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Northern Ireland

Working paper:

Testing a Real Peace Dividend for Northern Ireland:

A proposal for Universal Basic Income

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Testing a Real Peace Dividend for Northern Ireland:

A proposal for UBI

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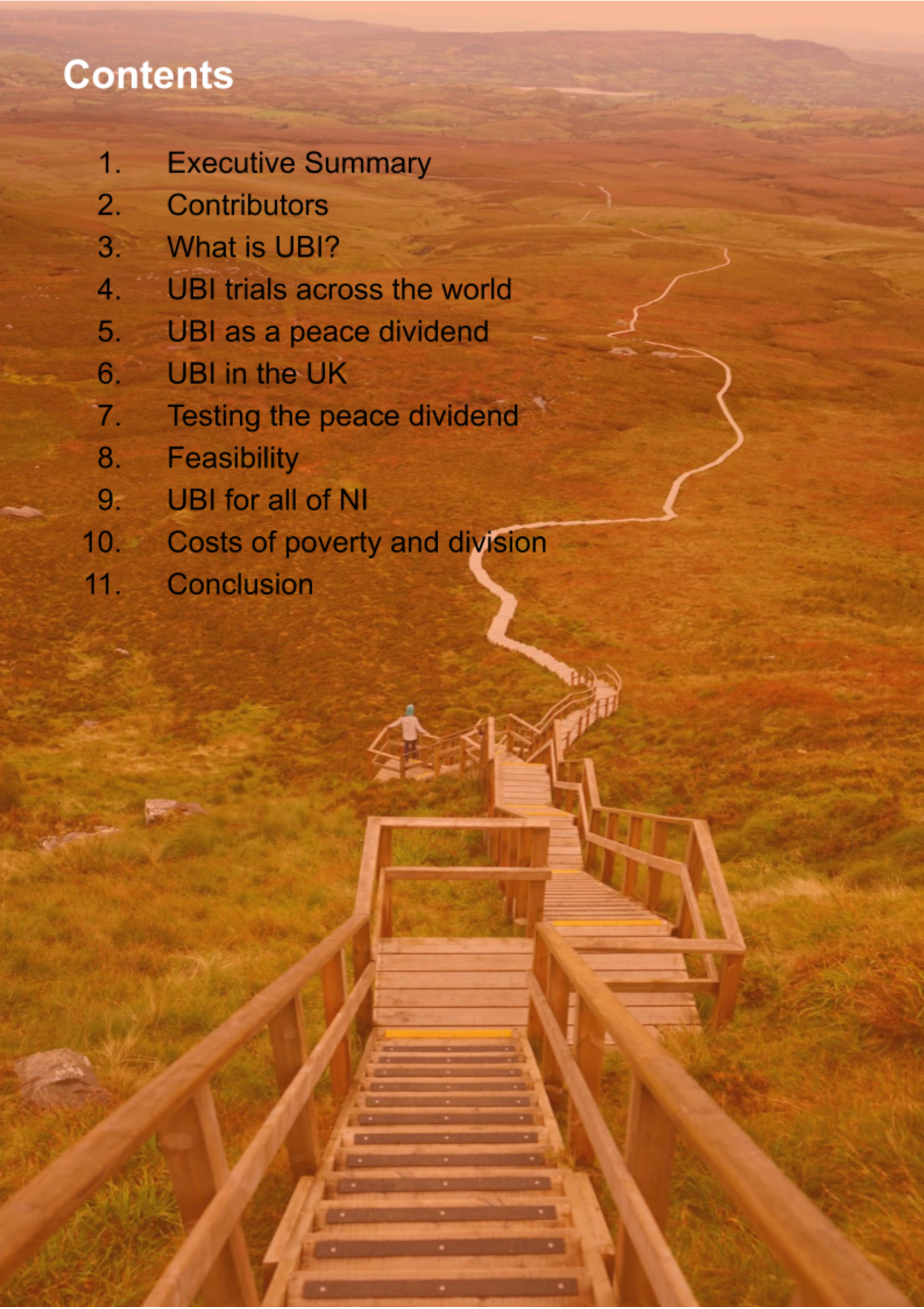
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Executive Summary

This proposal outlines the first steps towards delivering a Universal Basic Income (UBI) trial in Northern Ireland. It will provide readers with an introduction to the idea of a UBI, its core values and where it has already been tested or proposed. It advances the idea of UBI as a 'Peace Dividend', linking it to several potential outcomes which would aid conflict transformation in a post-conflict society such as Northern Ireland. It is the first proposal of its kind to suggest such an idea.

In outlining how a UBI as a Peace Dividend might work, two models for a trial are suggested: the first, a modest 'top-up' payment made in addition to any earned income. The second, a more substantial payment which would replace certain benefits and tax reliefs. Both models have been costed for various sample populations over periods of 2-5 years. To add context and help frame UBI as a Peace Dividend, a saturation site within two of Belfast's most deprived areas, the Shankill and Falls wards, has been selected. However, in practice the trial could be rolled out anywhere in NI. The merits of each model and how they would operate are discussed in detail, along with a monitoring and evaluation framework which would enable researchers to test the viability of UBI as a Peace Dividend.

The proposal also identifies areas for further work, making the case for a more detailed feasibility study akin to the one carried out by the Scottish Government between 2018 -2020. It is also vital that any future work seeks to bring together key stakeholders who have supported the idea of a UBI - such as several Northern Irish councils - and use this proposal as a vital building block in gathering support for a trial.



Foreword

“In the wake of Covid, the need for personal and societal resilience has made basic income vital. This proposal is a credible step forward towards delivering a trial in Northern Ireland. It has the added merit of testing the idea as a peace dividend. I believe a basic income could have a transformative impact in all post-conflict societies and this proposal outlines clearly how we would go about proving that.”

~ Dr Guy Standing FAcSS

Professorial Research Associate
SOAS University of London



Contributors

This proposal has been developed by members of UBI Lab Northern Ireland and Basic Income Northern Ireland with input from the UBI Lab Network and [Queen's University](#).



[UBI Lab Northern Ireland](#) is part of the global [UBI Lab Network](#) which connects grassroots activists and experts committed to testing the idea of basic income in their communities.



[Basic Income Northern Ireland](#) (BINI) was founded following the 2018 Belfast Imagine Festival of ideas and politics where a group of dedicated volunteers came together to form an organisation committed to advocating for and raising awareness of the introduction of a basic income for Northern Ireland.



What is UBI?

A Universal Basic Income is an unconditional regular payment given to every person in society. Everyone receives it regardless of their financial circumstances or employment status. The idea of a basic income is not new; indeed it has been around for centuries and has been tested in different formats worldwide. However, it has gained increased prominence in recent years as new global challenges such as rising inequality, automation and pandemics have forced us to rethink accepted economic thinking.

Below we have attempted to outline 5 key properties of a Universal Basic Income that differentiate it from other proposals involving direct cash transfers, and 5 core values that demonstrate the aspirations behind introducing a UBI.

Five key properties of UBI are:

1. **Universal** - paid to everyone in society

All adults and children receive a set payment on a regular basis. Some UBI models specify that a recipient must be permanently resident in the country.

2. **Unconditional** - paid regardless of a person's circumstances

UBI has no conditions attached and, therefore, no accompanying punishments that cause hardship. (As a result, the payment is sometimes also referred to as *Unconditional* Basic Income). The lack of means-testing results in minimal administration thus reducing the net cost of paying for a UBI.

3. **Individual** - paid to individuals, not households

The payment is made to each individual - regardless of their marital status or size of household, and it is received automatically with no need to 'sign on'. A child's UBI, usually at a lower rate, can be claimed only by their main guardian, and a similar system would exist for adults with disabilities who require the assistance of a carer to handle their finances. As such, the payment strengthens a sense of individual citizenship.

4. **Substantial** - enough to live on

A person's income should be enough to meet their basic needs – to provide food security, shelter, heat and clothing. As a minimum, the UBI should cover a person's basic needs, lifting them out of material poverty. It would not be enough to fund an extravagant lifestyle but when combined with any earned income should help facilitate a comfortable one.

5. **Permanent** - non-withdrawable and secured by legislation

The benefit should be received on a regular basis (such as monthly) and would be guaranteed by law, making it both reliable and predictable. The result is a level of security that is essential for the transformational societal impacts a UBI can have. Legislative security also protects the basic income from cuts due to changing government priorities.

Five core values of a UBI are:

Inclusive: Protects and recognises everyone

Receiving a UBI creates a sense of being included in society; of being recognised as a worthwhile human being; on an equal footing with every other citizen. This is especially significant for those who feel left out, ignored or forgotten. With a UBI, no one is left out; no one falls between the cracks of complex means-tested schemes, and no one is deemed unworthy of a UBI.

Fair: Simplifies and de-stigmatises the welfare system

The belief that all people are equal and deserve equal rights and opportunities appeals to our sense of justice, but our current welfare programmes suggest a different approach – one where poor people are trusted less, restricted in their freedom to choose where and when to work, and often forced to work in poor conditions for little reward. A UBI brings freedom to make choices about how to live; freedoms that those with more money take for granted. A UBI simplifies and de-stigmatises the welfare system, whilst also making it less intrusive in people's lives.

Egalitarian: Alleviates poverty and reduces inequality

Everyone has basic living costs, yet every day millions of people in the UK, one of the richest economies in the world, live in poverty, whilst inequality continues to rise. There is a moral responsibility to address poverty in the same way there is a moral responsibility to provide a person with basic healthcare and education. A UBI set at a level which would lift most people out of poverty is a moral, as well as a financial, choice.

Democratic: Increases freedom, empowers individuals and facilitates civic participation

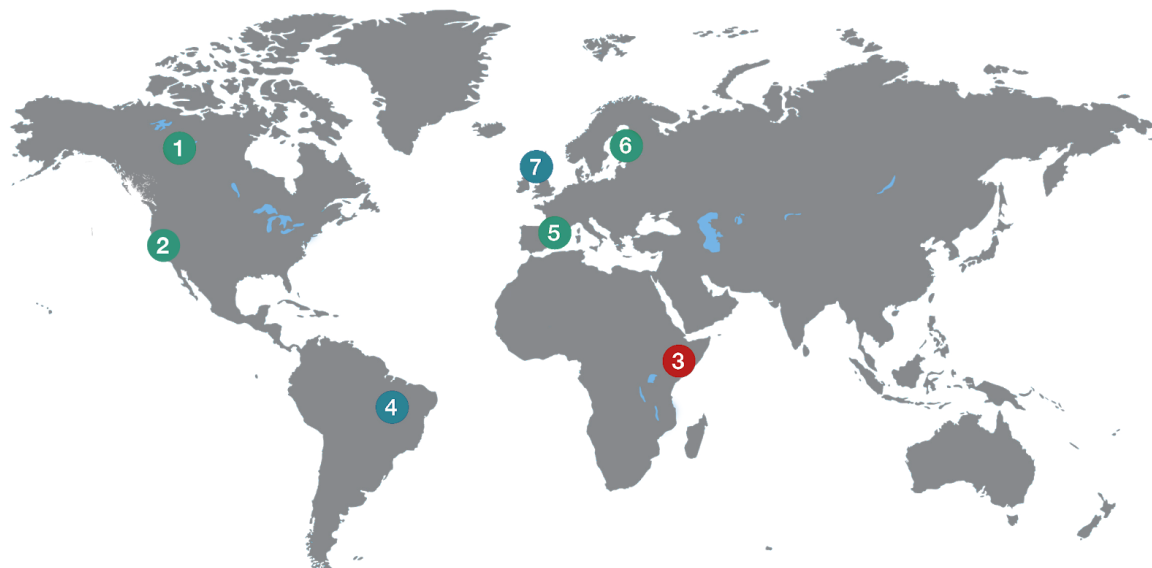
Just as every citizen has a vote, so every citizen is entitled to a UBI. Democracy requires trust in each other, rather than the dehumanising distrust we have built into our welfare systems (through costly means-testing, intrusive questioning and prejudiced assumptions about those seeking work). A UBI can be understood to be a right of citizenship – a fair share of the assets we and the generations before us have helped create. It recognises each of our stake, or share, in 'the commons' of the earth.

Restorative: strengthens social bonds, heals divisions, improves mental health and supports more sustainable lifestyles

Conditional benefits divide people, create anger and cause shame. They are often paternalistic and assume that the state will make better choices than the individual. But with basic needs covered by a UBI, a whole world of unpaid work opens up to everyone. It means people get to choose work they actually want to do, instead of work that they have to take on in order to qualify for benefits. It improves people's mental health and supports more sustainable lifestyles, strengthening social bonds and healing divisions within communities and in wider society. Money equals trust – UBI is a redistribution of trust that provides freedom from poverty and creates a sense of security.



UBI trials across the world



- **1) Dauphin, Canada** (completed 1974-1979)

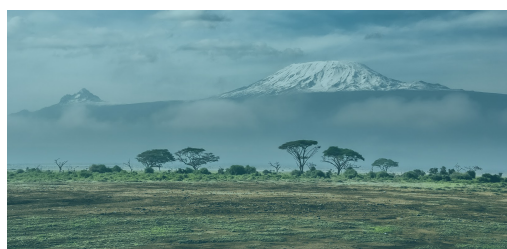
The best known of several North American trials during the 1970s (when basic income was almost introduced across the entire USA) the small Canadian town of Dauphin served as a saturation site for a full UBI for 5 years. During this time the 'MINCOME' experiment saw decreased hospitalisation rates, reduced addiction rates and improved educational outcomes, particularly for young men.

- **2) Stockton, California** (completed July 2020)

The Stockton Economic Empowerment Demonstration (SEED) gave 125 low-income individuals \$500 a month for 18 months. As of September 2020 the full results are still being written up, but early reports suggest recipients primarily used the money to invest in necessities for them and their families.



- **3) Kenya** (ongoing 2016-2028)



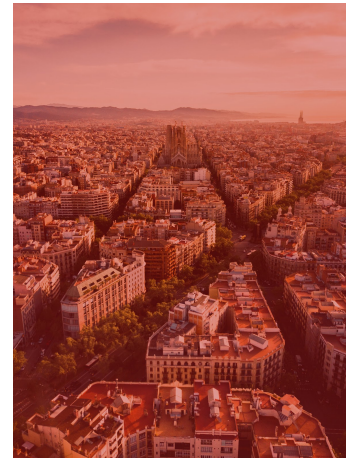
A large number of rural towns and villages in undisclosed locations have been receiving a full basic income for over 2 years now. This experiment is being run by charity Give Directly and promises to be the most comprehensive long-term UBI trial ever.

- **4) Brazil** *(proposed)*

A Negative income tax ensuring a minimum income floor of around \$44 a month for approximately 57m Brazilians is currently being rolled out by government partly in response to the COVID 19 pandemic.

- **5) Barcelona, Spain** *(completed 2017-2019)*

The B-MINCOME experiment took place over three years with a test group of 2,000 people and employed a Randomised Control Trial (RCT) method to measure outcomes across a wide range of criteria. In particular the report found a neutral effect on labour market participation and significantly improved quality of life amongst recipients. In June 2020 the Spanish Government launched a Minimum Income Guarantee (MIG) programme providing every household with a basic level of income security ranging from €461-€1,015 per month.



- **6) Finland** *(completed 2017-2018)*



2,000 unemployed individuals randomly selected across the country were given an unconditional amount equal to existing conditional unemployment benefits. The trial found that basic income recipients worked on average 6 days more per year than the control group, and consistently reported improved wellbeing including being more satisfied with their lives and experiencing less mental strain, depression, sadness and loneliness.

- **7) Scotland** *(proposed)*

The Scottish Government funded an extensive feasibility study into a range of pilot options which was released in June 2020. This study proposes a high level UBI of approx. £850 a month for 16-65 year olds and slightly lower amounts for children and pensioners. It also provides macroeconomic modelling of UBI at a national level with some proposals for how it could be funded. It notes that the main challenge now facing the pilot is agreement from the Department of Work and Pensions (DWP) on how the pilot would interact with existing benefits, given that welfare is not devolved to the Scottish Parliament.



UBI as a Peace Dividend

Whilst most pilots or proposals for pilots focus on addressing a wide range of worthy causes – poverty alleviation, inequality, precarity, mental wellbeing – establishing a trial in Northern Ireland gives us the opportunity to test UBI in a post-conflict society for the first time globally, and to truly evaluate its ‘restorative’ value: its ability to heal divisions, improve social bonds and bring people together.

Post-conflict societies face the same challenges as any other with regard to poverty and deprivation, but must also contend with the compounded challenge of ensuring peace, justice and dealing with the legacy of conflict. Based on existing data from basic income-type experiments, we believe a trial of basic income in a post conflict society such as Northern Ireland can gather data on how UBI could address a number of NI specific issues emanating from the Troubles including:

Crime & Paramilitarism

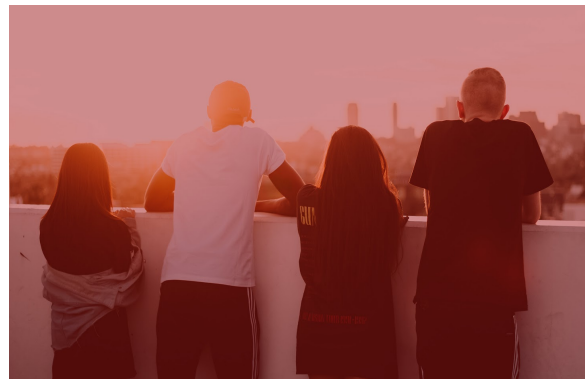
There is a strong correlation between those areas of Northern Ireland most blighted by paramilitary activity and those which are the most deprived. Academic literature on conflict globally suggests a significant link between poverty and conflict, and between poverty and crime. Paramilitary activity in Northern Ireland reflects both the continued efforts by armed fringe groups to assert their constitutional will, and organised crime such as drug dealing and human trafficking. Paramilitary crime has also increased by 60% in the last 5 years.

Although a UBI, or any poverty alleviation measure, will not eliminate the complex and often historically rooted reasons for paramilitary activity in NI, there is good reason to believe it can reduce crimes of economic necessity, giving people in desperate situations the power to ‘say no’ to the lure of paramilitarism. This has been demonstrated in trials in Namibia and North America. It is also important to note that many of the former combatants of the Troubles faced little to no job prospects, returning to largely unchanged communities in which turning to illegitimate means of earning income may have been the easiest choice. A UBI could have provided a buffer to rebuild lives post-conflict and disincentivise re-engagement. This is not to say a UBI will end paramilitary activity - which is based on a wide range of factors other than poverty such as community loyalty, perceived injustice, greed and lack of employment - but that it could reduce it, freeing up resources within the PSNI and justice system to tackle crime and make communities safer.

Young people

One in five children in Northern Ireland are born into poverty. In its most deprived areas, for example in the Creggan in Derry or the Shankill in Belfast, that rate can be as high as two thirds and is rising. Young people growing up in deprived

communities are particularly vulnerable to the lure of paramilitaries. With no immediate recollection of the horrors of the conflict and limited economic opportunities – the low educational attainment of young men in working-class protestant areas in particular is well known – young people are often recruited into the ranks of paramilitaries through drug addiction, debt or a perceived sense of purpose. This vicious cycle of precarity, hopelessness and paramilitary engagement is well documented in Northern Ireland, and it will take a significant intervention to break that cycle. Several trials in North America have demonstrated that UBI has helped children improve their grades and has helped keep young adults, boys in particular, in school past the minimum leaving age. A substantial UBI would dramatically reduce child poverty and would give young people the resources to pursue a range of choices previously unavailable to them. Whilst it would not eliminate the lure of paramilitaries, it could significantly reduce it, changing the lives of many young people for the better.



Mental health

Northern Ireland faces a chronic mental health crisis. Intergenerational trauma inherited from the legacy of the conflict coupled with dramatic underfunding of mental health services has resulted in the highest suicide rates in the UK, especially



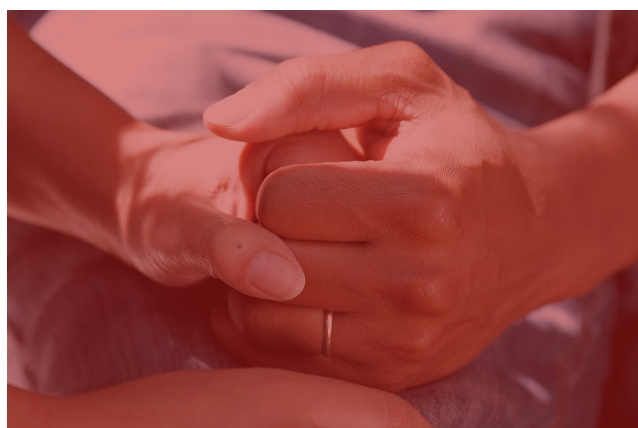
amongst young working class men in urban areas. Indeed, more people have now died from suicide since the Good Friday Agreement of 1998 than during the entire period of 'The Troubles'. The causes of this crisis are myriad and only partly linked to socioeconomic factors, but there is little doubt that situations of financial stress and economic precarity contribute to poor mental wellbeing. The current welfare system compounds this by making income conditional on looking for work and withdrawable through sanctions.

There is also little doubt, as a result of data gathered from trials in Canada, Finland, Spain and elsewhere, that a UBI improves mental health and wellbeing amongst recipients. Whilst not curing Northern Ireland's mental health crisis, it would

alleviate it and reduce pressure on an already stretched and underfunded health service. When considering the cost of a basic income, the cost of suicide to the economy should also be considered, which is estimated at £1.67m per death.

Community relations & a stronger society

Northern Ireland is still a divided society, and a basic income will not heal the divisions of the past. However, it can help build a stronger, shared society, and give people a stake in that society. The evidence for this is in research carried out on the effects of universal social programmes on interpersonal relationships. There is evidence that in countries with well-funded universal programmes such as health, education and less conditional welfare, such as Scandinavian nations, trust in government and others in society is higher. Conflict ridden nations and rich countries with conditional or limited universal programmes (like the USA) score particularly poorly for levels of social trust.



There is also an assumption that a UBI can increase social capital and social mobility – people can interact, mix and travel more as a result of having a higher income. Basic income has also been linked with increases in participation in non-remunerated but socially valuable work, as it provides people with the means to volunteer, care, learn or become more politically engaged. There is anecdotal evidence

of this from the prematurely ended UBI trial in Ontario. There are also substantial costs to maintaining divided, disconnected communities. Not only the almost £1bn per year ‘cost of division’ in Northern Ireland, but the Big Lottery has also estimated the cost of ‘disconnected communities’ to be £32bn. Whether through facilitating this type of activity a UBI for NI can also break down barriers and increase cooperation between communities remains to be seen, and will be a core focus of the research emanating from this proposal.

A Peace Dividend for all

There was much talk of the inevitable ‘peace dividend’ people in Northern Ireland would receive as a result of the peace process. And whilst there is no doubt Northern Ireland has moved forward since the dark days of the conflict, there is strong evidence that this dividend has not paid out equally. Whilst modern day Belfast, for example, boasts trendy new restaurants, shiny new apartment blocks and New York-inspired regeneration projects, this masks severe unaddressed structural poverty: NI remains one of the poorest regions in Northern Europe, with increasing homelessness, foodbank use and child poverty.

This section has thus far focused on the social impacts of a UBI, but it is primarily an economic policy representing a transformational shift from the inequities of

Neoliberalism. After a decade of austerity and the twin challenges of COVID and Brexit, the need for a new economic model and social contract has never been clearer. A UBI would represent a peace dividend payable to all, with potential to grow the Northern Irish economy at the same time. Here are some of the economic outcomes a UBI would hope to achieve:

- **Compensation for lost opportunities** – generations of people in NI have been disadvantaged by the conflict, not least the thousands of people injured as a result of the conflict who have received no financial compensation for their injuries. Whilst a UBI would in no way be a substitute for Victim's Pensions and would not resolve ongoing controversies around definitions of victimhood, it would provide vital financial support for many who have suffered mentally and physically as a result of the Troubles. It could also represent recompense for everyone affected in any way by the conflict; either directly through bombs or bullets, or indirectly through lost opportunities and a stunted economy.
- **Eliminating poverty traps** – current conditional welfare benefits can disincentivise part-time or flexible work due to the tapering effect of benefits as well as the bureaucracy and uncertainty claimants have to deal with. With a UBI, work would no longer be tied to welfare. People would be free to take on part-time, flexible or seasonal work suited to their personal circumstances, leading to a fairer distribution of jobs and more flexibility for employers who may not be able to offer full time contracts.
- **Empowering workers** – by providing a basic level of economic security, employees would be empowered to say no to exploitative employers or poor working conditions, forcing employers to create better working environments and maintain or increase wages. A UBI could restore balance between labour and capital by increasing the bargaining power of workers.
- **Funding entrepreneurship** – a UBI could act as venture capital for entrepreneurs starting up small businesses or social enterprises, providing them with a secure income to pursue their vision, especially given the time needed to make start-up businesses profitable.
- **Stimulating demand** – a UBI would put more money in the pockets of the poorest in society, who we know are more likely to spend on essential items and keep money circulating in the local economy. This increased demand



would have huge multiplier effects, boosting economic growth which could then be taxed to help fund a UBI

- **Minimising risk** – whilst modest, a UBI could help many households save and invest for their futures. It would be a steady income to underwrite mortgages and other forms of credit, and would decrease the risk of default should someone lose their job. This would stabilise the economy and reduce the structural risks of debt bubbles such as the 2008 financial crisis.

- **Protecting from automation** – as many as 60% of jobs in NI may be at risk from automation by 2030. This will be compounded by the economic downturn from COVID and the fact that every recession since 1990 has produced a 'jobless recovery', where economic growth returns but jobs do not. As more employers automate their operations, this impact will be most keenly felt amongst traditional NI sectors such as manufacturing, services and agriculture. Whilst NI is well placed to take advantage of new tech jobs in an automation economy, job displacement will have severe adverse impacts on lower-skilled individuals and working-class communities. A UBI can be a vital safety net while redundant workers re-train, and it can facilitate other forms of non-remunerated yet socially valuable work.



In summary, there are 5 key outcomes which this trial would seek to gather data to measure, in order to inform UBI's validity as a Peace Dividend:



Reduced crime and paramilitary activity



More opportunities for young people



Improved mental health and wellbeing



Better community relations



A stronger, fairer economy

UBI in the UK

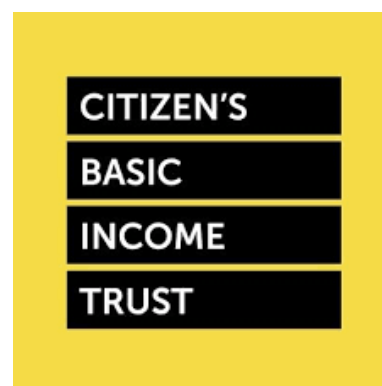
The movement for UBI in the UK has gained significant momentum in recent years, with the Labour Party including a commitment to localised trials in its 2019 manifesto, over 100 MPs from 7 different parties calling on the UK Government to introduce one during the COVID pandemic, and a huge explosion of grassroots activism across the country led by groups such as the UBI Lab Network, Compass, Citizen's Basic Income Trust, the Basic Income Conversation, the RSA and Basic Income UK.

There is a wide range of proposals for how a UK-wide UBI might work and how it could be funded. Some of the most prominent examples are summarised below.

Citizen's Basic Income Trust

Leading members of the Citizen's Basic Income Trust (Anne Miller and Malcolm Torry, amongst others), have outlined various models for a 'Citizen's Basic Income' (or CBI – often used interchangeably with UBI) for the UK. This includes an income 'top-up' model similar to the first option proposed in our trial: an average payment of £50 per week (£40 for pensioners, £50 for children and £60 for adults) paid to all on top of any other income. This would be funded through a 3% increase on each income tax band and would therefore

represent a direct transfer to the poorest individuals in society. This additional tax would see very few households in the lower-middle income bands worse off as a result of receiving an average of £2,400 per person extra each year. The increased income would also result in a reduction in households claiming means-tested benefits. A more comprehensive proposal by Anne Miller recommends a variable 'full UBI' based on 50% of average income per head, which would be just under £10k per year. She claims this could be paid for through a flat tax rate of 40% or a progressive tax rate with 50% as the top band rate.



Karl Widerquist

US academic Karl Widerquist recently estimated the *net cost* of a UK wide UBI at just £67bn per year or around 3.4% of GDP. This was based on a basic income of £7,700 annually for adults and half that for children. It rests on a number of assumptions to arrive at this net cost: a 50% income tax rate for net beneficiaries, measures to ensure the bottom 20% of individuals would never be worse off, and replacing most existing benefits. Widerquist concludes that this net cost could be funded through closing tax loopholes which lose the UK economy over £93bn a year.

Guy Standing / New Economics Foundation



Both Professor Guy Standing and the NEF have called for a basic income of around £48 per week which would be funded through scrapping certain tax reliefs. Standing points to £420bn of tax reliefs as income foregone by the UK government that could be used to easily cover the estimated cost of a UBI of £150bn per year, whereas the NEF estimate that scrapping the Personal Tax Allowance could be used to fund a UBI of £48 a week

for everyone over 18, at a revenue neutral total cost of £107bn.

Compass

Stewart Lansley and Howard Reed of Compass outline a long-term proposal for a full UK UBI. Initially, it proposes a weekly payment of £40 for children, £60 for adults and £175 for pensioners, which would replace child benefit and pensions. Around half of it wouldn't count towards income for means testing of other benefits. This would be funded through a 3% income tax increase and scrapping of the personal tax allowance, together with significant savings from replaced benefits such as pensions. This model would generate a surplus of funding which could be invested into a Citizen's Wealth Fund which would enable a higher rate of payment over time, and would continue to grow.



Considering the feasibility of a local, devolved or national trial

Ultimately, the most feasible route to a full UBI for Northern Ireland is via a UK-wide basic income policy. The wealth, tax base, legislative and fiscal powers of the UK Government make a nationwide UBI entirely feasible at a relatively low net cost as demonstrated by some of the examples above.

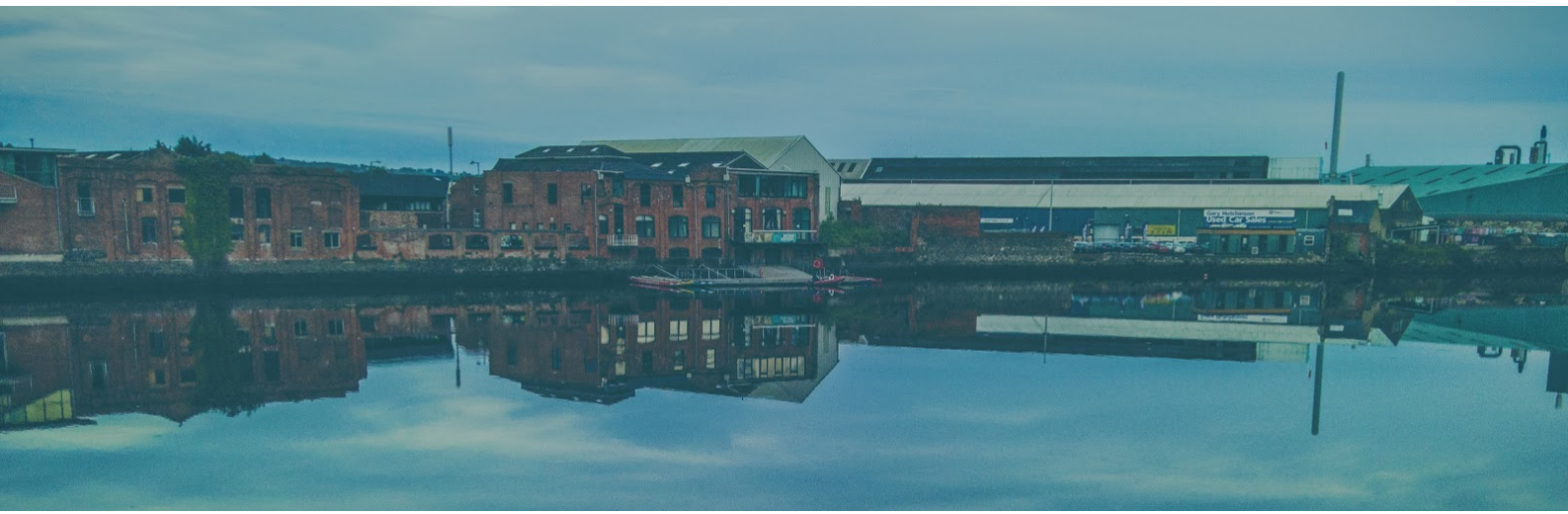
Whilst recognising this as the most likely route towards introducing a full UBI in Northern Ireland, the need for localised trials and the role devolved regions can play in making these a reality strengthens the case for adequate proposals for a Northern Irish trial. Indeed, proposals by the Scottish Government released in their 2020 feasibility study represent one of the most comprehensive documents for how a UBI trial would work, and the UBI Lab network in Wales is advancing proposals for a multi-city trial there. Additionally, the Republic of Ireland's coalition Government has committed to a basic income trial in its Programme for Government. Although England would appear to be lagging behind its counterparts in the British Isles, strong networks of support exist in the North of the country in particular, with Sheffield, Hull, Leeds and Liverpool Councils all backing UBI trials, and the idea receiving strong support from metro mayors such as Andy Burnham and Dan Jarvis.

At time of publication, 3 Northern Irish councils have formally backed the idea of basic income via Council motions, with two - Belfast and Newry, Mourne and Down - calling for a formal trial. It is therefore far from premature for Northern Ireland's policy makers to begin exploring plans for a basic income trial here – indeed it is a case of not being left behind.

This proposal recognises 3 main strategies for introducing a UBI in Northern Ireland:

1. Via a UK-wide UBI policy funded by the UK Government
2. Via a NI-wide UBI policy funded by the NI Executive
3. Via local trials, which could be funded by the UK Government, NI Executive, local Councils, philanthropic funding or a combination of all four

This proposal will not consider in detail the first or second strategies, and believes that all three strategies can be pursued in unison. This proposal will now consider in detail the third option of how a large-scale trial could work in Northern Ireland.



Testing the Peace Dividend

Key features of UBI are its unconditionality and universality, which present challenges for modelling trials: to fully analyse the transformative social impact of UBI, such features require a saturation site. This, in turn, presents problems in terms of both selectivity and cost: richer people may benefit while those in financial need outside the trial area do not; on the other hand, giving to everyone would either reduce the scale so much as to limit the value of the intervention, or the costs would be too high for existing budgets. This is why other prominent experiments such as Finland and Stockton have opted for a lottery model (Stockton selected 125 households at random to receive \$500, plus a control group) or a mixture of randomness plus eligibility criteria (Finland randomly selected 2,000 people who were already in receipt of unemployment benefits).

However, it is important to note that some of the clearest, most conclusive data on UBI came from the only saturation site experiment in the developed world: Dauphin, Manitoba in the 1970s. The importance of a saturation site within a designated area cannot therefore be underestimated. It is the only way to properly attempt to record and analyse the intra-communal impacts of a basic income such as civic participation, social trust, social capital and - crucially for this proposal - attitudes towards other communities in the post-conflict context. It also is seen as the best way to avoid feelings of jealousy and stigmatisation of recipients.

Introduction

In response to these challenges we have provided costings for two UBI trial proposals: a 'top up' model and a 'replacement' model. It should be noted that these costings are based on publicly available information on tax and benefits and do not account for the complex range of variables which would be available via a microsimulation tool such as EUROMOD or the IPPR Tax-Benefit Model, which have been used for the Citizen's Basic Income proposal and the Scottish feasibility study respectively. Use of these advanced tools in a future feasibility study could provide much richer data, modelling UBI impacts on poverty, inequality, household income and other macroeconomic factors.

The Top-up

Under the 'top up' model, a trial would supplement the existing monthly incomes of every individual – with a higher amount for working age adults and half this amount payable to children and pension-age adults. In this scheme, existing taxation and benefits would be left completely unaffected, so all recipients would receive a net increase in income. We have proposed two options for a top up basic income: £400

and £200, paid monthly to all working age adults. An amount of half that value (£200 or £100) would be paid to all children and pensioners.

The Replacement

Under a 'replacement' model we would seek to temporarily suspend work-related means-tested benefits such as Universal Credit, ESA and other legacy benefits (such as JSA and Income Support). Disability benefits should be retained under any UBI programme given the expectation that recipients would still be expected to work. Those in receipt of PIP or Carer's Allowance for example, are obviously limited in the amount of work they can do and would therefore continue to receive these benefits. As the replacement would be paid to pensioners at a higher rate than the current state pension, it would also replace (and increase) pension payments. In this proposal, two levels of 'replacement' UBI are costed: £700 and £900 per month for adults and pensioners, with half those respective amounts for children.

The top-up model is a modest unconditional income representing a net increase in income for all recipients, and is closest in design to Citizen's Basic Income proposals. It would lift a significant number of households above the poverty line with substantial benefits for child poverty in particular. However, it retains the current means-tested, conditional benefits system. In proposing to replace this, the second model is closest in principle to the properties of a full UBI as outlined previously.

The replacement amount is set at a level just above the NI relative poverty line of approx. £16,500 for a single parent, two-child household.¹ The higher-level replacement would ensure all households rise well above the UK poverty line of £17,760. The poverty line is lower in NI due to a lower median income and cost of living than the UK average, and the NI median is used by NISRA for the multiple deprivation measures referenced within this proposal.

There are methodological issues with selecting the poverty line as a baseline: poverty is relative and median household incomes can change from year to year. However, attempting to set a UBI at or above the poverty line is seen as much more feasible when compared with other measurements such as the Joseph Rowntree Foundation's Minimum Income Standard (MIS), which starts at £19,200 for a single person. It should be remembered that the intention of a UBI is to give people the right to a basic level of income to enable subsistence, and that recipients would still be entitled to work in order to reach the MIS more easily.

¹ <https://www.jrf.org.uk/our-work/what-is-poverty>
<https://www.economy-ni.gov.uk/news/northern-ireland-annual-survey-hours-and-earnings-statistics>

Location

To illustrate the potential impact of UBI as a Peace Dividend, we have selected a trial area which we feel is most conducive to producing these results. A UBI could be trialled anywhere in Northern Ireland, but several key criteria have informed this proposal:

- All UBI recipients live in an urban area
- The trial area falls within the 10% most deprived wards based on NISRA's Multiple Deprivation Measure 2017
- The trial area should represent a broad intersection of Northern Irish society (not overwhelmingly Catholic or Protestant)
- The area should be considered an interface area – a flashpoint between NI's two main communities

Therefore, this proposal suggests a basic income trial consisting of a saturation site of recipients across communities in the PUL² Shankill Road and CNR³ Falls Road areas of Belfast. The trial site proposed would cover the West Belfast electoral wards of Shankill and Falls, both of which fall within the Court District Electoral Area (DEA). They have a population of approximately 4,000 and 5,000 respectively, with Shankill being 94% Protestant, 3% Catholic and 3% other and Falls 97% Catholic and 3% Protestant. Adjusted for population growth across Belfast in recent years since 2011 this gives an estimated intervention group of 10,000 people and a roughly 40/60 split of individuals from both main community backgrounds.

These wards fall within the Falls/Clonard and the Greater Shankill Neighbourhood Renewal Areas (NRAs). NRAs are areas designated as having high levels of deprivation and there is a significant amount of publicly available data at NRA level which is not available by electoral wards, such as number and amount of benefit claimants. This data has allowed us to estimate the cost of the trial and baseline levels of deprivation in the intervention group.

There are also specific reasons to test the Peace Dividend in Belfast⁴:

- Eight out of the ten electoral wards in the top 10% of the most deprived wards in Northern Ireland are in Belfast.
- 56,000 of Belfast's 340,220 population live in poverty with
- 28% of children growing up in poverty.
- 7,322 people are in housing stress
- 32% of residents have below NVQ Level 2 qualifications
- 6.7% of young people are not in education, employment or training.
- There is a £703.70 gap in average weekly earnings of Belfast residents, the highest 10% earn £846.50 per week and lowest 10% earn £142.80 per week.

² PUL=Protestant, Unionist & Loyalist

³ CNR= Catholic, Nationalist & Republican

⁴ Source: Belfast City Council's Inclusive Growth Strategy, 2019

In Belfast, the average life expectancy for a man in the most deprived area is 9.4 years less than in the least deprived areas in Belfast, the average life expectancy for a woman in the most deprived area is 6.4 years less than in the least deprived areas.

A trial in this area will allow for rich data gathering on whether a UBI can produce the 5 outcomes outlined previously as part of the Peace Dividend: reduced crime and paramilitary activity, more opportunities for young people, improved mental health, better community relations and a stronger local economy.



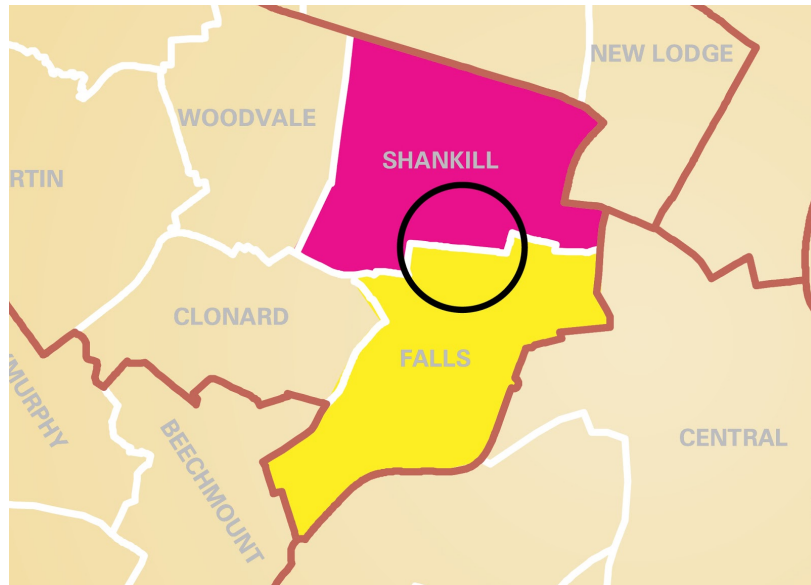
Sample Size

To achieve a saturation site and ensure fairness, the basic income would be given to every resident within the defined area who could prove residency prior to a specified date. This is the 'intervention group'.

In choosing the ideal number of recipients we have sought to provide a range of options for a trial, with varying costings for sample sizes of 10,000, 5,000 and 1,000 respectively. These figures are based on the total population in the two Belfast wards selected, which is approximately 10,000. The smaller figures are based on a sub-section of the population of these wards. While a larger sample size will give us more reliable data from which to arrive at definitive conclusions, an awareness of financial limitations makes the inclusion of smaller samples pertinent.



'The map below shows the suggested geographical area for sample size of 1,000 people. A similar, larger area would be used for the sample size of 5,000 (*note that these are estimates based on local population size and would be refined in an actual trial*):



Duration

Just as having a saturation site is key to measuring changes in social attitudes, the time allowed for these complex social changes to take place is crucial. Recent experiments in Finland and Ontario were unfairly branded as failures as both were cut short to around two years or less, despite early signs of significant positive outcomes. Other trials designed to last for shorter periods of time such as Stockton and Barcelona have shown that detailed data can be collected in a shorter time, but neither have included a saturation site or focused on intra-communal impacts.



Naturally, the longer a trial is underway the more data can be obtained, but we also recognise the financial restrictions of any trial. Therefore, in accordance with similar contemporary UBI trials, we have costed trials for both 2 and 5 year periods. Any trial shorter than 2 years will be insufficient in measuring longer-term outcomes such as improved health outcomes and a stronger local economy. Only a 5-year trial or longer will provide the rich data needed to make conclusive judgements on societal changes such as reduced paramilitary influence or improved community relations.

Cost

This proposal provides an array of options to showcase the costs of a UBI trial in each of the sample sizes. We have costed four models:

- a 'higher top up' model of £400 payable monthly to all working age adults and £200 to children and pensioners;
- a 'lower top up' model of £200 payable monthly to working age adults and £100 to children and pensioners;
- a 'higher replacement' model of £900 payable monthly to working age adults and pensioners and £450 to children;
- and finally a 'lower replacement' model of £700 payable monthly to working age adults and pensioners and £350 to children.

The figures presented below are based on a sample size of 10,000 people with the following demographic assumptions for the Falls/Shankill wards: That 22% (2,200) of the sample size is made up of children, 63% (6,300) is made up of working age adults and 15% (1,500) is made up of pensioners. In practice, given that involvement in any actual trial would be entirely voluntary, it is unlikely that it would reflect these figures exactly; nevertheless, in order to provide us with an illustrative cost, these assumptions are used.

Higher Top Up Model

	Cost
Working Age Adults £400 x 6,300	£2,520,000
Children £200 x 2,200	£440,000
Pension Age Adults £200 x 1,500	£300,000
Total Monthly Cost	£3,260,000
Total Annual Cost	£39,120,000

Lower Top Up Model

	Cost
Working Age Adults £200 x 6,300	£1,260,000
Children £100 x 2,200	£220,000
Pension Age Adults £100 x 1,500	£150,000
Total Monthly Cost	£1,630,000
Total Annual Cost	£19,560,000

The Replacement

Calculating the cost of the Top up model is relatively straightforward, as there are no built-in savings - it's not replacing anything. On the other hand, working out the net cost of the replacement model involves calculating how it will interact with the existing benefits system, some of which it would replace. In order to calculate the net cost of a replacement model, we subtracted the gross average cost of the two largest benefits which would be replaced by a UBI: Universal Credit and pensions.

Note that in an actual trial, recipients still receiving the legacy benefits that comprise UC would also have their benefits replaced (such as JSA, Income support etc), as well as work related ESA. We have chosen this method to be illustrative of the potential savings rather than exact savings. Issues around payment of housing benefit (which is included in Universal credit but may still be needed in some circumstances) remain to be resolved and could be further explored through a full feasibility study and survey once a sample area is finalised.

Working out the net cost

In calculating the net cost of the replacement model, we estimated the number of Universal Credit claimants in the Falls/Clonard & Shankill NRAs, then applied the Northern Ireland average of Universal Credit payments for different household types in order to work out the estimated gross cost of Universal Credit, as is shown below:

Claimant Type	Av. Monthly Payments	Estimated No of Claimant Type	Av. Monthly Cost
Single	£460	1160	£533,600
Couples - no children	£660	80	£52,800
Couples w/children	£1010	220	£222,200
Lone Parents	£930	540	£502,200
Total Monthly Cost			£1,310,800
Total Annual Cost			£15,729,600

Source: Department for Communities NI Benefits Statistics Summary Report February 2020.

The state pension savings were calculated by working out the number of pensioners in the sample area (15% of population) and multiplying this by the new state pension rate.

We have proposed offsetting the cost of the replacement model by reducing the personal tax allowance for working age adults to the first £4000 of income only, and subtracting this from the gross cost.

Higher Replacement Model

	Cost
<i>Working Age Adults £900 x 6,300</i>	£5,670,000
<i>Children £450 x 2,200</i>	£990,000
<i>Pension Age Adults £900 x 1,500</i>	£1,350,000
<i>Gross Monthly Cost of UBI Replacement</i>	£8,010,000
Gross Annual Cost of UBI Replacement	£96,120,000
<i>Gross Annual Cost of UC</i>	<i>- £15,729,600</i>
<i>Gross Annual Cost of Personal Tax Allowance</i>	<i>- £7,310,000</i>
<i>Gross Annual Cost of State Pension</i>	<i>- £10,471,500</i>
Total Annual Cost	£62,608,900

Lower Replacement Model

	Cost
<i>Working Age Adults £700 x 6,300</i>	£4,410,000
<i>Children £350 x 2,200</i>	£770,000
<i>Pension Age Adults £700 x 1,500</i>	£1,050,000
<i>Gross Monthly Cost of UBI Replacement</i>	£6,060,000
Gross Annual Cost of UBI Replacement	£72,720,000
<i>Gross Annual Cost of UC</i>	<i>- £15,729,600</i>
<i>Gross Annual Cost of Personal Tax Allowance</i>	<i>- £7,310,000</i>
<i>Gross Annual Cost of State Pension</i>	<i>- £10,471,500</i>
Total Annual Cost	£41,248,900

*State pension in 2019/20 financial year



Household incomes under Replacement UBI

The table below shows the monthly income of different types of household unit before and after receiving UBI. Note that this shows the maximum and average benefit level each type could receive under UC or the state pension (not including pension credit). No other benefits are included.

Household type	Max income with current benefit level*	Av. income with current benefit level	Income with lower Replacement UBI	Income with higher Replacement UBI
<i>Single adult, living alone</i>	£910	£460	£700	£900
<i>Couple, no children</i>	£1094	£660	£1400	£1800
<i>Couple, one child</i>	£1376	£1100	£1750	£2250
<i>Couple, two children</i>	£1612	£1156	£2100	£2700
<i>Single parent, one child</i>	£1192	£930	£1050	£1350
<i>Single parent, two children</i>	£1427	£986	£1400	£1800
<i>Pensioner (not including deferred payments)</i>	£657.40	£537	£700	£900

**This figure is based on a rent of £500 (the average rental cost for property in the area) being covered by UC*

Costing of each model for different sample sizes over 2 and 5 years

Sample Size of 10,000 over 2 years:

- A 'higher top up' trial of 10,000 people would cost £78.2m over 2 years
- A 'lower top up' trial of 10,000 people would cost £39.1m over 2 years
- A 'higher replacement' trial of 10,000 people would cost £125.2m over 2 years
- A 'lower replacement' trial of 10,000 people would cost £82.5m over 2 years

Sample Size of 10,000 over 5 years

- A 'higher top up' trial of 10,000 people would cost £195.6m over 5 years
- A 'lower top up' trial of 10,000 people would cost £97.8m over 5 years
- A 'higher replacement' trial of 10,000 people would cost £313m over 5 years
- A 'lower replacement' trial of 10,000 people would cost £206.2m over 5 years

Sample Size of 5,000 over 2 years

- A 'higher top up' trial of 5,000 people would cost £39.1m over 2 years
- A 'lower top up' trial of 5,000 people would cost £19.6m over 2 years
- A 'higher replacement' trial of 5,000 people would cost £62.6m over 2 years
- A 'lower replacement' trial of 5,000 people would cost £41.2m over 2 years

Sample Size of 5,000 over 5 years

- A 'higher top up' trial of 5,000 people would cost £97.8m over 5 years
- A 'lower top up' trial of 5,000 people would cost £48.9m over 5 years
- A 'higher replacement' trial of 5,000 people would cost £156.5m over 5 years
- A 'lower replacement' trial of 5,000 people would cost £103.1m over 5 years

Sample Size of 1,000 over 2 years

- A 'higher top up' trial of 1,000 people would cost £7.8m over 2 years
- A 'lower top up' trial of 1,000 people would cost £3.9m over 2 years
- A 'higher replacement' trial of 1,000 people would cost £12.5m over 2 years
- A 'lower replacement' trial of 1,000 people would cost £8.2m over 2 years

Sample Size of 1,000 over 5 years

- A 'higher top up' trial of 1,000 people would cost £19.6m over 5 years
- A 'lower top up' trial of 1,000 people would cost £9.8m over 5 years
- A 'higher replacement' trial of 1,000 people would cost £31.3m over 5 years
- A 'lower replacement' trial of 1,000 people would cost £20.6m over 5 years



Disbursement

Having selected the model, sample size and geographic area for a trial, a process would then begin to identify the intervention group by writing to residents in the trial area inviting them to take part. A range of criteria could be used to establish residency and avoid fraud such as utility bills, benefits payments, credit rating agencies or the electoral register. Any money would be paid directly into a bank account in the name of each working age adult, or into the account of their guardian in the case of children.

Special arrangements may need to be made for those living in the trial area that could still benefit from the scheme but lack a bank account, such as homeless individuals living in a hostel or refugees. An alternative might be distributing pre-paid debit cards or cashable cheques. Or a tech solution could be found: in the Kenyan UBI experiment for example, money is distributed by Give Directly via text on mobile platform M-Pesa.⁵ In Belfast, charity group Esther has developed a payment platform transferring cash payments to vulnerable recipients which could be used to facilitate transfers during a trial.

Control site

To ensure the highest quality data possible, this proposal supports a Randomised Control Trial (RCT) methodology which would include applying the same measurement and data collection activities to a control group in a demographically and geographically similar area. This area would most likely be in Belfast given the much larger number of deprived interface areas compared to the rest of NI, but a more regional approach may consider trial and control sites in Derry/Londonderry for example.



As individuals in the control site would not be receiving the UBI, some budget would need to be set aside as compensation for their involvement, as well as additional ethical considerations which are detailed in a later section. It would not be necessary to have a control group of the same size as the intervention group – a standard of 25% is expected for RCTs and this is seen as feasible – especially given control group subjects may be more difficult to recruit.

⁵ <https://www.givedirectly.org/ubi-study/>








Data collection & Evaluation

There is a wide range of quantitative and qualitative data which can be collected and used to measure and evaluate the outcomes of the trial. Various methods would be used to collect this data including:

- Publicly available institutional data – population surveys (2011 Census, NISRA), crime rates, benefit payments, tax revenue, health statistics (some data may only be available nationally) – this will mostly be used to inform baselines
- Data gathered through working with strategic partners such as the PSNI, local GPs, community groups, credit unions, schools and other key stakeholders
- Quantitative data collected via surveys with intervention and control groups
- Qualitative data collected via interviews, focus groups and case studies with intervention group only

As previously stated, there are 5 key outcomes that a UBI as a Peace Dividend aims to measure. The table below breaks down these outcomes into key indicators and how data will be collected. This is not intended to be exhaustive but indicative of the methods used and range of data collected.

Outcome	Indicator	Data gathered from partners	Quantitative survey data	Qualitative research data
Reduced crime and paramilitary activity 	Reduced crime levels	PSNI		
	Reduced paramilitary crime	PSNI		
	Perceptions of safety and security		✓	✓
More opportunities for young people 	Academic achievement	Local schools / FE colleges	✓	
	Numbers staying in education past leaving age	Local schools / FE colleges	✓	
	Employment after education		✓	
	Further education enrolment	Local universities & FE colleges	✓	
	Experience of crime		✓	✓
	Perceptions of community & opportunity			✓
Improved health and mental wellbeing 	Self-reported wellbeing including sense of autonomy, self-esteem, perceptions of financial security		✓	✓
	Mental health related hospital visits	Hospitals, GPs		
	General hospital visits	Hospitals, GPs		
	Child nutrition & food security	Hospitals, GPs	✓	✓
	Addiction, drug use and drug-related crime	PSNI	✓	
	Calls to crisis charities	Mental health charities	✓	
	Suicide rate	Hospitals, GPs		
Better community relations 	Perceptions of other communities		✓	✓
	Time spent mixing with other communities		✓	
	Time spent travelling to new places or meeting new people		✓	
	Time spent volunteering, caring or other non-remunerated work		✓	
	Personal relationships within households and neighbourhoods		✓	✓
	Perceptions of trust, belonging & citizenship		✓	✓
Stronger local economy 	Household income		✓	
	Employment activity - hours worked, new jobs started		✓	✓
	Businesses or new hobbies started		✓	✓
	Money saved, household debt levels, financial planning		✓	✓
	Consumption and spending patterns	Local businesses	✓	✓
	Food bank use	Local foodbanks	✓	

Further work on developing this proposal would produce a theory of change linking these outcomes, and assessing them via short, medium and long-term indicators.

For evaluating the quantitative indicators, the methodology adopted by the Sheffield UBI Pilot proposal will be adapted to suit the unique local context of the trial. This will consist of both intervention and control groups being asked to complete surveys every 6 months, with the first (baseline) survey administered before the trial starts. The questionnaires will be modelled on standard household longitudinal surveys such as *Understanding Society*, with a focus on the 5 'UBI as a Peace Dividend' outcomes. Standard questions already exist for many of these measures and thus the results will be comparable with existing academic and policy research in these areas.

In order to minimise survey attrition, UBI recipients would need to complete the surveys as a condition of receiving payment, while the control group will be offered small incentives to participate in the form of shopping vouchers or a small cash payment (say around £20). Data will be collected via an emailed survey link or where this is not possible for recipients, a paper survey with a pre-addressed return envelope. The quantitative study will estimate the overall effects of UBI on a range of measurable outcomes. Subject to satisfactory statistical matching of the intervention group with a control group, these effects can be regarded as 'causal' relationships – that is if UBI were implemented elsewhere, we could expect similar effects to be produced in other comparable communities.

The qualitative study will provide a richer set of data than is possible via a survey, making use of semi-structured interviews ('conversations'), focus groups and case study methods to 'dig deeper' into the lived experiences of those receiving a UBI. As such, it would be unlikely to engage all recipients, especially in a larger trial. A sample of 25% might be selected, or asked to volunteer, to speak about their experience as a recipient. From that sample, focus groups and case studies could be drawn. These would focus in detail on the experience of receiving UBI amongst a small number of people or families. This sort of data has been a powerful tool in elaborating on the benefits of UBI beyond numbers in several UBI trials - most notably the Ontario pilot, which was cut short and deprived of a quantitative survey. This resulted in recipients and activists working together to produce a wealth of high quality qualitative data.

Qualitative data collection cannot be said to produce causal results in the same way that the quantitative surveys can. This is because it does not involve a control group and cannot isolate specific lived experiences in a way that can be conclusively linked to receiving a UBI. However, it can provide useful insights, particularly related to human behaviour. Whilst several UBI trials have collected data on behavioural insights, there has been an absence of high-quality research modelling those behavioural insights at the macro level. The Sheffield proposal is notable for its focus on the potential behavioural and intracommunal outcomes of UBI, and this proposal

adopts a similar approach which would yield unique behavioural insights for NI's post conflict society. It is hoped that the data collected from this trial could therefore inform not just macroeconomic modelling on the impacts of a UBI, but macro level behavioural insights also. This macro level modelling helps us to predict the outcomes of a large scale, national UBI policy, which are difficult to judge from a small scale, time-limited trial.

Cost of evaluation

There are a number of estimates within the Scottish feasibility study regarding the costs involved in carrying out data collection, and these provide a useful benchmark. These range between £160 - £240 per recipient per year for a range of qualitative and quantitative surveys, including a baseline survey. Taking a higher end estimate per recipient of £240, (given the wider array of qualitative/communal indicators to be investigated in this trial and the time involved in that) the estimated costs for the three sample sizes proposed are as follows:

Sample size	Cost per annum	Cost for 2-year trial	Cost for 5-year trial
10,000	£240,000	£480,000	£1,200,000
5,000	£120,000	£240,000	£600,000
1,000	£24,000	£44,000	£120,000

Including a control group around one quarter the size of the intervention group would increase these costs by approximately 25%.



Feasibility

It is important to reiterate that this proposal is a scoping exercise: an indicative design for what a UBI trial for NI might look like. Given recent support for the idea in NI, a further feasibility study akin to the Scottish one should be commissioned, and this could serve as a far more detailed blueprint for deciding whether to implement a UBI in NI. Below we have begun to consider some of the key feasibility considerations this would look at:

Political feasibility

There are various aspects of political feasibility which may influence the viability of a UBI trial, and relate primarily to the agency, actions and power considerations amongst political actors with influence over policy, ranging from civil servants and politicians to the general public. Given the role political decision making played in the reduced scope of the Finland and Ontario trials, or indeed the rejection of a UBI in Switzerland by public referendum, it is vital that any UBI proposal takes account of these complex factors and does not attempt to develop policy in a vacuum. Three of these political feasibility considerations are:

Strategic feasibility

Is it possible to build a coalition of politicians, political parties, social movements, advocacy groups, unions and other organised groups or influencers to advocate and push for the policy? Detailed research on this in NI has not yet taken place, although political parties represent perhaps the best barometer of feasibility. When a trial of UBI has been put to a direct vote in several NI councils, all parties present have voted in favour of it, with the exception of the DUP, who have consistently abstained at council level, having shown vague support for it at the beginning of the COVID-19 pandemic but now seemingly agnostic. It should be noted that the support of more left wing NI parties such as Sinn Fein and People Before Profit often comes with significant caveats about the nature of such a scheme, noting that a UBI should not come at the expense of minimum wages or public services and should be funded through progressive taxation. The Alliance Party, SDLP and Green Party of NI have all explicitly backed a UBI in previous manifestos.

Institutional feasibility

Are NI's institutions ready, willing and able to implement a UBI? Given the complexity of integrating the UBI with the existing welfare system in the Replacement model, significant buy in would be required from the Department of Communities. There would be an administrative cost in ensuring recipients were not receiving Universal Credit, for example, alongside UBI payments. As a result they would be the ideal delivery partner for the Replacement model. However, recent experiences of rolling

out welfare reform may make the department reluctant to change their processes in the near future without considerable additional resource.

Removing or reducing the tax-free allowance from working adults under the Replacement model would also require cooperation with HMRC and the Department of Finance given the lack of devolved tax powers. Buy in from other statutory agencies such as the PSNI, health service and a wide range of local charities and groups would also be crucial to data collection and wider community involvement.

Psychological feasibility

Is the NI public aware of what a UBI is? Are they supportive of it? Multiple studies have shown that issues around deservingness and reciprocity (the idea that people are getting something for nothing) often rate as primary concerns when public opinion on UBI is gauged. Whilst no significant research has been done on public perception of UBI in NI, it can be assumed that the same challenges exist. Whilst it is undeniable that the COVID-19 pandemic has shifted opinion on social security and the 'deserving poor' considerably, whether this represents a temporary shift or a permanent moving of the 'Overton window' remains to be seen. Either way, messaging and presentation of any UBI trial will be crucial, and this proposal believes framing a trial around the concept of a 'Peace Dividend' may help attract broader support amongst the NI public.

Ethical feasibility

A key principle of this proposal is that any UBI trial would 'do no harm' and leave recipients either better off or unaffected. Crucial to this, as outlined, is setting the Replacement UBI at a high enough level, at or above the poverty line, so that even with replacement of certain benefits households are not worse off. Other considerations to ensure ethical best practice include:

- Right to opt out – all recipients will have the right to opt out of the trial. Participation will be purely voluntary and any experiment should also plan for inclusion of residents who may have been initially sceptical and chosen not to take part, but change their mind as a result of seeing the impact in their community. This effect was seen in the Stockton trial for example. Recipients may choose to opt out for a variety of reasons: fear of losing benefits, unwillingness to engage in monitoring & evaluation, satisfaction with current income levels, not wanting to be reliant on unearned income and many more. These positions must be respected and factored into the research design.
- Control group – in order to gather generalisable data a control group with similar demographics is proposed, which would not receive the UBI. Whilst they may receive a small payment for their time in taking part in research, researchers should not underestimate the potential for perceptions of

unfairness amongst the control group that they are being denied additional income whilst others from a similar group are not.

- Data collection – a full ethical framework would need to be developed before conducting any research, especially with regard to recipients who may be vulnerable or disadvantaged.
- Interactions with other benefits – whilst the tables offered in the replacement modelling above do suggest that the higher level at least would be unlikely to disadvantage any household more needs to be done to evaluate how UBI would interact with variable income-related benefits such as Housing Benefit. For example, whilst the replacement UBI would replace UC and therefore Housing Benefit, a discretionary housing benefit scheme may need to run alongside the trial to ensure those paying higher rents in certain circumstances are covered.

Financial feasibility

The financial feasibility of a UBI trial is intricately linked with its political feasibility, with one of the first questions often levied at UBI proponents being ‘how would we pay for it?’. This proposal has attempted to offer two solutions to reduce the gross cost of the trial by temporarily replacing some benefits and reducing the personal tax allowance. However, given the difficulty of integrating a trial with the tax system, it is expected that its cost would be relatively higher per head than a nationwide UBI which could be funded through a much wider range of options (some of which are offered in the next section). This cost should be considered as a one-off investment in testing the concept and gathering important data to inform the development of a nationwide UBI policy.

The cost of running a UBI trial as proposed above varies greatly, from a relatively low cost of £3.9m for the lower top up for 1000 people over 2 years, to £325m for the higher replacement for 10,000 people over 5 years. It should be noted that whilst the gross cost of the higher replacement is high, the net cost is not substantially higher than the top up figures, especially given the significant transfer of cash it would represent to households.

However, given this trial is proposed within the short-medium term and the limited fiscal powers of the NI Executive to either change tax levels or raise revenue to pay for additional welfare spend, the top up model is seen as more financially viable in the immediate future.

A more detailed feasibility study could also model the effects this proposal may have on macroeconomic factors such as labour market participation, GDP, wages, inequality and poverty. Detailed modelling on this, akin to that in the Scottish study, could have a positive or negative impact on financial feasibility.

UBI for all of NI

Whilst the most politically and financially feasible way of expanding either of these models as a UBI for everyone in Northern Ireland will always be via a UK-wide UBI policy, the authors of this proposal are currently considering how a trial would work at the devolved level. Some initial costings and ideas for how to pay for it are included below.

The Top-up

Rolling out the 'Top-up' proposal for Northern Ireland's 1.882m people at the higher rate for roughly the same population demographics discussed previously (65% adults, 20% children, 15% pensioners) would cost approximately £7.47bn per year, or 20% of NI's average GDP. The lower top-up amount would cost £3.73bn, or 10% of GDP. Such a proposal being consistent with the ethical framework of maintaining income for the poorest households would see existing benefits unaffected, so there would be no savings from the current welfare system towards the cost. Instead, the NI Executive could consider the following revenue raising options to pay for it:

1. Personal Tax Allowance (PTA)

Assuming consistency with the rest of the UK that around 50% of all residents (including children and pensioners) pay some tax, around 950,000 people in Northern Ireland benefited from a personal tax allowance of £2,500 in 2019/20. This reflects almost £2.375bn per year of tax relief income lost to the UK Treasury which could be redistributed via a basic income. Although it would take substantial cooperation with HMRC, the NI Executive could seek to scrap the PTA for those paying tax in NI and redistribute this in the form of a basic income. Alternatively, the PTA for NI could be reduced to the first £4,000 of income, as proposed in our Replacement model, which would generate approximately £1.6bn of additional revenue.

2. Devolution of Income Tax

The Scottish feasibility study has a crucial benefit that a Welsh or NI proposal does not: the ability to offset the gross costs of a UBI against a variable income tax rate. Devolving income tax would allow the NI Executive to levy an additional tax to offset the cost of a Top-up UBI. An increase on each tax band of between 3-5% could be sufficient to cover the lower rate (based on the Citizen's Basic income Trust proposals).

However, with both the personal tax allowance and income tax proposals it is important to bear in mind that NI has a lower tax contribution to the UK than other

nations, and further research would be needed to estimate accurate figures based on that key variable. Both models also present issues should taxpayers, particularly higher earners, provide HMRC with a main residence address in another part of the UK. Whilst certain checks could be established to mitigate this, it would be a costly operation and another reason why a UK-wide UBI is most feasible. It would also be offset by the fact that those changing address could not be counted as 'permanent residents' of NI and would therefore not receive their UBI or any other benefits. Additionally, the administrative cost of NI introducing its own tax system has often been given by politicians as a reason not to do so.

3. Devolution of VAT

An advantage of increasing VAT is that it is taxed at source – it could be levied on purchases made in NI and therefore has less risk of capital flight than the previous two ideas. It is also a popular means of funding UBI within the global UBI community – a Federal sales tax was the basis of Andrew Yang's Freedom Dividend of \$1000 a month, for example – however, it is also inherently regressive and non-redistributive because the higher cost of goods and services is paid by all in society, including the poorest. Therefore, the net benefit of a UBI for the poorest households would likely be significantly reduced.

It is a viable however – the NI Executive could ask to devolve VAT powers, especially if it diverges from the rest of the UK as a result of Brexit. VAT rates for the UK are not even particularly high either – its rate of 20% is still far lower than the highest level globally (27% in Hungary). The UK made £125bn from VAT in 18/19, and a per capita calculation would put the NI contribution to that at approximately £3.5bn (although in actuality it's likely to be lower given the lower cost of living in NI overall). Therefore, a 1% increase could generate an additional £35m of revenue per year for Northern Ireland. An NI VAT could also be increased or decreased depending on economic conditions and could be phased out once a more permanent funding solution, such as a Citizens' Wealth Fund, was fully established.

4. Establishment of a Citizens' Wealth Fund

Also known as a 'Sovereign wealth fund', a Citizens' Wealth Fund could be established to generate income in the long-term to fund a UBI for NI. This is the means by which Alaska pays a modest annual lump sum to each of its residents, and has been linked to greater income equality in the state amongst other positive outcomes. The Alaska Permanent Fund was established in the 1970s and is funded through oil revenue. The largest sovereign wealth fund is Norway's, valued at over \$1.2 trillion. Sovereign wealth funds usually stem from national wealth related to oil or gas reserves, but there is no reason why they cannot be based on other assets. The leader of the UK Liberal Democrats, Ed Davey, has proposed a UBI funded through a sovereign wealth fund based on business loans.

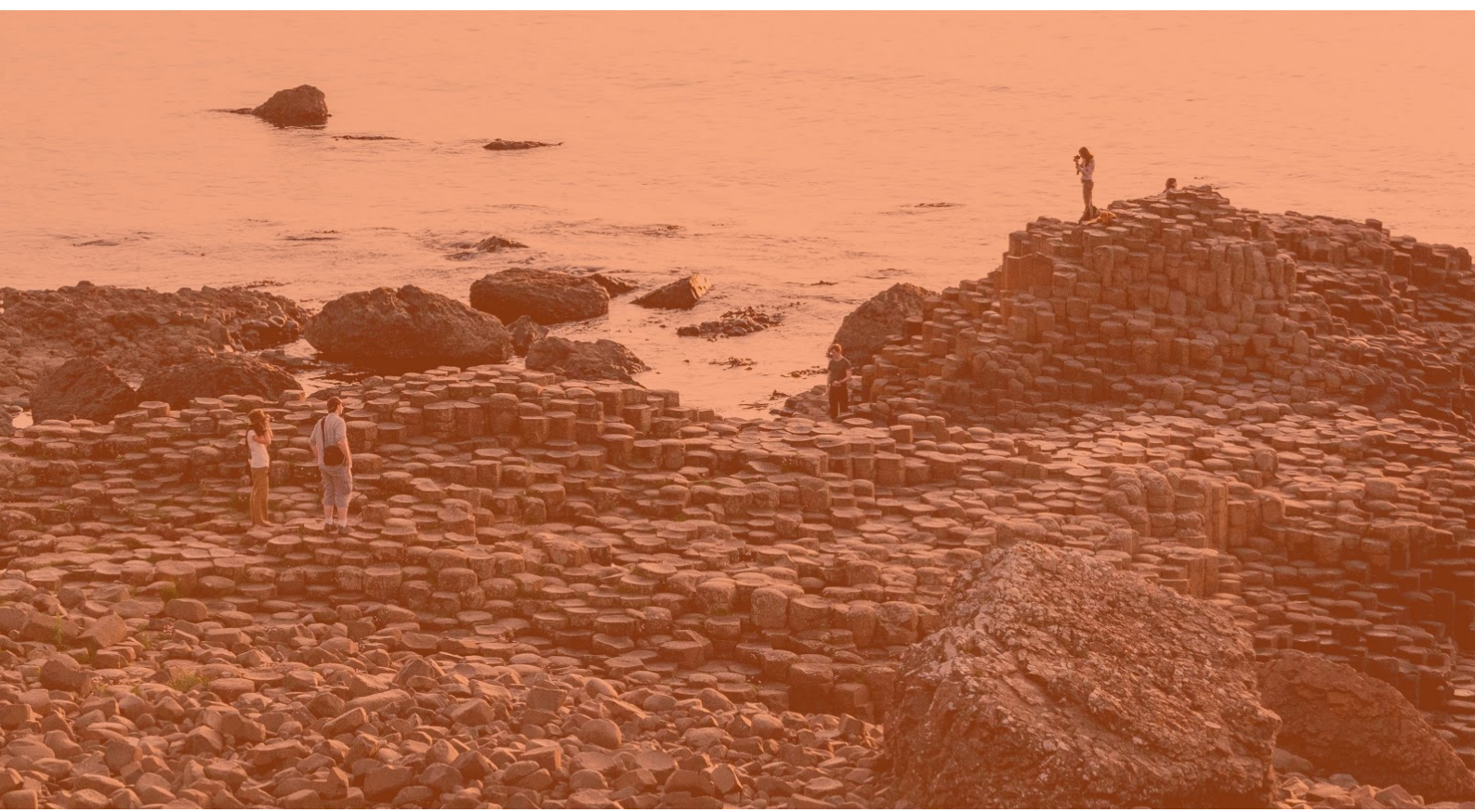
Whilst NI lacks significant wealth in any one area currently, through targeted investment and strategic planning there is one area that offers potential for a national wealth fund: renewable energy. If the NI Executive were to invest significantly in a Green New Deal through funding state-owned renewable infrastructure and investing the profits, a well-managed Citizens' Wealth Fund could generate the dividends necessary to fund a substantial UBI in the long-term.

The Replacement

The gross cost of a 'lower replacement' level UBI of £700 per month for adults, £350 for children and £700 for pensioners would be approximately £14.2bn per year for everyone in NI, or just over 40% of GDP. Together with the four funding proposals above, this would be in part funded through savings from replacing some existing benefits. This could total as much as £3.8bn based on figures provided by the Department of Finance from 2018/19. Even then, a UBI represents a huge additional cost for the Stormont Executive, necessitating a very high income tax rate, and a range of fiscal measures (in addition to those above) would need to be considered.

Clearly there are significant financial and political hurdles to establishing either of these proposals in NI, in particular the Stormont Executive's historical reluctance to seek devolution of additional fiscal powers. They are, however, by no means impossible.

Future proposals should consider these ideas in more detail, in particular the impact they would have on the costs of poverty and division in NI, and the optimum levels of additional taxation necessary to fund them.



The costs of poverty and division

One of the sharpest critiques of Universal Basic Income is that it is too expensive to fund. Despite being a viable tool in eradicating poverty, critics claim that this goal is not sufficient to warrant the necessary expenditure. However, in response, it should be argued that - given the considerable cost of poverty to the UK economy each year - not only is UBI's ability to eradicate poverty a morally right thing to do, but it is an economically prudent thing to do.

There is no doubt that running this trial represents a huge up-front investment that is well above the cost of standard poverty alleviation strategies by government. The majority of the cost of any trial would likely be borne by government; however, if it is properly presented as a peace building strategy, the prospects for external and philanthropic funding are significant. The costs of poverty and division should therefore be central to the case for support for any such trial.

Both the Shankill and Falls wards are in the top 30 of the most deprived Super Output Areas (SOAs) in the NI Multiple Deprivation Index 2017.⁶ This includes 2nd and 3rd place for crime and disorder for the Falls and Shankill respectively; 4th and 9th for education, skills and training; 7th and 26th for health and disability; and 20th and 27th for unemployment. Given the previously discussed potential of UBI to improve all these outcomes, it would be possible for a more detailed feasibility study to estimate the value of reducing deprivation in these areas.

There are many pieces of work dedicated to estimating the costs of poverty and division, four of which are summarised below. Whilst there will be overlap between some of them - and it would be wrong to assume UBI will wipe out these costs completely - it is reasonable to assume that, through reducing material poverty and improving people's opportunities, UBI will reduce these costs to society.

Cost of Poverty

In a detailed analysis into the cost of poverty in 2016, the Joseph Rowntree Foundation found that the cost to the UK Treasury is as much as £78 billion per year, or approximately £2.2bn for Northern Ireland if shared proportionally across the UK.

Their main findings were as follows:

- £29 billion per year was spent on treating health conditions connected to poverty (25% of the health budget)
- Schools spend £10 billion per year dealing with the impact of poverty through initiatives such as free school meals (20% of schools budget)

⁶ <https://www.nisra.gov.uk/sites/nisra.gov.uk/files/publications/Top%20100%20SOAs.pdf>

- £9 billion per year is spent on police and criminal justice due to higher incidence of crime in more economically deprived areas
- Children's services and early years provision spending includes £7.5 billion of spending associated with poverty (40% of early years budget and 60% of entire children's social care budget)
- £4.6 billion of adult social care spending is directly attributed to poverty (26% of adult social care budget)
- Housing adds £4 billion to annual public services costs associated with poverty (37% of spending in the housing and communities budget)

The report also considers the impact that childhood poverty has on that individual as an adult and finds that children who have experienced poverty are much more likely to be out of work as an adult. The report estimates that this results in £13 billion of lost earnings per year at a cost of £4 billion of unearned income taxes and an extra £2 billion of benefit spending.

Whilst a UBI at any level will not eradicate all of the costs of poverty, many of which stem from complex and interconnected factors, by eradicating material poverty a UBI would undoubtedly be able to reduce these costs, freeing up essential resources within government budgets to help fund UBI in the long-term.

Cost of poor mental health

The Chief Medical Officer for England estimated in 2013 that the wider cost of mental health problems to the UK economy is as much as £70-100bn per year, or 4.5% of GDP, which equates to as much as £2-3bn per year for NI. However, the Mental Health Foundation points to earlier research by the Centre for Mental Health that this figure could be as high as £105.2bn for England alone. If a UBI trial in NI were to produce the same outcomes as it has done in other places such as Canada, Finland and Spain, it could produce billions in savings for NHS budgets and the wider economy.⁷

Cost of disconnected communities

Not dissimilar from the costs of poverty (and it's important to note the crossover between the two), the Big Lottery's 'Cost of Disconnected Communities' report produced in collaboration with the Eden Project, aims to measure how bringing people together and increasing social capital could save billions every year. Big Lottery states: 'There is good evidence to suggest that high levels of social capital

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[https://www.mentalhealth.org.uk/statistics/mental-health-statistics-global-and-nationwide-costs#:~:text=Cost%20of%20mental%20health%20problems%20in%20the%20UK,gross%20domestic%20product%20\(GDP\).](https://www.mentalhealth.org.uk/statistics/mental-health-statistics-global-and-nationwide-costs#:~:text=Cost%20of%20mental%20health%20problems%20in%20the%20UK,gross%20domestic%20product%20(GDP).)

can positively and significantly influence people's health, their educational and workplace performance, their socioeconomic circumstances and their tendency towards criminality. Social capital can thus ease the demands on public services, improve the lives of the individuals involved, whilst also delivering productivity gains to employers.' Within this framework, they estimate the cost of disconnected communities to be as high as £32bn per year for the UK. And £1.688bn for NI alone. Included in their report is analysis on the costs of health services, policing, unhappiness and stress.

Cost of division

A report by Deloitte in 2007 set out to analyse the different costs, including direct, indirect and opportunity costs, as a result of ongoing division within NI. Whilst this report is now 13 years old and some progress has been made in reducing costs in some areas (such as tourism), with paramilitary crime on the rise in recent years combined with inflation, their final figure of £1.5bn is still realistic, and could be offset by a UBI as a peace dividend through tackling some of the socioeconomic causes of conflict.

A full feasibility study would seek to develop a framework for estimating and then measuring these costs of poverty and division in the trial area, providing data which could be extrapolated across NI should UBI be rolled out nationally. This would be an important step in discussions on financial feasibility and framing the socioeconomic benefits of a basic income.



Concluding remarks

This proposal has attempted to outline how a UBI trial framed as a 'Peace Dividend' could be delivered in Northern Ireland. In proposing two distinct models costed against a range of sample sizes and timeframes, it offers a wide variety of options for any public authority or organisation seeking to deliver such a trial. The estimated costs of a trial range from as little as £4m over 2 years to £310m over 5 years.

This proposal now suggests several 'next steps' towards delivering such a trial:

- Promote this proposal to relevant stakeholders and the general public to inform discussion on the topic of UBI and help build support for it
- Establish a steering group of key stakeholders including UBI advocacy groups, academic researchers, potential delivery partners, local authorities and relevant government departments
- Secure funding for a comprehensive feasibility study building on this proposal
- Continue to develop proposals for the funding of and delivery of an NI-wide UBI





UBI Lab Network is a collaboration between citizens, researchers, social justice organisations and campaigners.

The key aims of the Network are to pilot Universal Basic Income, encourage debate around social support, and create a movement for change.

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