

**Written evidence submitted by Sophie Howe, Future Generations Commissioner for Wales
(BSW0038)**

I would like to invite the Committee to consider the following information as part of its inquiry into 'The Benefits System in Wales.'

Introduction

The Future Generations Commissioner for Wales is an independent role, established by the Well-being of Future Generations Act. The legislation requires public bodies in Wales (including Welsh Government) to promote the Sustainable Development principle and act to meet the needs of the present without compromising the ability of future generations to meet their own needs. This requires public bodies to act long-term, prevent problems from occurring or from getting worse, collaborate with others, involve people who are affected by decisions and to integrate action with other public bodies and well-being objectives. As Commissioner, I advise and support public bodies to implement the legislation and I also monitor and assess their progress.

You can find more information about the role, and the Well-being of Future Generations Act [here](#).

I would like to specifically contribute to the following Committee question.

8. What are the implications of the Universal Basic Income pilot in Wales?

In a recent publication on universal social protection, the UN Research Institute for Social Development¹ said, (in relation to UBI) - "The more universal a programme becomes in terms of coverage, rules of access and membership, and adequacy of benefits, the greater the potential for redistribution, risk pooling, cross-subsidization, efficiency gains and quality control... In practice, in terms of the steps and instruments through which universal social protection can be achieved, the line between a universal and a targeted approach may become blurred. The ideal type of a universal social protection programme is a basic income grant for all citizens or residents, financed out of general revenues and provided on an unconditional basis."

I welcome the confirmation in March by Mark Drakeford, First Minister of Wales that a Basic Income pilot would be ran in Wales. The Welsh Government have the opportunity to undertake

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[https://www.unrisd.org/80256B3C005BCCF9/httpNetITFramePDF?ReadForm&parentunid=36C592406B99BEBAC125778900325E5A&parentdoctype=documentauxiliarypage&netitpath=80256B3C005BCCF9/\(httpAuxPages\)/36C592406B99BEBAC125778900325E5A/\\$file/PovRepCh5.pdf](https://www.unrisd.org/80256B3C005BCCF9/httpNetITFramePDF?ReadForm&parentunid=36C592406B99BEBAC125778900325E5A&parentdoctype=documentauxiliarypage&netitpath=80256B3C005BCCF9/(httpAuxPages)/36C592406B99BEBAC125778900325E5A/$file/PovRepCh5.pdf)

one of the most wide-ranging and comprehensive pilots in the West. Such a pilot will put Wales firmly on the map, with many academics, governments and communities across the globe taking a keen interest in the results of the pilot. By focusing on a range of people rather than a single cohort, such as care leavers, the results of a wide-ranging pilot will provide the information required to understand what impact the policy would have on Wales if it were rolled out tomorrow.

I propose that Welsh Government should ensure the pilot includes a demographically representative sample of the entire population, as well as care leavers. This will ensure that the potential benefits outlined in this paper can be fully assessed for the population as a whole as well as one specific group.

I believe that such an approach will support the vision of the Well-being of Future Generations (Wales) Act 2015 and contribute to our national well-being goals;

A Prosperous Wales, A Resilient Wales, A More Equal Wales, A Healthier Wales, A Wales of Vibrant Culture and Thriving Welsh Language, A Globally Responsible Wales and A Wales of Cohesive Communities.

I recently wrote to the First Minister of Wales alongside UBI advocates, outlining this [need](#).

Benefits of a UBI

The benefits of a basic income pilot are far ranging. The following themes would be explored.

1. Health and well-being (inc. impact on drug and alcohol consumption)

The most consistent outcome of all basic income pilots is that there has been a significant improvement in physical and mental health. The knock-on effects of this is a reduction in the use of health services, which inevitably leads to a monetary saving in delivering such services. Any assistance in reducing the hospital and GP visits while the NHS catches up from the Covid backlog will likely be welcomed.

A practical universal result of unconditionally providing money to pregnant women is that their nutrition² improves, and as a result their babies are born healthier. A common criticism of basic income is that people would spend it on drugs and alcohol. This is not the case and in the vast majority of pilots, participants have spent less on drugs and alcohol³ and more on basic necessities.

² <http://www.livableincome.org/rMM-EForget08.pdf>

³ <https://medium.com/age-of-awareness/universal-basic-income-vs-addiction-9be994f6acc5>

2. School performance / educational attainment

A pilot Basic Income Grant project was conducted in the region of Otjivero-Omitara⁴, Namibia from 2007 to 2009 with positive results in reducing poverty and crime and in raising levels of school attendance. Attendance in schools almost doubled (it grew by 90 percent) because more parents were able to sustain the cost of sending their children to school. Dropout rates fell from 40% in 2007 to 5% in 2009.

3. Impact on poverty and equality

The introduction of a universal basic income would directly reduce poverty through giving poor individuals and households a guaranteed level of income. Wales has the highest rate of child poverty in the UK and providing cash directly to poor families is one way of tackling this issue. Even a modest payment of £60 on top of existing benefits reduces inequality by 24.7%. A basic income is also a more effective way of tackling poverty given that take-up of the benefit will be universal. The pandemic has shown that thousands of people have not claimed the benefits they're entitled to either because of the stigma attached or the complexity of the system in place.

4. Employment / labour activity

A consistent criticism of basic income is that everyone would stay at home and no longer work. The recent pilots in Finland and Stockton, California, proved this is incorrect. Although employment only increased marginally in the Finnish example, it did not go backwards, which is often the argument presented by the policy's detractors.

By removing the conditionality attached to benefits, it provides people with the opportunity to find meaningful and long-term employment rather than employment for the sake of meeting the conditions attached to receiving their benefits.

5. Entrepreneurship⁵ and impact on local economy⁶

Pilots from India to Namibia have found a surge in participants engaging in entrepreneurial activity. More recently, the stimulus cheques paid to American citizens as part of the US covid recovery package have been used by many to start a small business.

⁴ <https://www.centreforpublicimpact.org/case-study/basic-income-grant-big-namibia>

⁵ <https://www.nytimes.com/2021/05/24/upshot/stimulus-covid-startups-increase.html>

⁶ <https://www.reuters.com/business/us-consumer-spending-income-rebound-march-2021-04-30/>

The payment will encourage people to start their own business, as noted above. The knock-on effect of this is a reinvigorated local economy and added job growth which will result in the area becoming more attractive for future investment.

It also provides those on the lowest incomes with more disposable cash. Unlike those on higher incomes who would likely save their added income, people on the lowest income would spend their payment on essential items within their local communities, which are often subject to the poverty premium. The increased spending and business start-ups may result in younger people choosing to stay in communities that typically lacked the opportunities for them to stay.

6. Ability to Age Well

A basic income gives people the opportunity to care for their elderly loved ones. This ensures the elderly can spend their final days in the care of family and/or friends. Many people have to weigh up the choice of caring for a loved one and giving up work. This difficult choice will be removed for many with a basic income.

Conclusion

The Welsh Government have the opportunity to design an exciting and comprehensive pilot, using the principles of the Well-being of Future Generations Act, including full use of the 5 ways of working. As noted in our letter to the First Minister, there is clear public and political support for such a pilot, with [69%](#) of the public in favour of a trial paying individuals a basic income.

There is no need to rush the design. It is of significant importance that we design the pilot in such a way that it ensures no one is left worse off and that we learn as much as we can about the policy, for the benefit of Wales, the UK and international audiences.

I believe the purpose of this pilot is to understand how it would look if it were introduced in Wales. The design must therefore be representative of Wales and the only way to make sure of that is for the pilot to be as wide-ranging as possible.

I would urge all stakeholders including the Welsh Affairs Committee and the UK Government to support this pilot and I look forward to supporting this work further, in the interest of current and future generations.

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