

Written evidence from Citizens Basic Income Network Scotland [PCW0024]

In a June 2019 white paper, the former Government characterised the “Fourth industrial revolution” as:

“New technology [...] creating new industries, changing existing ones and transforming the way things are made.”

“Technological breakthroughs in areas from artificial intelligence to biotechnologies are now heralding a Fourth Industrial Revolution, with the power to reshape almost every sector in every country.”

New technologies may bring with them many opportunities. The previous Work and Pensions Committee looked at some issues related to advances in technology in its inquiry on Assistive Technology. That inquiry concluded that DWP needed to gain a better understanding, and make much greater use of new technologies in supporting disabled people, in particular, into work.

But these changes may have a more fundamental impact on the services that DWP needs to provide, especially to people who are unemployed or looking to substantially increase their hours. Some analysis suggests that the types of jobs available will change substantially. The number of jobs available may be reduced as more services are automated, with low and medium skilled jobs most at risk. As work changes, it may also be necessary to review the legal framework that underpins employment, to make sure that workers continue to have appropriate status and protections in law.

Some commentary has suggested that these changes may require the Government to consider more radical options to ensure that people have enough money to live on: for example, experimenting with a Universal Basic Income (UBI). UBI has also been put forward as a possible response to sudden shocks to the labour market, such as that likely to be caused by the coronavirus.

The Committee wants to take a broad look at the implications of the Fourth Industrial Revolution for DWP. This inquiry will examine the likely extent of the challenges DWP may face, and how prepared it is to meet them.

Call for written submissions

The Committee would like to hear your views on the following questions. You do not have to answer all of the questions.

1. **What are the main challenges that DWP faces as a result of the “Fourth Industrial Revolution”?** Being overwhelmed by the increased numbers requiring social security in a flexible, changing

labour market where pursuit of vacancies leads to sub-optimal job search outcomes. An efficient labour market and economy requires each and every worker to attempt to find the job that rewards their expertise, talents, experience, abilities as well as their own satisfaction. Threats of sanctioning and direction to take any work in a chaotic market is bad for the individual and for the economy as a whole. The “ Fourth Industrial Revolution” threatens to make workers, skills and settled career choices redundant for those who have not been seeking work or a change in any of these factors for a long time or, indeed, ever; it will take time, resources and effective and efficient job searching for proper and beneficial job matching to be undertaken and successfully achieved. Without cultural and process changes, the DWP and its agents will be generating solutions for individuals, employers and the economy which are inappropriate for all.

2. What do we know about the possible likely impact on the labour market? For example:

- 1. Are some sectors or types of jobs more likely to be affected than others?** Yes, though there are differences in opinions and forecasts even across informed commentators, so any analyses and policy formations need to be flexible and cognisant of different and unexpected changes being generated in the economy.
- 2. Are some groups of people more likely to be affected than others?** Those in the sectors directly affected but more importantly those with weaker levels of general skills, experiences, expertise etc: most notably, school leavers with poor qualifications, women returners, and those who have been stuck in the gig, secondary or peripheral labour market unable to acquire new skills and characteristics.
- 3. What new types of jobs and opportunities could become available?** See any report and proposals for a Green New Deal or Green Recovery: retrofitting houses and other buildings, caring roles in homes and the community, all aspects of electrification of the transport industry, construction jobs generally which require skills consistent with a sustainable economy and society, manufacturing of renewables, and local food, distribution and other land based activities to improve resilience.
- 4. Is it likely that there will be a reduction in the number of jobs available?** There should not be a fetishizing of jobs as a substitute for work which is domestic, voluntary, caring within the family and community, leisure and other elements of better work-life balance. The Covid19 lockdown has demonstrated that many jobs are not ‘real jobs’ but short-term, zero hours

positions in the gig economy with many also in self-employment* facing poverty and with poor job satisfaction, opportunities for progression and failure to utilize the skills, expertise, experience and potential of the workforce. Many of these positions could and should disappear and so it is how we intervene to share the work, reward those in poor jobs appropriately and stop relying on a set of failing markets to produce socially acceptable outcomes. (*Danson, M., Galloway, L. and Sheriff, M, 'From unemployment to self-employment: can enterprise policy intensify the risks of poverty?', *Critical Perspectives on Accounting*, March 2020, <https://doi.org/10.1016/j.cpa.2020.102164>)

3. Is there a need to consider new, long-term approaches to addressing change in the labour market: for example, introducing a Universal Basic Income (UBI)?

- 1. Is UBI an appropriate short-term response to shocks in the labour market?** The challenges the DWP, HMRC and Treasury faced in understanding, addressing and overcoming the implications of the lockdown on individual and household incomes demonstrates how unfit for purpose the existing social security system is in general and particularly for dealing with such a disruption. Apart from the many anomalies, gaps and other omissions from progressive stages of the furlough and other schemes being introduced during this period, which left many in dire straits, at a time of pre-existing high levels of poverty and vulnerability citizens and the economy needed an automatic stabiliser. While existing benefits and furlough schemes provided protection for many, those omitted or newly unemployed have faced weeks or months of uncertainty and a lack of confidence. These are real disadvantages of a social security system which fails to recognise the variety of types of employment contract and chaotic consequences of a flexible labour market; therefore effective demand in the economy was depressed further than would have been offered if a UBI was being paid to all adults and children regardless of a (perhaps temporary) change in their employment status. Maintaining individual and household incomes during a shock has long been recognised as an appropriate instrument to manage the macroeconomy: an automatic stabiliser. In terms of regional imbalances, 'levelling up' and the potential uneven distribution of shocks and of the "Fourth Industrial Revolution", a UBI would be a more effective, efficient and fair means of ensuring a greater deal of stability and security in local and regional economies than the current social security and tax system. In a period of rapid and destabilising changes, such as under Covid19, Brexit, the climate emergency and the "Fourth

Industrial Revolution”, a UBI offers workers, school leavers and returners the confidence to search for new job and training opportunities, establish themselves in self-employment or enterprise, or take a sabbatical from formal work to explore the potentials of volunteering or creative activities. The original 1965 Redundancy Payments Act was introduced to encourage those in old declining industries to transfer to new sectors facing labour and skill shortages by giving them funds for a period of job search; a UBI would have a similar effect in these uncertain times where potential should be nurtured and fostered. The biggest obstacles to a UBI even being considered in the UK are the DWP, HMRC and the Treasury, their collaboration and cooperation are critical to the Scottish UBI pilot being developed, introduced and analysed; their politically motivated failure to engage in such a dialogue suggests they lack intelligence and information on UBI, are unfit for purpose and lack the analytical powers and capacity to consider change when it is so vitally necessary to address the challenges of Covid19, Brexit, the climate emergency and the “Fourth Industrial Revolution”. Many of these arguments are discussed in cbin.scot, the website of Citizen’s Basic Income Network Scotland, and in Annie Miller’s recent books: *A Basic Income Pocketbook*, and *Essentials of Basic Income* both published by Luath Press.

- 2. What can the Government learn from the international evidence on UBI?** There is a plethora of research reports and analyses of past experiments and pilots of UBI: see *Empirical Research on an Unconditional Basic Income in Europe*, L. Delsen (ed.), Springer Nature, Switzerland, 2019; *The Palgrave International Handbook of Basic Income*, M Torry (ed.), Palgrave Macmillan, 2019; and particularly Barclay, C., McLachlan, J., and Paterson, M. (2019). *Exploring the Practicalities of a Basic Income Pilot. International Learning Report*. Carnegie Trust UK, <https://www.carnegieuktrust.org.uk/publications/exploring-the-practicalities-of-a-basic-income-pilot/>. The conclusions from many of these studies (see Basic Income Earth Network, <https://basicincome.org/>) confirms no negative impacts of labour market participation, and a strong improvement in reported mental and physical health and wellbeing, confidence and trust in themselves and in others. These personal characteristics are positively related to employability and employment outcomes, to society and community improvements and to the suggestion of longer term increases

in enterprise, innovation, skills and training. Recent and ongoing research on pilots and experiments in Finland and a number of Dutch cities confirms positive labour market outcomes can be anticipated especially where there are complementary employability action programmes.

4. Are DWP Work Coaches well equipped to advise people who are looking for work on new and emerging sectors and jobs?

1. How could DWP improve the training and advice it offers to jobseekers? Skills Development Scotland and the integrated careers service offers insights into what works, what still needs to be refined and improved in terms of delivering an all-age and inclusive advice and guidance service. The postgraduate education and training of careers staff by the University of the West of Scotland and Edinburgh Napier University demonstrate what should be the fundamental skills, knowledge and understanding required of any work coach; these are professional requirements and should be recognised as such with proper training, quality standards and competences essential for any work and careers advisor.

5. What support, advice and training should DWP offer to people who are looking to progress in work, or take up more hours?

Briefly, these should be complementary to, consistent with and informed by other bodies and organisations involved in delivering all of these. In the Scottish context, that means working to the Scottish National Performance Framework which Skills Development Scotland, the Scottish Funding Council and other institutions and organisations operate to.

6. What is DWP's role in ensuring that young people have the skills they need to get into and progress in work? As with 5, DWP should be working with others who are closer to young people: SDS (in Scotland), schools and colleges, local authorities and, especially for the hard-to-reach, the voluntary/third sector and social enterprises. The reputation and perception of DWP as the issuer of sanctions agent of the state means it has undermined its own capacity to work effectively and productively with those who need advice and guidance; leave it those who are able to gain their confidence, trust and so deliver support.

7. How could DWP work more closely with employers to ensure that claimants have the skills they need to find work in the future labour market? All labour markets at all times are dynamic with recruitment, retirements, internal and external mobilities meaning an ever-changing workforce. Claimants are but one dimension of this fluidity so that their needs, barriers and challenges must be considered in these wider contexts and environments. Large

employers usually are well-briefed and supported by national agencies, able to recruit with few difficulties; SMEs enter the labour market far less often and so need tailored help as much through intermediaries and agencies who support them in other service areas as by the DWP. Again, realising and accepting its role in a landscape of partnership and networking arrangements is critical to being able to ensure claimants, employers and the community are well served.

8. **As the workplace changes, will it be necessary to change the legal definition of employment to ensure that people continue to have the appropriate legal status and protections? Might any other legal changes be needed?** Generally, yes. The Covid19 crisis has demonstrated that the underlying structure of the economy and labour market has evolved in ways that leave many outwith the traditional definitions, legal and practical, of employment – about a quarter of the workforce are now self-employed or in the unstructured and insecure gig/informal economy. The big majority of these workers are excluded from traditional standard benefits of the welfare state: sickness pay, maternity/paternity rights and pay, many NI funds, and without sufficient income or an employer's contribution to their future pension – we are building up dependencies and problems for the future for individuals, their families and for the economy. Focus on 'making work pay', and other outdated and inappropriate mantras and slogans has left the DWP and related elements of the government machinery unfit for the C21st; radical thinking and interventions are needed including allowing experiments with UBI, improved careers advice and guidance services, and collaboration with other agencies at all levels.

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