilot areas, as well as proposed changes to existing income related benefits for pilot participants. Direct intervention costs of a pilot based on the proposed model (net of savings on benefits and pensions and excluding administration and evaluation costs) are estimated at approximately £186m over three years for a pilot study.
- 4.11 There are substantial challenges associated with institutional arrangements for a pilot. The research has determined it is not currently feasible for any one level of government alone to deliver a pilot model of a CBI as described by the Steering Group. As such, a feasible CBI pilot would require support across all levels of government (local, Scottish and UK) including the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC).
- 4.12 The economic modelling work commissioned and undertaken by the Fraser of Allander Institute and partners provides important insights into the potential impacts of a national rollout of CBI on the economy in the longer term. The modelling suggests that the CBI proposed could reduce poverty, child poverty and income inequality. It would also have the potential to reduce economic precarity and change the nature of labour/leisure/training/creating/caring choices that citizens currently face.
- 4.13 The modelling also, however, outlines the potential fiscal costs of a nationwide CBI scheme and the considerable uncertainty regarding the economic impact of both the CBI and the way in which it is funded. The report concludes that a robust pilot and evaluation of CBI would help to address this uncertainty by generating improved evidence of the impact of a CBI on citizen's behaviour in a Scottish context; producing improved (but incomplete) evidence of the impact of a CBI on economic and community-level outcomes; allow testing of design and implementation features; and stimulate constructive future debate about this policy.

## **5. Next Steps**

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- 5.1 Next steps for the Scottish Citizens Basic Income Feasibility Project Final Report are:

- 5.1.1 Subject to scrutiny by the partner Councils, the final report will be submitted to Scottish Government Ministers
  - 5.1.2 The CBI Steering Group will continue to meet on an occasional basis to support appropriate sharing and dissemination of the Feasibility Study findings. An officer from the Strategy and Communications division will continue to represent the City of Edinburgh Council at these meetings.
  - 5.1.3 In line with the Final Feasibility Study Report next steps, it is proposed that the Council asks Scottish Government to actively consider the findings of the Final Report and request for continued dialogue with UK Government regarding institutional arrangements for a pilot.
- 5.2 Notwithstanding activities to support the communication and sharing of feasibility research findings, any further activity by Council officers in development of a potential pilot will be taken forward subject to approval by this Committee.

## **6. Financial impact**

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- 6.1 In November 2017, the Scottish Government announced the availability of £250,000 to fund feasibility research to inform development of a pilot project. This fund was used to recruit a Project Manager for the feasibility study, hosted within the Improvement Service, and to procure two major research commissions. Within the City of Edinburgh Council, support for the project has been taken forward within approved Strategy and Communications division staff budgets. There are no additional costs to the council associated with this project.

## **7. Stakeholder/Community Impact**

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- 7.1 This feasibility study has been a collaborative project led by four local authorities, alongside Public Health Scotland, the Improvement Service, and the Scottish Government. The research has been supported by a CBI Stakeholder group of over 60 members, by engagement with key UK and Scottish Government civil servants, and by local community survey work carried out in individual local authorities.

## **8. Background reading/external references**

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- 8.1 CBI Steering Group - [Assessing the Feasibility of Citizens' Basic Income Pilots in Scotland: Executive Summary](#)
- 8.2 CBI Steering Group - [Assessing the Feasibility of Citizens' Basic Income Pilots in Scotland: Draft Final Report](#)
- 8.3 CBI Steering Group - [Assessing the Feasibility of Citizens' Basic Income Pilots in Scotland: Appendices](#)

- 8.4 Fraser of Allander Institute – [Modelling the Economic Impact of a Citizen’s Basic Income in Scotland](#)
- 8.5 Child Poverty Action Group in Scotland – [Exploring the social security implications of a Citizen’s Basic Income pilot](#)

## **9. Appendices**

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- 9.1 None