

10 October 2020

Email to Deputy Minister, Jane Hutt MS

Please find attached the outcomes of our recent Café on Universal Basic Income (UBI), some of which fed into the debate held in the Senedd recently. The main conclusions were:

- UBI can be a powerful tool in building a feminist Wales and a Wales free from gender discrimination, if implemented in the correct way
- Welsh Government must urgently press Westminster Government for changes to Universal Credit to make it fairer and fit for purpose in the short term
- In the medium term Welsh Government should run a UBI pilot to assess how it could work here

One of our Speakers, is from UBI Labs in Sheffield, and is co-founder of UBI Lab Women. They are developing some very interesting policy proposals around this so do let us know if you would like to be put in touch with her.

Cofion Gorau

Cyfarwyddwr : Director

Women's Equality Network (WEN) Wales



**WEN Café on Universal Basic Income, October 25<sup>th</sup> 2020**

**Summary of discussion**

**Chair:** Director, WEN Wales

**Speakers:**

co-founder of UBI Lab Women

co-founder of Reset Cymru

Director of the Bevan Foundation

Universal Basic Income (UBI) is increasingly being suggested as a solution to inequality, particularly in the wake of the Covid-19 pandemic. UBI involves the state paying an unconditional income to each citizen. Speakers shared information on UBI and its potential impacts on gender equality and poverty.

**The main outcome of the Café was speakers agreed that they would like to see a UBI pilot being run in Wales.**

- A basic income can be **transformative for women**, their families, and their larger communities. It can afford women the **freedom to leave abusive relationships** and situations, both domestically and in the workplace.
- Women **bear the bulk of the cost of unpaid work such as caring**. There shouldn't be a price tag on caring for the people we love, but at the same time a basic income is something that can give people the means to provide that support by giving a base of financial security.
- **UBI can enable you to upskill**. UBI has empowered women to create start-up businesses, and once women are economically empowered the community is empowered by extension.
- UBI can **reduce the stigma** attached to people who claim benefits.
- The **building blocks of UBI exist** in our welfare system already, e.g. child benefit, state pensions for a substantial amount of people of working age. Where that goes wrong is the conditionality and the value of benefits. Thinking about UBI gives us a chance to design a better system.
- **If the value of UBI is set at a low level and replaces benefits, people would not have enough to live on**. Therefore, all the problems of the current benefits system would continue.
- **If UBI is set at a high level, we could see much more radical change**. Unless the value of the benefit is right, undesirable consequences are possible. **By setting UBI at a high level, there is risk of women being disincentivised to work due to inequalities in the labour market. At a very high level, UBI could be so costly that other services could be cut**.
- The principle of UBI is welcome but policy design is key in order to avoid unexpected adverse consequences.
- **UBI Plus is being developed by the UBI Lab Network to address some of these potential traps**. The intention with UBI is that everyone who needs it is able to access it, and **higher earners will pay it back through the tax system**. With the Universal Credit system, many people have fallen through the cracks.
- **UBI can increase entrepreneurship in women** by giving them the opportunity to take more risks. This has been shown in pilots in India, Kenya, and Minnesota in the US where women have set up their own small businesses.
- We are facing a huge crisis. **There are changes that should be made to Universal Credit quickly and within the current system** – splitting payments within households and having flexibility about the frequency, increasing the value of Universal Credit, changes to the work taper, and changes for 'second earners' who are more likely to be women.
- **Welsh Government could change eligibility for free school meals, enhance the discretionary assistance fund, and change arrangements for those in further education, many of whom are women**.
- UBI must be implemented with a gendered perspective to work.
- Options to fund UBI include:
  - o progressive taxation so that higher earners pay back their UBI in tax,
  - o closing tax loopholes,
  - o increasing corporation tax,
  - o a carbon tax.
- **There is no silver bullet. UBI should be part of a suite of measures to tackle poverty and inequality, and part of a much bigger re-set of the economy**.
- If the Speakers were First Minister they would

- introduce free part-time universal childcare (the current childcare offer penalises working women),
  - equal parental leave that cannot be transferred,
  - Put in place a trial of UBI.
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Letter to Director, Women's Equality Network (WEN) Wales

23 October 2020

WEN Café on Universal Basic Income

Thank you for sending me the summary of your discussions. I have shared these with Rebecca Evans, the Minister for Finance and Trefnydd, who led for the Welsh Government in responding to the recent Senedd debate on Universal Basic Income (UBI).

The Welsh Government agrees that UBI offers a range of potential benefits, with combatting inequality prominent amongst them. We also agree that a trial would be an appropriate next step. However, as your summary acknowledges, most of the tax and benefits system in the UK is not devolved and therefore such a trial could only proceed with the active engagement and support of the UK Government. I wish such support would be

forthcoming, but I cannot say that I am hopeful that this will be the case in the near future.

I am sure you would also agree with me that an aspiration to establish a trial of UBI should not distract us from continuing to put pressure on the UK Government to reverse its disastrous series of cuts to existing benefits, and to commit not to remove the increase to Universal Credit that was designed to protect the most vulnerable from the effects of the current crisis.

Yours sincerely,

Jane Hutt AS/MS

Y Dirprwy Weinidog a'r Prif Chwip

Deputy Minister and Chief Whip