

PILOTING A BASIC INCOME IN WALES

Principles,
precedents and
feasibility

June 2021



Autonomy

Basic Income
Conversation

Authors

Cleo Goodman
James Muldoon
David Frayne
Jack Kellam
Guy Standing



Autonomy

Autonomy is an independent think tank that provides necessary analyses, proposals and solutions with which to confront the changing reality of work today. Our aim is to promote real freedom, equality and human flourishing above all. To find out more about our research and work, visit

autonomy.work

Published 2021 by:

© Autonomy

Autonomy Research Ltd

Cranbourne

Pilcot Road

Crookham Village

Hampshire

GU51 5RU

Contents

- I. **Executive Summary**
- II. **What is a basic income?**
- III. **What are the potential advantages?**
- IV. **What are basic income pilots?**
- V. **The state of play in Wales**
- VI. **Progress at the UK level**
- VII. **Moving forward in Wales**
- VIII. **Beginning with the 'why'**
- IX. **Pilot design: an option for Wales**
- X. **Appendix: Selected previous pilots**

I.

EXECUTIVE SUMMARY

I. Executive summary

- **A basic income pilot is a test scheme, designed to investigate the impacts of a basic income.**
The Welsh First Minister, Mark Drakeford, has committed to piloting a basic income in Wales, although important questions remain about the purposes of the pilot and how it should be designed. One prominent issue surrounds whether a pilot should target a specific group (such as young care leavers) or include a test group that represents Wales as a whole.
- **This briefing document provides detail on what a basic income pilot should include and what factors must be considered.**
- **Looking ahead, it suggests the next key steps for Wales**
The most significant is overcoming obstacles posed by the current devolution settlement. A valid and ethically sound pilot will, at the very least, require cooperation from the UK Government through HMRC and the DWP so that necessary tax and benefit alterations can be made.

- **Effective basic income pilot design must begin with a clear understanding of why a pilot is being conducted.**

The reasons for conducting a pilot are not self-evident, and may include:

- Exploring the social and psychological impacts of a universal basic income.
 - Testing the parameters of a specific basic income policy design, so that it can be refined and implemented nationally.
 - Assessing the effects of unconditional cash transfers (similar to a basic income) on a target group, with a view to adding such benefits to the existing social security system.
 - Assessing the impact of making existing social security provision more like a basic income.
- **An option for a basic income pilot design in Wales is presented.**

We put this design choice forward as the strongest available for investigating the public impacts of a Welsh basic income, paid to all residents. Key pilot design features include:

- Piloting basic income payments at a level sufficient to cover basic needs.
- Piloting basic income in whole communities, to capture the community-level impacts of the policy.
- Piloting basic income in an urban and a rural setting, to capture the diversity of Wales.
- Investigating social and psychological impacts beyond poverty and employment, using a combination of surveys and qualitative methods.

- **Costs**
 - A well-designed pilot with 5,000 residents can be conducted at an estimated base cost of £99 million over 2 years. This amounts to 0.6% of the Welsh Government's 2021-22 budget.
 - Alternatively, if the pilot were to be funded by the UK Government, this cost would amount to around 0.01% of overall public spending.

II.

WHAT IS A BASIC INCOME?

II. What is a basic income?

- A basic income is **a regular, unconditional cash payment**, designed to ensure everyone a guaranteed income floor, regardless of circumstances.
- It is **universal**, meaning everyone within a geographically defined area receives it.
- Basic income is designed to be **paid to individuals** and unlike household-oriented systems of welfare, does not make any assumptions about how household members share incomes in order to meet their needs.
- Basic income payments are **not means-tested**, but the same for everyone. The scheme is also **unconditional**, meaning that payments are not tied to behavioural requirements such as job-seeking activities.
- Recognising that some people in society have additional needs, introducing basic income **does not necessarily mean abolishing all or most other state benefits**.

III.

WHAT ARE THE POTENTIAL ADVANTAGES?

III. What are the potential advantages?

Basic income has gained support for a wide range of reasons, and the precise impact of the policy depends on how it is designed and which other policies and initiatives it is combined with.

A guaranteed basic income offers a direct way of alleviating poverty, acknowledging the pivotal role of income and income security for meeting basic needs, supporting health and well-being, and enabling life choices. It could give citizens greater scope to maneuver in the job market and improve the bargaining position of workers in poor quality work. Basic income has also been envisaged as a resource to support traditionally unpaid forms of social contribution such as care work, creative activities, education, or starting a new enterprise.

The policy can also act as a corrective to weaknesses in the current UK welfare system, with its bureaucratic hurdles and punitive system of sanctions. A basic income can ensure that support reaches everybody who needs it, and help remove the social stigma of benefits by establishing support as a social right. Basic income could also alleviate the 'unemployment trap' created by the current system, in which a high effective marginal tax rate for low-earners can cause a sharp drop off in income, as people move off benefits and into low-paid employment.

IV.

WHAT ARE BASIC INCOME PILOTS?

IV. What are basic income pilots?

A basic income pilot is usually a small-scale, short-term basic income scheme, conducted by a national government. Pilots can allow governments to measure particular outcomes of basic income - such as the impact on poverty, health or behaviour - or they can test the parameters of a particular basic income policy design, in order to refine it. Pilots have already been conducted in Finland, the Netherlands, India, Spain, North America and Canada (see Appendix A for information on selected previous pilots).

To ensure that pilots gather useful data and do not leave any participant worse off financially, it is crucial that they be carefully designed. This means making informed decisions around questions such as the length of the pilot, which residents to include, what amount to pay, and the status of tax regulations and welfare benefits for the duration of the pilot. It also involves decisions about which possible impacts of the policy to observe, and how to carry out the evaluation.

The decision to implement a national basic income need not hinge on the findings of a pilot. In addition to the consistently positive evidence from previous pilots, there are ethical arguments for guaranteeing citizens resources for basic needs. The impact of a basic income policy on household incomes and poverty can also be predicted using economic modelling techniques. However, pilots remain valuable for exploring the broader impact of basic income and learning lessons about implementation.

A well-designed pilot in Wales could:

- **Build awareness**, improving the public's understanding of basic income, and generating debate among key Welsh stakeholders, leading to a stronger understanding of the strengths and weaknesses of particular basic income policy designs.
- **Build an evidence-base**, delivering insights on basic income's likely social and psychological impacts in Wales.
- **Generate practical insights**, helping to identify unintended consequences and iron out any potential difficulties associated with the implementation and administration of a basic income.

V.

THE STATE OF PLAY IN WALES?

V. The state of play in Wales

Shortly after returning as First Minister in May 2021, Mark Drakeford announced that his Welsh Labour Government intended to pilot a Universal Basic Income (UBI).¹ Although the policy had been absent from his party's manifesto, the commitment didn't come entirely as a surprise.

The previous year, 2020, had seen a surge of interest in UBI across Wales. The policy cropped up time and time again in the Senedd, with four councils - in Swansea, Rhondda Cynon-Taf, Cardiff and Gwynedd - also calling for pilots to take place in their local area.² At the height of the Covid crisis, Adam Price, leader of Plaid Cymru, was calling for an 'emergency' UBI to be introduced,³ while Sophie Howe, the Future Generations Commissioner for Wales, pushed for an unconditional cash-transfer program for workers in creative industries.⁴

1 BBC Wales (2021), 'Universal basic income to be tested in Wales'. Available at: <https://www.bbc.co.uk/news/uk-wales-politics-57120354>

2 See UBI Lab Network (2021), 'Council Motions'. Available at: <https://www.ubilabnetwork.org/council-motions>

3 Powys County Times (2020), 'Plaid Cymru leader calls for universal basic income'. Available at: <https://www.countytimes.co.uk/news/18332560.plaid-cymru-leader-calls-universal-basic-income/>

4 Future Generations Commissioner for Wales (2020), 'Future Generations Commissioner calls for a basic income pilot for creatives'. Available at: <https://www.futuregenerations.wales/news/future-generations-commissioner-calls-for-a-universal-basic-income-pilot-for-creatives/>

Heading into the election, the campaign group UBI Lab Wales had managed to secure 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. Public interest had also grown: a poll of Wales residents commissioned by Autonomy and the Future Generations Commissioner for Wales, showed that 69% were now supportive of Welsh Government piloting the scheme.

With a commitment to a pilot now in place, set within the portfolio of the new Minister for Social Justice, Jane Hutt, a public and political discussion about how a pilot should be designed is now underway. Mark Drakeford has himself noted that a pilot will need to be “carefully designed”: not only to ensure that it generates useful evidence, but also so that it is “crafted to make sure that it is affordable and... [falls] within the powers available to the Senedd”.

Returning to a position hinted at in the past, the First Minister has suggested that a pilot could be targeted at a specific group – young care leavers. UBI campaigners and political figures, in response, have raised concerns about pilot designs focused on specific demographics, rather than representative samples of the Welsh population. Others, pointing to Scotland, have noted the difficulties that the current devolution settlement places on the potential for any pilots at all.

VI.

PROGRESS AT THE UK LEVEL

VI. Progress at the UK level

Support for basic income in Wales builds on progress already made at the UK level. A current total of 32 local authorities across England, Wales and Scotland have passed council motions in support of piloting a basic income.⁵ Hundreds of electoral candidates also signed pledges in support of basic income at the last election. In addition to the 105 Sennedd candidates, this includes 108 Holyrood candidates, 19 mayoral candidates and 424 candidates running to be local councillors.⁶

Scottish Government previously invested £250,000 in a two-year study, looking at the feasibility of a basic income in Scotland. The final report of the Scottish Basic Income Feasibility Study was published in June 2020, presenting leading research on how best to design basic income pilots.⁷ One of its key conclusions was that while pilots could feasibly be conducted in a UK context, there are political barriers. The running of basic income pilots in the UK would require legislation and regulation changes which are currently the responsibility of the DWP and HMRC.

5 See UBI Lab Network (2021), 'Council Motions'. Available at: <https://www.ubilabnetwork.org/council-motions>

6 Lists of candidate pledges can be found in the 'Projects' section of the UBI Lab Network website, available at: <https://www.ubilabnetwork.org/projects>

7 The Citizens' Basic Income Feasibility Study Steering Group (2020) 'Assessing the Feasibility of Citizens' Basic Income Pilots in Scotland: Final Report.' Available at: https://www.basicincome.scot/_data/assets/pdf_file/0024/175371/Draft-Final-CBI-Feasibility_Main-Report-June-2020.pdf

The Scottish First Minister has, however, committed to progressing with basic income. The SNP have pledged to implement a Minimum Income Guarantee in the next parliament by modifying existing social security architecture.⁸ This is envisaged as a potential foundation for a full basic income in the future, which could be more feasibly implemented should Scotland become independent.

8 See 'Minimum Income Guarantee' in the SNP Manifesto (2021), 'Scotland's Future', 29. Available at: <https://www.snp.org/manifesto/>

VII.

MOVING FORWARD IN WALES

VII. Moving forward in Wales

Since it is not the first of the UK's devolved governments to explore piloting a basic income, Wales finds itself at an advantage. The Scottish Basic Income Feasibility Study contains many existing lessons about how to successfully pilot basic income in a devolved setting, including informed recommendations on pilot design, evaluation and ethics. In order for a Welsh pilot to be as strong as possible and avoid the mistakes made by previous pilot programs, it will be important to learn from the progress already made in Scotland. Beyond this, there are two key steps that must be taken:

Overcome the obstacles posed by the current devolution settlement.

The most immediate challenge is to gain clarity on what kinds of pilots are possible in Wales, in light of the legislative powers and administrative capabilities provided by the current devolution settlement.

Any future devolution of welfare powers to Wales could facilitate more favourable conditions for basic income policies and pilots. Yet even under the current devolution settlement, options do exist. The most obvious route is using the broad 'well-being power' given to councils under the Local Government Act 2000 to deliver pilot payments with national level support.⁹ The alternative is for direct payments to be made to recipients by the Welsh Government, similar to the £500 one-off bonus delivered to care workers in June 2020 during the Covid pandemic.

⁹ See RSA, 'A Basic Income for Scotland' (2019), 43.

Available at: <https://www.thersa.org/reports/basic-income-scotland>

Even so, as current Finance Minister Rebecca Evans has made clear, both of these options would require cooperation from the UK Government 'because of the interaction of... basic income with the tax and benefits system'.¹⁰ If the UK Government, the DWP, or HMRC opted to obstruct the pilots, there is a risk that pilot participants could find themselves paying more tax, or losing out on their current means-tested benefits. As well as compromising the validity of any pilot findings, running a trial under these conditions would also be unethical, since it could leave some participants worse off. As such, Welsh Labour MP Beth Winter has already called on the UK Government to provide the necessary cooperation and financial support for a trial to take place.¹¹

In short, the legislative path towards a basic income pilot in Wales is far from straightforward. Immediate options do exist, but further political and legal groundwork will need to be laid to ensure that any future pilot is both ethical and feasible.

10 Senedd Cymru (2020), 'Y Cyfarfod Llawn Plenary: 30/09/2020. Available at: <https://record.assembly.wales/Plenary/6568#A60623>

11 Beth Winter (2021) 'Universal Basic Income Pilot in Wales', Early Day Motion 53. Available at: <https://edm.parliament.uk/early-day-motion/58482/universal-basic-income-pilot-in-wales>

Develop a clear vision on the goals of basic income and the basic income pilot.

Although discussion of basic income among citizens and stakeholders has already gained significant momentum, many remain new to the idea. There is not yet a settled understanding of exactly what a basic income, or a basic income pilot, would mean in Wales: from the scope of recipients, to potential payment levels and beyond. To avoid confusion, core principles need to be debated, and then agreed upon, early in the process. This should include a clear definition of what success looks like for the pilot.

Moving forward, a clear communications strategy will then be necessary to ensure that stakeholders understand the policy and its justifications. This may mean a readiness to respond to common questions and myths about the policy, as well as clear messaging on the purpose of the pilot and what it might realistically achieve.

A clear, shared understanding around the purpose of the pilot can then be carried forward into an appropriate pilot design. In the remainder of this briefing, we clarify some of the reasons why a basic income pilot might be conducted in Wales, as well as offering an option for a research design, based on the assumption that the nation aspires to learn more about a universal basic income, paid to all residents.

VIII.

BEGINNING WITH THE “WHY”

VIII. Beginning with the 'why'

The reasons for conducting a basic income pilot are not self-evident. Before a basic income pilot is designed in Wales, it is important to have a strong sense of why it is being conducted. Thinking about the 'why' means reflecting on what success would look like and how the findings of a pilot will be applied. A lack of clarity and agreement on the 'why' could lead to:

- **A pilot design that is unfit for purpose**, producing findings that are invalid as a test of basic income, or have low strategic value in supporting Wales' longer-term plans for basic income.
- **Disagreements among stakeholders** around whether the trial 'worked', following its conclusion. For results to be interpreted fairly, there has to be a shared understanding of what the pilot was trying to demonstrate or achieve.

When problems arise: learning from Finland's pilot¹²

Both of the above problems were present in Finland's basic income pilot, which is a good warning of how a lack of clarity can lead to poor research design choices and disagreements about the findings.

The pilot's validity as a test of basic income was compromised because it targeted only unemployed people, and its design did not remove eligibility criteria for key benefits among the test group, who still risked losing a significant portion of their benefits if they entered employment.

There was also a lack of clarity on the pilot's outcomes. Whereas media coverage often deemed the pilot a failure due to its failure to significantly boost the employment rate, others disputed whether this was its ultimate purpose. The study in fact showed significant improvements in areas such as financial security, physical and mental health, confidence, and overall life satisfaction among the test group. Where some saw the pilot as a failure, others therefore looked at these other findings as a sign of great promise.¹³

12 The basic income experiment 2017-2018 in Finland: Preliminary Results. Available at: https://julkaisut.valtioneuvosto.fi/bitstream/handle/10024/161361/Report_The%20Basic%20Income%20Experiment%2020172018%20in%20Finland.pdf

13 For a breakdown of these problems, see Scott Santens (2019) What is there to learn from Finland's basic income experiment? Did it succeed or fail? Available at: <https://medium.com/basic-income/what-is-there-to-learn-from-finlands-basic-income-experiment-did-it-succeed-or-fail-54b8e5051f60>

There are a number of reasons why a basic income pilot might be conducted in Wales:

1. **To learn more about the effects of universal basic income on particular outcomes.** Defining what is meant by 'success' involves judgements about which outcomes are the most important. The impact on poverty is usually of central importance, although in Wales there is potential for a pilot to investigate a range of priorities, consistent with the broader progressive ambitions of the Well-being of Future Generations Act.¹⁴ This could include impacts on anything from health and community life, to impacts on the uptake of jobs, education and voluntary work.

The more outcomes chosen, the more comprehensive the pilot will need to be. In order to be able to generalise from the pilot findings to estimates about the probable impact of basic income in Wales, it is also crucial that the pilot sample is representative - including a wide range of social groups and resembling Wales as a whole.

The leading thinking on basic income also suggests that many of the positive impacts result from an entire community receiving the intervention. Community-level impacts may include a reduction of the stigma associated with claiming benefits, or the development of new social enterprises, voluntary associations, and caring networks. If the intention is to gather data on the impacts of universal basic income, conducting a pilot with an entire community in a particular location is by far the best option.

¹⁴ See The Future Generations Commissioner for Wales, 'Well-being of Future Generations Act 2015'. Available at <https://www.futuregenerations.wales/>

2. **To prepare to implement a national basic income policy.** Pilots are at their most useful when there is a degree of pre-existing commitment to implementing a national basic income policy. This allows researchers to trial the specific parameters of the policy design in question. In this instance, the pilot functions less like a policy evaluation and more like a 'test run', helping to refine the policy design, identify any unintended consequences, and uncover any possible obstacles to implementation.
3. **To assess the impact of unconditional cash transfers on a particular target group.** A pilot that focuses on a particular target group (such as young care leavers) can gather data on how unconditional cash transfers may impact that group. This type of pilot can help build the case for adding new targeted benefits to the existing social security system, which share some of the features of a basic income payment (a regular payment to individuals in cash, without conditions, for instance).

It may be possible to make inferences about the impact of basic income on the wider population from such a pilot. In general, however, targeted cash-transfer pilots are a weak test of a universal basic income, which is paid to all residents. If national aspirations are for a UBI, a targeted pilot may have limited political value.

4. **To assess the impact of applying features of basic income to existing social security provision.** A pilot could be conducted to explore the possible ways of adapting the existing welfare system to include some of the defining features of basic income. This might mean paying particular benefits in cash-transfers, dispensing with means-testing at the household level, guaranteeing that payments are sufficient to meet basic needs, or removing behavioural conditions for benefits.

One option here is to make the changes to the existing system national and permanent - a staged approach to implementing basic income, achieved by introducing incremental reforms to the existing social security system. These 'real-life pilots' could be subject to ongoing evaluation and eventually lead to a UBI. An advantage here may also be that certain changes can be implemented in the short term, using powers available under the current devolution settlement. This is the approach being taken in Scotland, where a Minimum Income Guarantee is the proposed starting point on a 'road' to basic income.

Should the basic income pilot be targeted at a specific social group?

The answer to this question depends on why the pilot is being conducted in Wales. If the objective of the pilot is to assess the impact of unconditional cash transfers on a certain group, with a view to adding particular benefits to the existing social security system (3, above), there is a case for targeting the pilot at a specific social group. This can be a good way of investigating the social impacts and testing the parameters of the policy changes in question. It should, however, be made clear that this type of pilot is testing a policy which has features in common with basic income, as opposed to a true UBI, paid to all residents within a geographical area.

If the objective is to explore social and psychological impacts of a universal basic income (1, above) or prepare to implement a national basic income policy (2, above), running a pilot targeted at a specific social group is not advisable. The pilot would not indicate how the policy impacted people from different demographics, give no insight into changes at a community level, and nor would it be equipped to identify any unintended consequences of the policy for different social groups.

A pilot with a target group could still allow us to make some inferences about the impact of a universal basic income. Ultimately, however, targeted pilots have limited validity and value as a test of basic income because they fail to capture one of its key features: the universal aspect, as a payment to all residents.

IX.

PILOT DESIGN: AN OPTION FOR WALES

IX. Pilot design: an option for Wales

The design of any basic income pilot should be informed by a sense of what a national basic income scheme would ideally look like. The design of a national scheme involves decisions on matters such as the level of payments, how the policy should be funded, and how it works in relation to the existing welfare system.

*What might an ideal basic income look like in Wales?*¹⁵

We suggest that an ideal national policy would:

- Provide a monthly, automatic and unconditional cash payment to every individual who is usually resident in Wales.
- Include residents above retirement age, and also children, whose payments would be directed to a guardian until they reach a designated age.
- Be set at an amount sufficient to have a meaningful impact on everyday life.
- Sit alongside relevant supplemental benefits, such as disability-related benefits, to avoid negative impacts on Wales residents with additional needs.
- Be taxable, meaning that while every resident receives the same basic income, those most in need would retain a larger proportion, whilst the most well off would gain relatively less in net terms. This makes a basic income fair as well as universal.

¹⁵ Autonomy and collaborators provide further justifications for these features, as well as modelling their economic impact in Wales, in a forthcoming report for the Future Generations Commissioner.

Here we assume that Wales aspires to a universal basic income - one for all residents - and prioritise a pilot design that mirrors the features of our ideal UBI as closely as possible. First and foremost, this means proposing that the pilot include a test population that represents Wales in general, rather than a particular target group such as young care leavers. Although such a group is likely to benefit significantly from an unconditional cash transfer program, a pilot that is targeted in this way has less validity for gathering insights on universal basic income, and less strategic value for advancing the policy in Wales.

Answering the question of why a basic income pilot should be conducted, we suggest that a pilot would be useful to build a Wales-specific evidence-base on the impacts of the policy across a range of outcomes. This has the potential to strengthen the case for basic income, identify any unintended consequences of the policy, raise public awareness, and generate debate among stakeholders about the policy's strengths and weaknesses.

Finally, it is important to stress that any proposed pilot design will need to remain tentative, as we learn more about what it is possible for Wales to legislate, fund and administer under its devolution settlement.

Who will be included in the pilot?

To produce findings that can be generalised to the population of Wales, we suggest that a pilot should not be targeted as a specific type of person, but instead include **a sample that represents Wales as a whole**. This means including a wide range of social groups and choosing piloting sites that are comparable to Wales in general.

The research should also include **a control group**. This means that researchers would also collect relevant information from Wales residents who are not receiving the basic income. This allows researchers to check that the impacts measured in the study are the result of the basic income intervention, and not other factors.

In order to capture the diversity of Wales, two parallel pilots can be organised: **one in an urban area, and one in a rural area**. The pilot would include every resident in the selected areas, including children and people beyond working age. To produce findings that are statistically significant, we suggest **a sample size of around 5,000 residents** (2,500 in each location). The basic income payments would be paid to individuals (not a 'head of household'), and the child's basic income would be paid to a suitable guardian.

The pilot locations may be decided in a democratic way. Local communities need to be consulted, and there could possibly be a pilot application process for local councils. An independent panel, appointed by Welsh Government, could select the final locations in consultation with the pilot's research team, and we recommend that everyone involved should have a good technical grasp of how the choice of sites can influence how feasible, valid and useful the pilot will be.

Since the sample size needed to produce statistically significant results is linked to the outcomes being measured, **questions surrounding the sample size and locations of the pilot should be revisited** when the evaluation methods have been decided.

How much will individuals be paid?

Age range	Payment rate per week
Child (0-17)	£120.48
Adult aged 18-64	£213.59
Adult aged 65+	£195.90

These payment amounts have been suggested with reference to the Joseph Rowntree Foundation's Minimum Income Standard - a method which engages members of the public in a deliberative process, in order to identify the things that everybody should be able to afford.¹⁶

¹⁶ Joseph Rowntree Foundation (2018). 'A minimum income standard for the UK 2008-2018: continuity and change'. Available at: <https://www.jrf.org.uk/report/minimum-income-standard-uk-2018>

The status of existing benefits during a pilot

To create the most realistic simulation of how a national basic income might be experienced, we suggest suspending some of the current subsistence benefits during the pilot. We also suggest that the pilot payments should be fully ‘disregarded’, meaning that they would not be considered a form of income relevant to the deductions and allocations of key means-tested benefits for the duration of the pilot.¹⁷

We recommend suspending all subsistence level benefits for the pilot duration, including:

- Income Support (Personal Allowance).
- Income-based Jobseekers Allowance (Personal Allowance).
- Income-related Employment and Support Allowance (Personal allowance).
- Child Tax Credit (Family Element plus Child Element).
- State Pension.
- Child Benefit.

¹⁷ These suggestions mirror those in the Scottish Basic Income Pilot Feasibility Study, with the exception of Carer’s Allowance, which we decided to exclude from our list of benefits suspended. Our reasoning is that Carer’s Allowance is less like a subsistence benefit and more like a ‘remuneration’ for a service (supporting someone to care for another).

The Citizens’ Basic Income Feasibility Study Steering Group (2020) ‘Assessing the Feasibility of Citizens’ Basic Income Pilots in Scotland: Final Report.’ Available at: https://www.basicincome.scot/_data/assets/pdf_file/0024/175371/Draft-Final-CBI-Feasibility_Main-Report-June-2020.pdf

- Universal Credit: Standard allowance for single person.
- Universal Credit: First child / subsequent child payments.

The Welsh Government will need to engage with the Department for Work and Pensions in order to discuss the feasibility of suspending these benefits for the duration of the pilot.

Length of the pilot

To balance expediency and cost-efficiency with the ability to capture relevant impacts of basic income, we recommend that a trial be run for **24 months**. A longer trial may create a sense of public fatigue in assessing the merits of the scheme, and importantly, would also postpone the possibility of implementing a full basic income in Wales.

This duration should be sufficient to capture most outcomes that can be captured in a temporary pilot. A temporary pilot can never capture all possible impacts because some social changes are likely to take several years to manifest. Participants are also likely to modify their behaviour in the knowledge that their basic income payments will end along with the pilot. A 'theory of change' may be defined in the design phase of the pilot, in order to outline the anticipated timescale of various possible impacts. This could build on the one presented in the Scottish Feasibility Study.

A sufficient preparatory period will also be important to design the pilot effectively. Consideration should be given to the need to design an evaluation, train researchers, and prepare for the administration of the pilot. Significant time after the pilot will also be required to analyse and communicate the findings.

Evaluating the pilot

The evaluation of a basic income pilot in Wales needs to be carefully deliberated at the design stage. A shortcoming of some previous pilots is the tendency to focus mainly on the ability of basic income to assist people back into the labour market. We advise that a pilot in Wales should be **based on a wider range of evaluative criteria**, consistent with the broader progressive ambitions of the Well-being of Future Generations Act.¹⁸

Based on previous pilots, we can say with some confidence that a basic income pilot in Wales could have the following observable outcomes:

- Reduction in poverty and alleviation of economic insecurity.
- Improved health and wellbeing.
- Empowerment of residents to make life choices.
- Reduced barriers to labour market participation.
- Increased uptake of education and training.
- Increased entrepreneurial and voluntary activity.

¹⁸ These ambitions include a Wales that is more prosperous, resilient, equal, globally responsible and healthy, with cohesive communities, and a more vibrant culture, as well as a thriving Welsh language. See: <https://www.futuregenerations.wales/>

Although impacts on poverty and child poverty are undoubtedly priorities, the question of which outcomes to investigate may be decided by **a democratic process** involving Welsh stakeholders. It is also worth considering that an attempt to evaluate every possible outcome may produce cost and feasibility issues.¹⁹

Decisions surrounding the evaluation of a basic income pilot have significant implications for all of the other design parameters, so these should be revisited, once the evaluation priorities have been agreed upon. Wherever possible, the outcomes of interest should also be monitored **using existing evaluation frameworks and routine datasets**. This is not only more efficient, it also allows data to be compared to a much larger pool of relevant data sets (such as those held by the Administrative Data Research Centre Wales).

During the evaluation itself, we envisage that a **series of surveys will be undertaken** with the pilot participants, as well as parallel control groups. To observe changes in behaviour, circumstances and attitudes over time, we advise a baseline survey (before the pilot begins), an interim evaluation (six months in), a final evaluation (at the end of the 24-month period) and a legacy evaluation (six months after the pilot ends).

¹⁹ As part of the evaluation of a Welsh pilot, researchers embedded in Welsh civil society organisations could potentially be supported to conduct small-scale studies, in parallel to the central evaluation. These could investigate the impact of the basic income pilot on particular sections of the pilot sample, such as creative freelancers, children, women, or people experiencing homelessness, for example.

Importantly, it should also be noted that personal and social impacts are not always adequately captured by surveys. We therefore advise that the pilot evaluation ought to include **a strong qualitative element**. Qualitative researchers embedded in pilot communities could observe key community events, or conduct home visits and biographical interviews with individuals and households. A subset of the pilot sample could be asked to complete reflective diaries over the study period, and local spokespeople (such as community anchor organisations, headteachers, the police, or healthcare professionals) could be interviewed on the topic of community-level effects. The stories gathered through qualitative research may be particularly useful for public communication of the pilot findings.

The cost of a Welsh pilot

Here we provide approximate costings for a Welsh pilot with 5000 participants, over a 24 month period.

In order for a Welsh basic income to be fair as well as universal, we suggest that in any future 'full' version of the scheme, payments ought to be taxable. This would mean that while every resident receives the same basic income payments, those most in need would retain a larger proportion, with the most well off gaining relatively less in net terms. However, for the purposes of a pilot, we suggest that **pilot payments should not count towards taxable income**. This has the advantage of avoiding the risk to participants posed by a temporary change in income.

The simplest option for a pilot would be to pay out the basic income amounts in full, without simulating the tax deductions. This option would be simpler, eliminating the need to check people's income levels. Although this would result in a pilot that does not simulate the effects of a basic income integrated with progressive taxation, it would honour a key message of basic income, which is that everyone receives the same amount at the point of payment. It may be decided that preserving this message is important for public perceptions of the policy. We estimate that a pilot using this method would cost around **£50 million** per year for the pilot period (£99m over two years).²⁰

It is possible that these costings could be further reduced, pending DWP co-operation to suspend subsistence benefits for the participants, over the period of the trial. The costs of an evaluation would also need to be added to the cost of pilot payments. The evaluation would require resources over a number of years, for planning, executing, and analysing the pilot, although it is not possible to know the precise cost until final agreement has been reached on its methods.

²⁰ We estimate the cost of the pilot using a random sample from the Welsh Family Resource Survey.

Ethical considerations

The pilot design should be ethically evaluated and principles put before an appropriate ethics committee. We suggest that a core principle should be that **no individual is worse off as a direct result of their participation**. We would, for example, deem unacceptable any pilot that disqualified participants from key means-tested benefits and associated passported entitlements, leaving them worse off.

Legal advice should be sought before the pilot is implemented, to examine how the scheme would interact with other forms of social assistance and how to best support participants in their transitions into and out of the pilot program, including participants who move away from the pilot site during the research. The Scottish Feasibility Study has already begun to pave the way in this area and contains important considerations, including whether participation in a pilot can and should be made compulsory.

Informed consent should also be sought from participants. Participants must have a strong grasp of the purposes, features and research methods of the pilot, including its time-limited nature. Any data collected should be securely stored, and the anonymity of participants should be preserved as default

Feasibility assessment

Type of feasibility	Current status
Is there a political coalition of support for the policy within Wales?	Yes. As detailed above, the prospect of a basic income pilot benefits from significant cross-party support, as well as a commitment from the First Minister.
Is there an absence of institutional barriers to implementation?	No. Any pilot would require the cooperation of the UK Government, as well as the DWP and HMRC, which has not yet been obtained. However, commitment to piloting a basic income in Scotland remains, with additional support now in Wales and Northern Ireland. This coalition of interest from devolved governments may be sufficient to apply the political pressure required to deliver a basic income pilot in the UK.

<p>Is there public support for the pilot?</p>	<p>Yes. Survey evidence from Wales indicates that 69% are in favour of a basic income pilot in response to the Covid pandemic. Wales also has a number of established basic income advocacy groups, including the UBI Lab networks.</p>
<p>Is there evidence to suggest the pilot will lead to the desired outcomes?</p>	<p>Yes. Evidence from existing international experiments points to improvements in key well-being indicators (see Appendix A).</p>
<p>Is the pilot affordable?</p>	<p>Yes. The pilot has been given a base cost (i.e. prior to evaluation costs) of approximately £99 million over 2 years.</p>
<p>Can a monitoring and evaluation framework be established to test the performance of the pilot?</p>	<p>Yes. The principles for an appropriate monitoring and evaluations framework have been outlined above.</p>
<p>Can a pilot be designed to comply with strict ethical criteria?</p>	<p>Yes. Appropriate ethical guidelines have been suggested above, and more detailed guidelines have been explored in the Scottish Feasibility Study.</p>

X.

**APPENDIX:
SELECTED
PREVIOUS
PILOTS**

X. Appendix: selected previous pilots

Past basic income pilots and other relevant interventions have used various methods and designs. Any comparisons between studies must take the design of the intervention into account.

The Basic Income Experiments Map at Stanford is a useful catalogue of existing pilots:

<https://basicincome.stanford.edu/experiments-map/>

Finland

Finland conducted a two-year trial of basic income from 1 January 2017 to 31 December 2018, providing an unconditional payment of €560 per month for 2,000 randomly-sampled unemployed people, aged 25 to 58. Details on the impacts can be found [here](#).

The Netherlands

There are a number of basic income trials (although not named as such) in Groningen, Tilburg, Utrecht and Wageningen, among others, following 2015 legislation allowing municipal authorities to experiment with social assistance. Details can be found [here](#).

Madhya Pradesh, India

The pilot in Madhya Pradesh, India, included 6,000 individuals (including children) across 9 villages, with a further 13 villages involved as control groups. It paid every resident a basic income for 18 months. Details on the impacts can be found [here](#), in a book length study of the pilot.

Ontario, Canada

The government of Ontario launched a basic income pilot in April 2017, covering four local areas consisting of 4,000 individuals with low-incomes. The trial paid single people around C\$17,000 a year and couples around C\$24,000. Disabled participants were also paid an additional supplement. The research was designed to study a series of quality of life indicators. Details can be found [here](#).



autonomy.work

Published 2021 by:
© Autonomy
Autonomy Research Ltd
Cranbourne
Pilcot Road
Crookham Village
Hampshire
GU51 5RU