

Minimum Income Guarantee Expert Group Interim Report

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Foreword

I've been delighted to chair the Minimum Income Guarantee Expert Group through our first year and to get to the point of sharing our progress through this interim report. The high-level shape of a Minimum Income Guarantee is beginning to come into focus. While we enter year two with a great deal of work ahead of us, we're in a good position to deliver our full report in 2024.

For me, throughout the first year, one of the key questions that has come up time and time again has not been about the technical aspects of how a Minimum Income Guarantee could look. Instead, whether explicitly or in the background, the same question has been an ever-present:

how can we move more quickly to deliver big, positive change in Scotland?

This question has been a running thread throughout the work of the Expert Group and the Expert by Experience Panel.

The start of our work has coincided with an increasing cost of living emergency that, for many, has been unprecedented in scale. The organisations and individuals on the Expert Group, and on our Experts by Experience panel, alongside the organisations and individuals we've worked with, have seen greater pressures when it comes to their time because of the cost of living emergency. Thinking about long-term change is what we tasked ourselves with, but it has been all the more difficult to do as the here and now has become all the more unbearable for so many.

However, we know that the worse the emergency now, the more important it is to make sure it never happens again in the future. After all, the seeds of the cost-of-living emergency we now face were sown many years ago. It's as clear as can be that our existing economy, social contract, and safety net are not adequate. They're failing to deliver the financial security that benefits everyone through increased wellbeing, lower inequality and a stronger economy, that ensures we can all live a decent and dignified life.

The status quo is not working and something must change.

A Minimum Income Guarantee is a simple and yet potentially transformational idea. It's the idea that we should set a level of income beneath which no one in Scotland will be allowed to fall. Through reforms to the world of work and social security, and by working to reduce peoples' costs, we can deliver a dignified quality of life for all – a universal guarantee of financial security regardless of your income, your background, or where you live.

Our task now is to move a Minimum Income Guarantee from an idea to reality. To do that an increasing number of us must believe that change is possible, and those of us that want to see change happen, must work hard to make it a reality.

Optimism is necessary, even if it is not sufficient, for making progress.

We have good reason to be optimistic. At the 2021 Scottish Parliament elections the idea received cross-party support and the Steering Group includes representatives from all five political parties represented in the Scottish Parliament. In recent years we've seen progress in Scotland on protecting and improving the social contract and safety net in a number of ways and the Scottish Government are fully committed to delivering a Minimum Income Guarantee. From our work in our first year, we know a Minimum Income Guarantee does not have to wait. Progress can be made through existing powers, even if a full Minimum Income Guarantee may need further powers in a range of areas.

This interim report outlines our work over the last year, our findings so far, the key actions needed as first steps towards a Minimum Income Guarantee and what we plan to look at over the next year. In our 2024 full report we plan to outline what a full Minimum Income Guarantee could look like in Scotland, together with a clear set of first steps and next steps towards that, both within existing powers and within any potential additional powers devolved to the Scottish Parliament.

A Minimum Income Guarantee is an idea that can work whether in the context of devolution or independence. It is an idea that can learn the lessons of recent years, build on recent progress, and speak to Scotland's future as a country leading the way to end poverty and the wider inequalities it creates, deliver fair work, and a wellbeing economy that benefits everyone. It is an idea that is right for now and one that can prepare us for the future.

We believe Scotland can move quickly to deliver big, positive change. If you do too, get involved and get engaged with our work to see what we can achieve together.

Russell Gunson

Chair of the Expert Group

Head of Programmes and Practice, The Robertson Trust

Executive summary

Background

Scotland and the UK have faced several repeated crises over the last 15 years through the crash of 2007/08 and resultant austerity, the COVID-19 pandemic and the current cost of living emergency. In many ways this period of time has exposed the insufficiency of the existing UK-wide social contract and need for a radically improved safety net – one that provides security to everyone that help will be there if you need it, plugging the gaps and holes in the current system, and one that provides greater levels of support than now, establishing a system based on need and rights rather than arbitrary levels and rules set by politicians.

A Minimum Income Guarantee is a simple but transformational idea – it is an assurance that no one will fall below a set income level that would allow everyone to live a decent life. This would be delivered through reform to services, changes to the world of work, and improvements to social security, including a targeted payment for anyone that falls beneath the Minimum Income Guarantee level.

A Minimum Income Guarantee would fundamentally change the social contract in Scotland, freeing people and families from the huge financial risks currently inherent in things like job loss, illness, growing a family, disability and relationship breakdown. It could also represent a key component in tackling poverty and inequality and helping to deliver fair work, inclusive growth and a wellbeing economy.

This interim report from the Minimum Income Guarantee Expert Group outlines its work so far, the key foundation principles of a Minimum Income Guarantee, high-level findings in relation to design and delivery and remaining questions for year two of the Expert Group's work that will form the basis of a full report in 2024. The report also outlines initial actions necessary to pave the way for successful implementation of a Minimum Income Guarantee following the Expert Group's full report, and initial actions that can begin to build the foundations for a Minimum Income Guarantee in Scotland.

The Minimum Income Guarantee Steering Group was established with cross-party support as part of a commitment to begin work on a Minimum Income Guarantee within the Scottish Government's 2021-22 Programme for Government. The Steering Group is made up of a cross-party Strategy Group and an Expert Group with representation from academia, trade unions, poverty and equality organisations. The Expert Group has also commissioned an Experts by Experience panel to help to shape the work. This report is the interim report from the Expert Group.

Defining a Minimum Income Guarantee

A Minimum Income Guarantee would ensure everyone in Scotland could secure a minimum acceptable standard of living, ensuring we all have enough money for housing, food and essentials to allow us all to live a decent, dignified, healthy and financially secure life. The Expert Group agreed key principles to help to guide the work to date.

A Minimum Income Guarantee is:

- ① a guaranteed level of income beneath which no individual living in Scotland would fall;
- ① a minimum income set to ensure an acceptable standard of living that promotes dignity and a decent quality of life;
- ① designed to recognise our distinct needs which vary by person and family;
- ① clearly focused on tackling poverty, inequality and financial insecurity;
- ① a suite of interventions – including to reform collective services, the world of work and social security;
- ① accessible to all of us with a clear focus on reducing inequalities.

To succeed a Minimum Income Guarantee will need to be:

- ① co-designed by those with lived experience of financial insecurity and the current benefit system;
- ① supported by a broad coalition including the general public, stakeholders and within MSPs;
- ① co-ordinated, across government and beyond;
- ① implementable – through first steps taken under existing powers, with further steps and powers outlined as necessary.

Findings

One early overall finding from the Expert Group is that a Minimum Income Guarantee does not need to wait. Scotland does not need full powers or further powers to make progress, even if further powers around social security, work, tax, borrowing and equalities, may well be necessary in the future to realise the full potential of a Minimum Income Guarantee.

The Minimum Income Guarantee level, in its full form, should be set somewhere between the relative poverty line and the Minimum Income Standard,¹ based on need. This would be significantly higher than current levels of UK Government benefit payments.

Uprating of the Minimum Income Guarantee level should take into account real changes to the cost of living in a timely manner. This would move away from arbitrary levels of payments set by politicians. A Minimum Income Guarantee needs to be responsive to real and immediate need.

1 Loughborough University (2023) [Minimum Income Standard, Centre for Research in Social Policy](#)

The Minimum Income Guarantee level will be achieved through paid work for most households but this will not be the case for everyone, and for some groups this will be more challenging due to structural inequalities in participation and barriers within the labour market. To realise a Minimum Income Guarantee, reform to the world of work is required to increase minimum levels of pay and achieve equal pay for women and marginalised groups; address the undervaluation of low and unpaid care work; reduce barriers and participation gaps; broaden pay rates; guarantee hours worked and career progression; and to ensure work is equitable, flexible and accessible to all. This will mean greater numbers of people reach a Minimum Income Guarantee level without the need for a Minimum Income Guarantee payment.

A Minimum Income Guarantee payment will need to reduce as people and households see increases in their income. However, this must be reduced gradually to avoid cliff-edges in support.

Exploring the role and impact on employers of a Minimum Income Guarantee and what is needed to reform work will remain a focus in year two.

The current UK-wide system, and Universal Credit in particular, is flawed. The costs associated with transitioning onto/off Universal Credit, the five-week wait for new applications, the benefit cap, two-child limit, sanctions and conditionality are all elements of the existing system that cannot be replicated with a Minimum Income Guarantee.

In its full form a Minimum Income Guarantee would include a payment that would top-up the income of households whose income from paid work and other sources falls below the Minimum Income Guarantee level. The Minimum Income Guarantee payment would be designed to replace many of the existing UK-wide income-assessed social security payments in Scotland, such as Universal Credit. In doing so it will be desirable to retain a diversity of payments so that people and families do not see a reliance on one single payment at one single point.

Initial actions

Ultimately any Minimum Income Guarantee will be made up of a number of complementary parts, from solutions that reduce costs for households to cash and practical support. The Expert Group has outlined a series of initial actions necessary to pave the way and build the foundations necessary for successful implementation of a Minimum Income Guarantee following the full report in 2024.

1. The Scottish Government should prepare to implement the findings from the Expert Group's full report by considering what legislative powers the Scottish Parliament may require to deliver or create new benefits which are not currently legislated for. It is our early view that even a pilot or initial roll-out of Minimum Income Guarantee will likely require legislation.
2. The Scottish Government should change the legislative basis for Scottish Child Payment so it's not tied to a UK Government qualifying benefit. This will provide more flexibility to taper the award, provide additional support for some groups, and support households to avoid cliff edges in income as they transition into higher incomes. This could be important in forming a basis for initial work to roll-out a Minimum Income Guarantee.



any Minimum Income Guarantee will be made up of a number of complementary parts, from solutions that reduce costs for households to cash and practical support

3. A Minimum Income Guarantee cannot be delivered in a system that sees punitive conditions and sanctions. The Scottish Government should pledge to abolish the punitive conditions and sanctions regime in rolling out a Minimum Income Guarantee – as powers allow – and seek to ensure that the Minimum Income Guarantee is not lost or undermined by benefit or wider public sector debt recovery.
4. A Minimum Income Guarantee cannot be delivered in a system that sees significant holes in the safety net, for example, through caps, waits, freezes and limits, that impact different groups disproportionately (often deliberately and systematically). The Scottish Government has introduced some measures to repair these holes in Scotland, through (for example) mitigation of the ‘bedroom tax’ and the benefit cap. The Scottish Government should pledge to abolish the rest of these features of the existing UK-wide system when powers and finances allow and should monitor the success and take-up of existing efforts to do so.

As well as these earlier steps, the Scottish Government should also lay down crucial foundations for a broader Minimum Income Guarantee infrastructure in the future.

5. Increased support and encouraging uptake of entitlements for childcare will be crucial as part of the initial roll-out of a Minimum Income Guarantee. The Scottish Government should consider how additional support for childcare costs could be provided through existing powers to low-income families with children. Support for childcare costs should be provided through a clear entitlement rather than on a discretionary basis.
6. The Scottish Government should ensure the council tax reduction and water rates discount for households on the lowest incomes are reviewed with a view to taking significantly greater numbers of low-income families out of paying these charges. The review should be undertaken in time for consideration for the 2024/25 Scottish Government draft budget. It will be important to consider how we can decrease costs facing people and households underneath the level of a Minimum Income Guarantee.

7. The Scottish Government should undertake a review of the means-tests used for existing income-assessed payments and discounts delivered at the Scotland and local level with a view to aligning means-tests and moving closer to automation. This should aim to ensure greater numbers of low-income families receive this support and to enable automation and greater take-up. This should include review of means-tests used for Scottish Child Payment, Best Start Grant, Council Tax Reduction, Water discount, Free School Meals, School Clothing Grant and others. Beginning to knit the existing Scotland- and local-level social security systems more closely together will be an important step towards a Minimum Income Guarantee.
8. The Scottish Government should accelerate the review of adequacy of disability assistance to address the issues of additional costs facing disabled people. This is an area where the Minimum Income Guarantee Expert Group will also plan additional work in year two.
9. To promote the living wage the Scottish Government should extend its commitment to setting conditions that ensure public sector contractors pay the real living wage to their staff to all public authorities and through procurement, and widen the scope of this commitment to include a requirement to provide 'living hours' – a guarantee for workers of a set number of hours each week.

The Expert Group has a number of remaining questions which will form the basis of work in year two and the full report planned for 2024. The full report will outline in detail what a Minimum Income Guarantee could look like in Scotland, how much it could cost and how it could be paid for and delivered. The Expert Group will also look to consider how a Minimum Income Guarantee could be rolled-out and implemented over time.

Introduction

A Fairer, Greener Scotland: Programme for Government 2021-22 set out the Scottish Government's ambitions for that year and beyond which included a commitment to begin work on a Minimum Income Guarantee.² A Steering Group was appointed to consider the design and delivery, it is made up of a cross-party Strategy Group and an Expert Group with representation from academia, trade union, poverty and equality organisations. The Expert Group has also commissioned an Experts by Experience panel to help to shape the work. This report is the interim report from the Expert Group.

To ensure full transparency in the development process, all papers and minutes from Steering Group and Expert Group meetings are published on the Scottish Government website: [Minimum Income Guarantee Steering Group - gov.scot \(www.gov.scot\)](https://www.gov.scot/Minimum-Income-Guarantee-Steering-Group)

Minimum Income Guarantee Steering Group remit

To help achieve the aims of the Minimum Income Guarantee Steering Group, the remit of the Expert Group is to:

- ① review the outputs of the initial phase of stakeholder engagement arising from the Scottish Government's commitment to 'invite all groups and organisations supportive of a Minimum Income Guarantee to start planning how this can be delivered'
- ① prepare and take forward a work-plan covering the following matters:
 - ① definition and scope of a Minimum Income Guarantee;
 - ① work required to determine thresholds of a Minimum Income Guarantee;
 - ① what could be achieved through existing powers, including (but not exclusively) social security powers;
 - ① priorities for implementation and prospective timetable for delivery;
 - ① what could be achieved in the longer term if more powers were devolved; and
 - ① innovative approaches to further evidence-gathering and engagement, including public participation to ensure widespread awareness of and opportunity to contribute to the work.
- ① The Expert Group's work-plan will take into consideration practical implications around legislation and resources, including financial and delivery considerations. As noted below the work-plan will be agreed by the Strategy Group.

2 The Scottish Government (2021) [A Fairer, Greener Scotland: Programme for Government 2021-22](https://www.gov.scot/Programme-for-Government-2021-22)

Additionally, the Strategy Group will:

- ① act as champions to promote awareness of, and support for, the work of the Steering Group;
- ① agree the Steering Group work-plan and review progress and outputs from it, including priorities for delivery and approach to devolution of further powers;
- ① attend key meetings of the Steering Group and, as necessary, meet separately from it to receive regular updates and review the work-plan and progress in delivery;
- ① from time to time take stock to ensure that the overall remit and membership of the Expert Group remains fit for purpose; and
- ① participate, as appropriate, in engagement activity taken forward under the work-plan.

It is vital that a Minimum Income Guarantee is co-designed alongside people with lived experience of financial insecurity. The Expert by Experience Panel will provide rich and diverse views that will be central to developing a Minimum Income Guarantee. They will meet several times throughout 2022/23 to deliberate on key questions posed by the Expert Group and provide feedback on the individual elements of a Minimum Income Guarantee so collective decisions can be made.

The Expert Group agreed to produce this interim report to outline the work to date towards defining a Minimum Income Guarantee, the context in which the policy is being developed, provide a high-level overview of direction and early thinking towards potential actions and priorities, and set out the remaining questions and work needed to make progress towards a full report in 2024.

Our goal is to make robust, evidence-based recommendations for the implementation of a Minimum Income Guarantee in Scotland. In our full report, this will include long-term ambitions around a Minimum Income Guarantee alongside shorter-term steps towards that ambition which the Scottish Government can adopt with a sense of urgency. In this interim report we set out our thinking so far, the direction of travel for year two, and actions that can prepare the way for fast progress following our full report.

Background and context

A Minimum Income Guarantee has the potential to build significantly greater levels of financial security in Scotland and contribute to a safety net that would protect against periods of uncertainty, address widening inequity and maximise the potential of the entire population long-term.

Scotland and the UK have faced repeated crises over the last 15 years through the crash of 2007/08 and resultant austerity; the COVID-19 pandemic; and the current cost of living emergency. In many ways this period of time has exposed the insufficiency of the existing UK-wide social security system and the broader social contract. It has outlined in stark terms the need for a radically improved safety net. As we look ahead to the future challenges and changes likely to affect our economy and society in Scotland, and across the world – through, for example: automation, technological change, climate change and a just transition to a net zero economy – Scotland will need to build a social security system fit for the future, and ready to support people to reach their full potential at every stage of their life, and through very different careers than before.

Inclusive growth, fair work and equity are crucial elements of a wellbeing economy. A Minimum Income Guarantee – with a guarantee to a minimum level of income at its core – could be the foundation that sits underneath progress towards these aims. A Minimum Income Guarantee will be achieved through paid work or other income for most; but by offering the reassurance to everyone that there will be a minimum income beneath which no one will fall we can build a safety net for everyone in Scotland which is guaranteed to be there when needed. This safety net could be provided by reforms to social security, work, services and a targeted payment for those that fall beneath the income level.

A UK with social insecurity built-in

The UK-wide social contract and social security system has been reduced and eroded for more than a decade. We have seen levels of support drop beneath what is needed to live a decent quality of life and increasing gaps in the system leaving many without any support.³ The post-financial crash UK economy has been characterised by increasing levels of insecure work and a stalling of real wages and living standards.⁴ This, combined with reductions in spending on public services and the UK Government's welfare reform agenda throughout the 2010s, has seen an economy, social contract and safety net increasingly based on social insecurity rather than social security.⁵

3 Glasgow Disability Alliance (2020) [‘Inequalities, Participation, and Human Rights before, during and beyond COVID19’](#); the Scottish Government (2019) [‘Mitigating UK Government Welfare Cuts’](#)

4 IPPR (2018) [Prosperity and justice: A plan for the new economy](#)

5 Resolution Foundation (2022) [‘Low Pay Britain 2022: Low Pay and Insecurity in the UK Labour Market’](#); Aaron Reeves and Rachel Loopstra, [“Set up to Fail”, How Welfare Conditionality Undermines Citizenship for Vulnerable Groups](#), Cambridge University Press (2017)

The current system has developed in ways that undermine equality and sustain and compound systemic disadvantage for women and marginalised groups.⁶ Reforms have had a disproportionately negative impact on women's incomes. This is in part due to bias in system design, and the fact that women are twice as likely as men across the UK rely on social security, with women receiving around 20% of their collective income, in contrast to 10% for men.⁷ Lone parent households have been the worst affected by social security reforms over the last decade, which has also had a deep impact on women's economic security due to the high proportion of lone parents who are mothers.⁸ These systemic failures damage society as a whole, but in particular have affected households on lower incomes and those facing intersecting discrimination and marginalisation the most.⁹

Through the COVID-19 pandemic, there were many people and families who relied on social security who had never done so before.¹⁰ Many who had never considered they would rely on social security or who had experience of receiving income-assessed social security in the past were faced with a system that provided low levels of support with too many gaps to provide a genuine safety net when they needed it. Acknowledging the fundamental inadequacy of existing benefits, and the potential impact on the wider economy, the UK government protected incomes by building a furlough scheme in a matter of weeks and introducing a Universal Credit uplift to temporarily boost levels of social security. The action the UK Government was required to take demonstrated what can be done with meaningful investment in the UK's social and economic infrastructure.

However, the UK-wide system did not become inadequate as a result of the COVID-19 pandemic. Also, its inadequacy was not just felt by those on middle-incomes or previously in secure jobs who found themselves suddenly without the income they depended on. The system was inadequate before the pandemic and remains so now in the face of everyday life events like redundancy, ill-health, unpaid caring responsibilities, growing families and relationship breakdown.

The economic effects of the 2007/08 financial crash, austerity and sluggish recovery, Brexit, and more recently the COVID-19 pandemic and war in Ukraine, have culminated in the current cost of living crisis. This has ultimately resulted in stretched governmental budgets across the UK which limits the opportunity to invest in the existing social security system or make radical change.¹¹ It is not just rising costs that are the problem; it is the fact that the incomes of those with the least have fundamentally worsened over the last decade.¹²

Scotland has taken action to tackle child poverty, including through devolved social security powers, and has set ambitions to deliver inclusive growth, fair work and a wellbeing economy. Delivering on these ambitions and prioritising social security will be important components to address economic inequalities, eradicate poverty and build financial security for all.

6 Women's Budget Group (2019) ['Social Security and Women'](#)

7 House of Commons Library (2017) [Estimating the gender impact of tax and benefits changes](#)

8 Reed, H. (2020) The distributional impact of tax and social security reforms in the UK from 2010 to 2017, Social Policy and Society

9 Financial Policy Committee (2022) [Financial Stability Report](#) (Bank of England)

10 UK Parliament (2021) [Coronavirus: Universal Credit During the Crisis](#)

11 The Scottish Government (2022) [The Cost of Living Crisis in Scotland analytical report](#)

12 Office for National Statistics (2021) [Household income inequality, UK - Office for National Statistics \(ons.gov.uk\)](#)

Social security reform over time

The UK Government has implemented significant reform and real-terms cuts to social security across the UK, including in Scotland.¹³ In 2018, it was estimated that cuts to social security would amount to £3.7bn per year in Scotland by 2020/21.¹⁴ The introduction of Universal Credit has been delayed, chaotic and often cruel in its implementation.^{15, 16} Issues including lower payment levels, new caps and limits, a five-week wait for a first payment, repeated freezing of payment levels, severe sanctions and increasing levels of conditionality have disproportionately affected families most at risk of poverty and insecurity.¹⁷

Following the Scottish Independence Referendum in 2014, some social security powers were devolved to the Scottish Parliament. The Scotland Act 2016 gave the Scottish Parliament power over a number of welfare benefits, this also included an ability to top up reserved benefits and create new benefits in devolved areas.¹⁸ Since then, Scotland has been able to use its pre-existing powers alongside new ones to mitigate some aspects of the UK system such as using Discretionary Housing Payments to mitigate the bedroom tax, increase Carer's Allowance through Carer's Allowance Supplement, and more recently introducing a fuller benefit cap mitigation. However, even by the Scottish Government's own admission these solutions are imperfect as they are complicated for local government to administer and for individuals to access.

The Social Security (Scotland) Act 2018 set in legislation the Scottish Government's ambition to create a human rights-based social security system, built on the principles of dignity, fairness and respect. Social Security Scotland was created to deliver that social security system and is now delivering thirteen benefits, seven of which are brand new and only available in Scotland.

While progress has been made to improve both the delivery and levels of social security available in Scotland – particularly to low-income families with children – there remains a cross-party ambition and wider support to rethink social security and consider what innovative solutions can be introduced as a result of increased social security and revenue raising powers.^{19, 20, 21, 22, 23}

13 Joseph Rowntree Foundation (2020) [UK Poverty 2019/20: Social security | JRF](#)

14 The Scottish Government (2018) [Welfare reform: annual report 2018](#)

15 UK Parliament (2020) [Universal Credit: Delayed Roll-Out](#)

16 The Office of the High Commissioner for Human Rights (2018) [United Nations Special Rapporteur statement on extreme poverty and human rights](#)

17 Groves, L and Lazou, J (2019) [Universal Credit Not fit for purpose](#) (Unite)

18 Legislation.gov.uk (2016) [Scotland Act 2016](#)

19 Scottish Government (2016) ['Creating a Fairer Scotland: A New Future for Social Security in Scotland'](#)

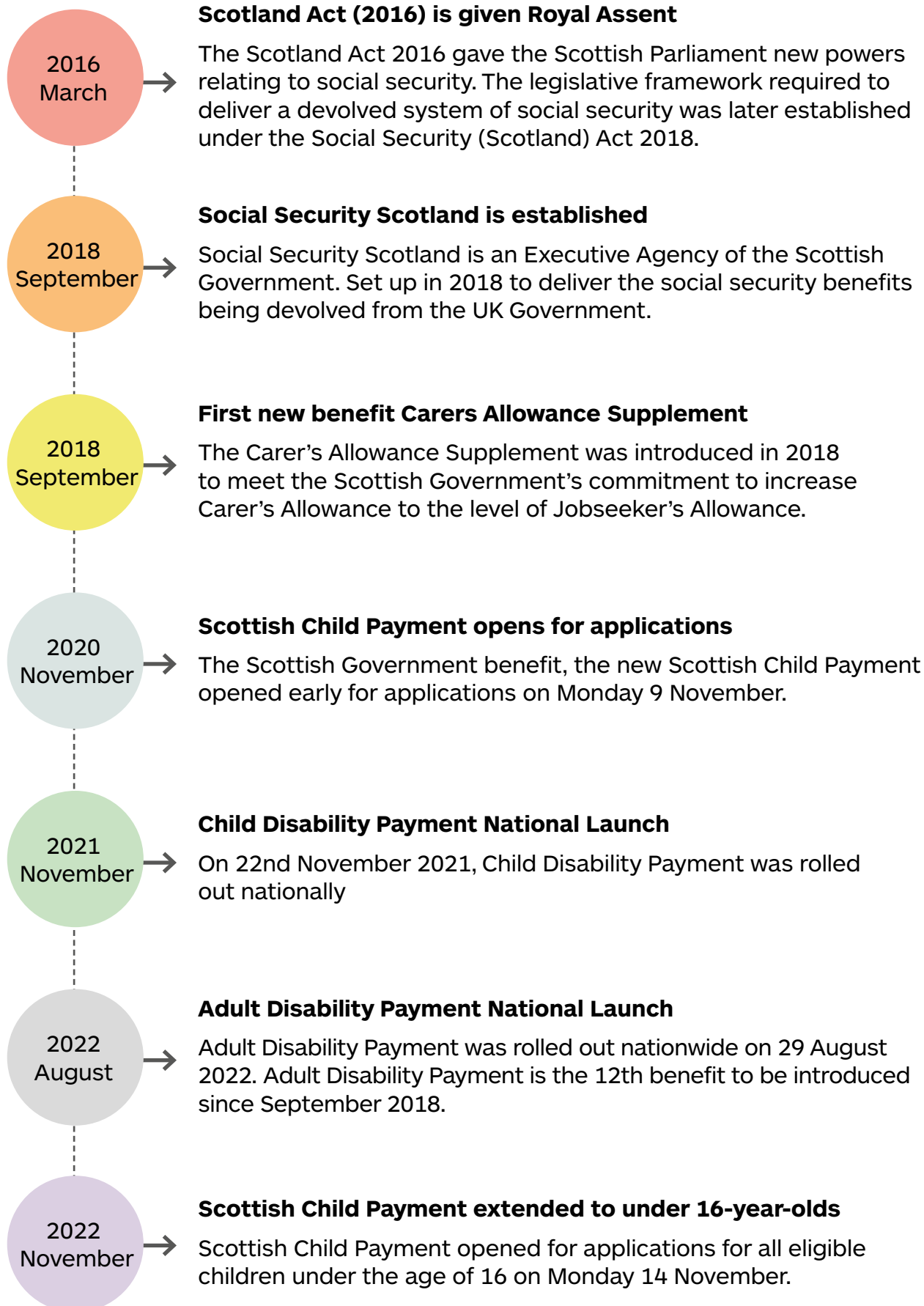
20 Scottish National Party (2021) [SNP 2021 Manifesto: Scotland's Future, Scotland's Choice — Scottish National Party](#)

21 Scottish Greens (2021) [Our Common Future - Scottish Greens](#)

22 Scottish Liberal Democrats (2021) [2021 Holyrood Elections Manifesto - Scottish Liberal Democrats \(scotlibdems.org.uk\)](#)

23 Scottish Labour (2021) [Manifesto - Scottish Labour](#)

Social security since devolution



Minimum Income Guarantee as radical reform

A Minimum Income Guarantee is a new concept which could radically reform financial security in Scotland. It could deliver security for all, narrow inequalities, tackle poverty, and build a Scotland more resilient to the economic and social upheavals. It is not just a crisis response, but a mechanism for greater financial security – for individuals and families, and for our economy as a whole. It would fundamentally change the social contract in Scotland, freeing people and families from the huge financial risks currently inherent in things like job loss, illness, growing a family, disability and relationship breakdown.

A Minimum Income Guarantee is a simple but transformational idea – it is an assurance that no one will fall below a set income level that would allow everyone to live a decent life. This would be delivered through reform to services, changes to the world of work and improvements to social security including a targeted payment for anyone living in Scotland that falls beneath the Minimum Income Guarantee level.

A Minimum Income Guarantee would be rights-based, moving away from conditions and sanctions, limits, waits and caps such as those built in to Universal Credit. The guarantee would plug many of the holes and biases we see in the existing system, delivering a very different system based on rights, equality and dignity. The targeted nature of the payment, paid only to those who fall beneath the minimum income level, has the potential to provide a greater level of support for low-income households compared to universal payments (like some conceptions of a Citizen's Basic Income²⁴) and allow the minimum income level to be tailored to household needs rather than the same for all.

Progress towards a Minimum Income Guarantee doesn't need to wait

The Steering Group was formed to consider the design of a Minimum Income Guarantee and how this could be implemented in Scotland. This was prompted after seeing cross-party support for the idea throughout the 2021 Scottish Parliament election campaigns and we have since been working to explore the concept from design to delivery. We will consider what steps can be taken now towards a Minimum Income Guarantee while also reviewing what, if any, additional powers would be required to see this implemented fully.

One early finding from the Expert Group has been that progress towards a Minimum Income Guarantee does not need to wait.²⁵ We do not need full powers or further powers to make progress, even if further powers around social security, work, tax, borrowing and equalities, may well be necessary in the future to realise the full potential of a Minimum Income Guarantee.

The Scottish Parliament has shown itself willing to build a stronger safety net in Scotland, set at a higher level for many, through existing powers and budgets. We will need to see further action in this way to begin to deliver a Minimum Income Guarantee in Scotland over the coming years.

²⁴ Basic Income Scotland (2022) [What is Basic Income?](#)

²⁵ The Scottish Government (2021) [Minimum Income Guarantee Steering Group meeting minutes: August 2021](#)

What is a Minimum Income Guarantee?

The idea of a Minimum Income Guarantee in Scotland was developed through a number of reports in recent years. This includes the Institute for Public Policy Research Scotland's 'Securing a living income in Scotland: Towards a minimum income guarantee'²⁶ and the Social Renewal Advisory Board's 'If Not Now, When?' The Social Renewal Advisory Board Report.²⁷

The Expert Group has considered existing evidence, commissioned analysis, conducted evidence sessions and deliberated to agree on the following high-level elements.



...ensuring everyone has enough money for housing, food and essentials...

Defining a Minimum Income Guarantee

A Minimum Income Guarantee would ensure everyone in Scotland could secure a minimum acceptable standard of living ensuring everyone has enough money for housing, food and essentials to allow people to live a decent, dignified, healthy and financially secure life.

The Minimum Income Guarantee level would vary by need so would recognise individual and household circumstances. For instance, a single person with no dependents would typically need less income to reach a decent quality of life than a single adult with dependent children or other caring responsibilities. A single person would therefore have a lower minimum income level than those with higher costs. The Minimum Income Guarantee level for different household types would be reviewed regularly to ensure it keeps pace with the costs of living.

The costs people and households face to reach a decent quality of life vary by household type, but also vary depending on what is included within the social contract in Scotland and what is not. As part of the introduction of a Minimum Income Guarantee it would make sense to consider reforms that can reduce the essential costs people and households face.

26 Statham R, Parkes H and Gunson R (2021) [Securing a living income in Scotland: Towards a minimum income guarantee](#) (IPPR Scotland)

27 The Scottish Government (2021) [If Not Now, When? The Social Renewal Advisory Board Report](#)

Household income is made up of income from paid work, social security, and other income and for most this would be enough to reach the Minimum Income Guarantee level. However, as part of the introduction of Minimum Income Guarantee we would also aim to reform work to ensure greater numbers of people reach the Minimum Income Guarantee level through work. In particular, ensuring access to fair, well-paid and secure work and equal pay for women and marginalised groups will be an important step to more households reaching the Minimum Income Guarantee level.

For those who do not reach the Minimum Income Guarantee level through paid work or other income, the guarantee would see a targeted payment to top up income levels. This would guarantee that everyone in Scotland would have a minimum income, and potentially see significant reductions in poverty and inequality. In addition, a Minimum Income Guarantee could have other significant benefits. For example, it could hold huge potential to better recognise and support those doing unpaid labour, primarily women, through caring and household roles. These are of immense societal value and worth an estimated £10.8 billion to the economy per annum, but are not recompensed as such.²⁸

We will continue to shape and define a Minimum Income Guarantee over the coming year, this will take into account what can be done under current or future devolved powers or full legislative control in an independent Scotland.

Key principles of a Minimum Income Guarantee

The Expert Group has outlined the key principles that sit underneath a successful Minimum Income Guarantee.

A Minimum Income Guarantee is:

- ① a guaranteed level of income beneath which no individual living in Scotland would fall;
- ① a minimum income set to ensure an acceptable standard of living that promotes dignity and a decent quality of life;
- ① designed to recognise our distinct needs which vary by person and family;
- ① clearly focused on tackling poverty, inequality and financial insecurity;
- ① a suite of interventions – including to reform collective services, the world of work and social security;
- ① accessible to all of us with a clear focus on reducing inequalities.

²⁸ Carers UK (2015) Valuing carers 2015. Available at: [Policy library | Carers UK](#)

To succeed a Minimum Income Guarantee will need to be:

- ① co-designed by those with lived experience of financial insecurity and the current benefit system;
- ① supported by a broad coalition including the general public, stakeholders and within MSPs;
- ① co-ordinated, across government and beyond;
- ① implementable – through first steps taken under existing powers, with further steps and powers outlined as necessary.

Delivering a Minimum Income Guarantee

The Steering Group’s task is to define a Minimum Income Guarantee for Scotland and to recommend how this can be developed, tested and evaluated and to prioritise early actions. As outlined in the introduction, the Strategy Group provide oversight and advice on the overall process while the Expert Group consider the detail of the design and delivery. The Expert by Experience panel works with the Expert Group to undertake this work.

The Expert Group began by developing a workplan and agreed that members would look at the themes that closely aligned with their expertise and the workstreams were formed as a result. Each workstream was responsible for investigating their topic, commissioning research, collaborating where there was cross-over and reporting back to the Expert Group to deliberate. The following sections offer an overview of the workstream’s discussions and the findings developed across year one.

Workstream	Remit	Duration
Level	Examine potential approaches for setting, updating and uprating the level of a Minimum Income Guarantee, or suite of interventions that collectively form a Minimum Income Guarantee.	2022/23
Work	To consider how a Minimum Income Guarantee will relate to work and impact on employers.	2022/23
Social Security	To agree an approach for delivery of a Minimum Income Guarantee in relation to the existing social security system.	2022/23
Public Opinion	Oversee the formation and facilitation of the Expert by Experience panel; gather insights into public perception and support for a Minimum Income Guarantee; framing and communication.	2022/23

Workstream	Remit	Duration
Equalities	To ensure that equalities considerations are made for each element of Minimum Income Guarantee and to inform other workstreams as they progress in their work. They will also complete a well-evidenced Equalities Impact Assessment (EQIA).	2022/23
Cost and Financing	Set out costs for a range of Minimum Income Guarantee levels and range of designs by carrying out an analysis of the potential impacts of these on poverty (including child poverty and the priority families), inequality and destitution, considering macroeconomic analysis and considering tax and borrowing.	2023
Powers	To consider how a Minimum Income Guarantee can be delivered under existing powers, in addition to a longer-term look at what additional powers may be necessary to achieve the desired outcome. This will include a review of income adequacy and income security; employment law; legislative powers on social security; taxation and borrowing.	2023
Piloting, Implementation and Evaluation	Develop a theory of change, including definition of the desired and potential unintended outcomes for a Minimum Income Guarantee. They will make recommendations for how we test and evaluate a Minimum Income Guarantee.	2023

Level of a Minimum Income Guarantee

The Minimum Income Standard presented a helpful reference point to aid discussions on the Minimum Income Guarantee level. The Minimum Income Standard is based on research undertaken by Loughborough University with members of the public to understand the items that the general public think need to be included in a minimum household budget. The results show what different households need in a weekly budget and how much they are required to earn to achieve this.²⁹

Advice was sought from Loughborough University so the Expert Group could understand whether different Minimum Income Standard budgets are needed for Scottish households.³⁰ They produced analysis which considered rent, childcare costs, fiscal policies affecting income, household costs, and Scotland's remote rural landscape. It concluded that the average costs facing household types in Scotland remain very similar to average costs in the rest of the UK, with the main differences caused by policies affecting household costs, such as free travel and school meals for children, and free prescriptions. However, within Scotland there are likely to be significantly different costs for different households, including, for example, for remote and rural communities and households. This would mean an entirely new Minimum Income Standard for Scotland is unlikely to be necessary but further work will be required to consider potential additional costs for some households within Scotland.

There are several potential barriers that may prevent household incomes from reaching the level of the Minimum Income Standard. Equally, for some households they may face additional costs not captured by the existing Minimum Income Standards, including additional costs for disabled households or carers³¹ and the complex needs of priority families.³² For example, in 2019 it was been estimated that on average, disabled people face additional costs of £583 per months compared to non-disabled people and this equates to almost half of their income. For families with disabled children, extra costs amount to over £1,000 per month for almost a quarter of households.³³

29 Centre for Research in Social Policy (2022) [Minimum Income Standard | Centre for Research in Social Policy | Loughborough University \(lboro.ac.uk\)](#)

30 abrdn Financial Fairness Trust and Loughborough University Centre for Research in Social Policy (2022) [Minimum Income Standard and Scotland](#)

31 Joseph Rowntree Foundation (2020) [The financial impact of COVID-19 on disabled people and carers | JRF](#)

32 The Scottish Government (2021) [Tackling child poverty priority families overview](#)

33 Scope (2019) [Disability Price Tag](#)

Collective services, such as free school meals or public transport, can help reduce the income needed to live a decent life. In theory, the more that a household's costs and essentials are provided through equitable collective services, for free or at a lower cost, the lower the level a Minimum Income Guarantee level would need to be to reach a decent quality of life. Reducing costs could therefore be a crucial element in ensuring everyone reaches a minimum income. There is a basis for this approach that can be built on. For example, the Council Tax Reduction Scheme reduces or eliminates council tax liability for over 450,000 lower income households across Scotland depending on their circumstances and ability to pay.³⁴ Low-income households are more likely to be in council tax arrears,³⁵ therefore, expanding the support provided through the Council Tax Reduction Scheme could be a significant financial relief to many. Likewise, childcare costs can present a barrier to households, particularly lone parent households,³⁶ achieving a decent standard of living and with entering the labour market. Therefore, action to reduce or remove these costs could be a key step towards a Minimum Income Guarantee for all. Our longer-term ambition is to see an expansion of these services that could be incorporated into the Minimum Income Guarantee level.

The provision of collective services and ensuring there is equitable access are equally important. Taking account of differing or inequitable access and uptake of collective services in calculating a Minimum Income Guarantee level, which can occur for several reasons, including systemic biases, is incredibly complex and will require further investigation in year two.

From the discussions that have taken place and the evidence that has been explored to date, the Expert Group has made the following findings.

1. The Minimum Income Guarantee level, in its full form, should be set somewhere between the relative poverty line and the Minimum Income Standard level for different individual and household circumstances. It is expected that this would be higher than current levels of UK Government benefit payments.
2. The Minimum Income Guarantee level, as part of a Minimum Income Guarantee in its full form, should be set to secure a dignified quality of life for all. This would vary by individual and household need and be informed by the general public, and prioritise lived experience of financial precarity and marginalisation.
3. The uprating of the Minimum Income Guarantee level should take into account real changes to the cost of living in a timely manner. This would move away from arbitrary levels of payments set by politicians. A Minimum Income Guarantee needs to be responsive to real and immediate need.
4. Non-means tested disability benefits, such as Adult Disability Payment, Child Disability Payment and Carers Allowance, would not be considered as income for the purposes of calculating the Minimum Income Guarantee level for a household.

³⁴ [The Scottish Government \(2022\) Council tax policy](#)

³⁵ The Robertson Trust (2022) [Debt & Arrears in Scotland: Putting Money Owed to Public Bodies at the Forefront of the Cost-of-Living Crisis](#)

³⁶ IPPR Scotland (2022) [Universal basic services \(ippr.org\)](#)

How can paid work be reformed to support a Minimum Income Guarantee?

The Minimum Income Guarantee level will be achieved through paid work and other income for most households but this will not be the case for everyone. For some groups this will be more challenging due to inequalities in participation and pay across the labour market.

The labour market still reflects and perpetuates engrained inequalities in our society. The progress towards gender parity in pay has been slowing down in recent years and women in Scotland still experience a gender pay gap of 10% when comparing women and men's overall hourly earnings, rising to 27% when comparing men's full time with women's part time earnings.³⁷ Gender norms and stereotypes around parenthood and childcare are a major contributor to the gender pay gap, mothers in the UK tend to face a wage penalty while fathers often see an increase in their earnings following parenthood.³⁸ Women, particularly those facing intersecting discrimination, are vastly over-represented in low-paid, precarious work. The disproportionate burden of unpaid labour means women are more likely to have to rely on part time paid roles, are often underemployed, disadvantaged in retirement, and continue to have the societal value of their unpaid labour ignored in public policy.³⁹

The employment rate for the minority ethnic population aged 16 to 64 was estimated at 65.1% in 2020/21, significantly lower than the white population (73.2%). This gives a gap in the employment rate between minority ethnic and white aged 16 to 64 years of 8.2 percentage points.⁴⁰ Racism and discrimination in the labour market continues to limit Black and Minority Ethnic individuals' opportunities to access employment, gain promotions and find roles that suitably match their skills which feeds into higher levels of poverty.⁴¹

Similarly, disabled people face a significantly lower employment rate than non-disabled people. The employment rate for disabled people aged 16 to 64 was estimated at 49.6%. This was significantly lower than the rate for non-disabled people (80%). Disabled people also experience a disability pay gap of over 31.2% compared with non-disabled people.⁴² Not only are disabled people less likely to have a paid job, but when they do, they earn substantially less than their non-disabled peers, even when they have equivalent qualifications.

Employability services tailored to individual needs are important components to finding people suitable paid work and could be incorporated into a Minimum Income Guarantee. At present, the Scottish Government have several employability schemes in place including Fair Start Scotland⁴³ (Scotland's devolved employment support service), No One Left Behind⁴⁴ (a person-centred service which includes the Parental

37 Close the Gap (2022) [Gender Pay Gap Statistics](#)

38 Costa-Dias, M., Joyce, R. and Parodi, F. (2020) [The gender pay gap in the UK: children and experience in work | Institute for Fiscal Studies \(ifs.org.uk\)](#)

39 Centre for Progressive Policy (2022) [WiW-2-final-report.pdf \(thewomensorganisation.org.uk\)](#)

40 The Scottish Government (2021) [Scotland's Labour Market: People, Places and Regions - Statistics from the Annual Population Survey 2020/21](#)

41 Coalition for Racial Equality and Rights (2020) [Ethnicity and poverty in Scotland: analysis and reflections on the impact of COVID-19](#)

42 The Scottish Government (2022) [Disability - Scotland's Labour Market: People, Places and Regions](#)

43 Fair Start Scotland [Fair Start Scotland | StartScotland](#)

44 The Scottish Government (2020) [No One Left Behind: delivery plan - gov.scot \(www.gov.scot\)](#)

Employability Support Fund, the Young Person's Guarantee,⁴⁵ and support for the long-term unemployed), and Developing the Young Workforce.⁴⁶ The Department of Work and Pensions (DWP) also provide employability support in Scotland.

There has been welcome interest in the idea of a Minimum Income Guarantee from within trade unions. In particular, there has been interest from the unions for the creative industries who agree a Minimum Income Guarantee has the potential to alleviate issues arising from fluctuating, insecure and seasonal work.

Exploring how a Minimum Income Guarantee will impact employers, the labour market and what is needed to reform work will remain a focus in year two. This will include considering how the targeted Minimum Income Guarantee payment can avoid unintended consequences in relation to incentives to enter work and/or take on more hours or higher pay.

From the discussions that have taken place and the evidence that has been explored to date, the Expert Group has made the following findings.

5. The current economy and labour market has been unable to provide the levels of fair work needed to ensure everyone in paid work reaches the poverty line or Minimum Income Standard.
6. To realise a Minimum Income Guarantee, reform to the world of work is required. These will aim to ensure work is equitable, flexible and accessible to all. This will include reforms to increase levels of pay, achieve equal pay for women and marginalised groups, and guarantee hours worked and career progression. This will mean greater numbers of people reach a Minimum Income Guarantee level without the need for a Minimum Income Guarantee payment.
7. A Minimum Income Guarantee payment will need to reduce as people and households see increases in their income. However, this must be reduced gradually as other income increases to avoid cliff-edges in support. In the context of a full Minimum Income Guarantee scheme, the speed at which a Minimum Income Guarantee payment reduces should be set to maximise the support available to those on the lowest incomes, and to ensure people keep a sufficient amount of additional income.

How will social security reform contribute to a Minimum Income Guarantee?

Accessing the support people are entitled to can be confusing and the systems themselves are very complex. Lack of awareness of available assistance, complicated application processes, and securing the correct evidence, can be burdens or create barriers.⁴⁷ Automation and aligning means-tests have the potential to increase uptake, make the journey easier and help low-income families access the support that they are entitled to. Steps should be taken to assess eligibility and enable data sharing between Social Security Scotland, Local Authorities, HMRC and DWP to make progress towards a Minimum Income Guarantee.

45 The Scottish Government (2023) [Young Persons guarantee](#)

46 The Scottish Government (2020) [DYW - Scotland](#)

47 The Poverty Alliance (2019) [How-well-is-Universal-Credit-supporting-people-in-Glasgow.pdf \(povertyalliance.org\)](#)

The background and context section of this report outlined many of the weaknesses seen in the current UK-wide system and within Universal Credit in particular. The costs associated with transitioning onto/off Universal Credit, the five-week wait for new applications, the benefit cap, two-child limit, sanctions and conditionality are all elements of the existing system that cannot be replicated with a Minimum Income Guarantee.

The majority of social security policy reform in recent years has been designed to move people into paid work. However, this work is too often insecure, part-time and associated with low earnings.⁴⁸ There is increasingly evidence that the sanctions and conditionality regime embedded in Universal Credit has not been successful in promoting work as a route out of poverty and may be doing the opposite, including through increasing mental ill-health and undermining wellbeing.^{49, 50}

The Scottish Parliament has seen additional powers over social security, and the devolution of a number of social security payments. These powers include the ability to top up reserved benefits and create new benefits in devolved areas. However, many of the powers required to make changes to social security are reserved to the UK Government, including many tax and borrowing powers that might be necessary to fund a full social security system. Understanding what existing social security powers could be utilised to make steps towards a Minimum Income Guarantee and which powers should be sought to realise its full potential will be explored in year two.

From the discussions that have taken place and the evidence that has been explored to date, the Expert Group has made the following findings.

8. In its full form a Minimum Income Guarantee payment would top up the income of the households whose income from paid work, social security or other means falls below the Minimum Income Guarantee level. It would be designed to replace many of the existing UK-wide income-assessed social security payments in Scotland, such as Universal Credit. In doing so it may be desirable to retain a diversity of payments so that people and families do not see a reliance on one single payment at one single point.
9. For a Minimum Income Guarantee to deliver its core principle of ensuring that no individual falls below a set level of income, in its fullest form, we will need to see a Minimum Income Guarantee payment that ends the existing ‘caps, freezes, limits and waits’ built into the existing UK-wide system, alongside an end to the sanctions and conditionality regime.

48 Institute for Fiscal Studies (2023) [Benefits and tax credits \(ifs.org.uk\)](https://ifs.org.uk)

49 Dwyer, P.J. (2018) [Final Findings Report: The Welfare Conditionality Project 2013-2018 - White Rose Research Online](#)

50 University of Glasgow (2022) [The Impacts of Benefit Sanctions](#)

Public opinion

The Expert Group commissioned Involve, a public participation charity, to recruit a diverse group of people with experience of living with insecure incomes and financial uncertainty that will work alongside the Steering Group to design a Minimum Income Guarantee for Scotland. The Expert by Experience Panel has met three times and has already provided us with valuable insights and advice.

The first session was held in-person which provided the panel members with an opportunity to get to know each other and learn about the purpose and process of the panel. Members learned about a Minimum Income Guarantee and subsequently took part in group discussions on how a Minimum Income Guarantee could be good for Scotland and what the challenges might be to achieve this.



...Minimum Income Guarantee could create a more supportive society...

The group agreed that a Minimum Income Guarantee could increase the standard of living; reduce negative impacts of using social security; create a more supportive society; improve mental health; it is fair and equitable; a forward thinking solution to tackling poverty; and that it could boost economic growth.

However, the group also identified concerns and reservations around the cost and funding of a Minimum Income Guarantee; whether the system would be used appropriately; if the Scottish Government have the adequate powers to implement; employer and business support; public support and if a Minimum Income Guarantee would be delivered compassionately. The complexity of the system, limited timeframe to deliver in the current economic climate and the process to develop the policy were also noted.

The aim of session two was to build on the discussion and learning from the previous meeting, particularly around the fairness of a Minimum Income Guarantee and how this related to the current social security system as delivered by the Department of Work and Pensions. Members were asked to identify what aspects of the current system were more or less fair. They felt that the application is difficult and dehumanising; the system lacks compassion; it is not person-centred; provides a low standard of living; and does not provide adequate support for disabled people, people with more than two children, unpaid carers and people with mental ill-health.

While the group agreed the current system is largely unfair, they did acknowledge that the system aims to be holistic; provides a reasonable temporary bridge between jobs; and responds to fraud.

The Panel then considered what principles should underpin a Minimum Income Guarantee and on the whole they were largely in agreement with the Expert Group's Key Principles as outlined earlier.

The third session sought the Panel's views on what is meant by a dignified quality of life, what does this feel and look like and how can this be achieved? They also heard about the Minimum Income Standard and what level the Minimum Income Guarantee could be set.

The group reflected on what they consider to be important elements of living a dignified life, they identified a need for adequate healthcare, housing, food, clothing, access to services (e.g. internet and transport), social inclusion, wellbeing and self-care (e.g. haircuts, gym and freedom from stigma), quality education, and access to well-paid and secure employment. The Minimum Income Standard was felt to be positive as it is person-centred and went beyond survival; however, members did acknowledge that this level could be unaffordable for a Minimum Income Guarantee.

An outline for the remaining sessions has been drafted and the following topics will likely be discussed.

- ① How will a Minimum Income Guarantee integrate with work? We will explore how members feel about the current system and how this can help or hinder people achieving a dignified quality of life.
- ① The Panel will look at how a Minimum Income Guarantee could be implemented and discuss what this would look like, including how it is assessed, paid and what non-financial support would be included.
- ① The final session will review their work to date and scrutinise the proposals produced by the Expert Group.

Designing a Minimum Income Guarantee with equality built in

It is crucial that equality considerations are integrated into all aspects of the development of a Minimum Income Guarantee. Focussed discussions between members of the Expert Group and key stakeholders have been facilitated to better assess and understand how a Minimum Income Guarantee may impact particular demographic groups in different ways and what can be done to ensure that the potential of the Minimum Income Guarantee to promote equality is realised in the design and implementation of the policy.

To date, workshops have taken place to discuss how a Minimum Income Guarantee can support Black and people of colour and care experience young people. We will continue our in-depth review of equality considerations across year two and insights will also be used to inform decision making and evidence an Equalities Impact Assessment (EQIA).

The Expert Group welcomed speakers from the Radiant and Brighter Community Interest Company, MoneyMatiX, Intercultural Youth Scotland and the Whole Family Project at Capital City Partnerships to discuss ways to tackle racism and discrimination when developing and implementing a Minimum Income Guarantee.

The speakers outlined several barriers experienced by some Black and people of colour including in experiences of immigration systems and how these often undermine people's ability to engage in the labour market; challenges with translating qualifications obtained outside the UK; lack of UK credit history leading to unfair financial outcomes; residential status and time in Scotland limiting options for support; unsupportive education system; insecure work and underemployment; racism and discrimination. The importance of support and advice being shared by small, trusted, grassroots organisations was highlighted and will be taken under consideration. A Minimum Income Guarantee must recognise systemic racism and be designed to be anti-racist, and continued engagement with Black and communities of colour and organisations advocating for racial equality will be required throughout the process.

Care experienced young people are also disproportionately likely to experience financial hardship and can face significant barriers to achieving a positive transition to adulthood and independent living. Many 16- and 17-year olds who have been in looked after care cannot access Universal Credit or wider income support.⁵¹ A Minimum Income Guarantee has the potential to deliver transformational change and could ensure care experienced young people can live a decent and financially secure life. Aberlour, Scottish Throughcare and Aftercare Forum (Staf) and Who Cares? Scotland met with the Expert Group to highlight the importance of providing guaranteed financial support, highlighting the Welsh Basic Income Pilot for Care Leavers.⁵² The Expert Group will continue to engage with Aberlour, Staf and Who Cares? Scotland and their Care Leavers Income Advisory Group. The outcomes from the Welsh Government pilot will also be monitored closely with the expectation that learning could help inform how a Minimum Income Guarantee may successfully support care experienced young people.

We will continue our efforts across year two to engage with and collate the views and experiences of all equalities groups that will be impacted by the introduction of a Minimum Income Guarantee.

Piloting, implementation and evaluation

Initial discussions about undertaking an Evaluability Assessment are underway. This will help to clarify the mechanisms through which the policy is intended to have impacts on poverty, inequality and financial security, the assumptions underlying these mechanisms, and the key uncertainties. A team at the University of Glasgow have recently won research funding to assist the Expert Group with this work. It will help to identify the key evaluation questions that need to be built into plans for implementation, and any uncertainties that might benefit from piloting.

Discussions in relation to how a Minimum Income Guarantee can be implemented are co-dependent on the work of the social security group in particular, and the identified means for getting additional incomes to people. Further work in this area will take place in year two.

51 Child Poverty Action Group (2022) [Universal credit \(cpag.org.uk\)](https://cpag.org.uk)

52 Welsh Government (2022) [Basic income pilot for care leavers | GOV.WALES](https://gov.wales)

Potential scope within existing devolved powers

Work to explore what could be achieved under existing powers is ongoing and will be an area of focus in year two. To date work has focused on devolved Social Security powers.

The Scotland Act 2016⁵³ gave the Scottish Parliament legislative competence in relation to a number of welfare benefits by amending Schedule 5 of the Scotland Act 1998. The Fiscal Framework⁵⁴ agreement which accompanied the act set out the funding mechanism for benefits devolved to Scotland. The Scottish Government has the power to create new benefits in areas of devolved responsibility. However, the cost of any additional benefits would need to be met from the existing Scottish Budget, no additional funding would be received from the UK Government.

As the Expert Group moves into year two more work will be done to assess what could be done under the current powers of the Scottish Government relating to social security, taxation, employability and education to lay the foundations of a Minimum Income Guarantee. The Expert Group will also explore what additional powers would be needed to realise the full potential of a Minimum Income Guarantee.

Costing and funding

The Workstream responsible for reviewing the cost and making recommendations on how a Minimum Income Guarantee is funded will begin in year two as a fuller understanding of the design becomes clear.

53 [Scotland Act 2016 \(legislation.gov.uk\)](https://legislation.gov.uk)

54 [Fiscal framework: agreement between the Scottish and UK Governments - gov.scot \(www.gov.scot\)](https://www.gov.scot)

First steps and actions

One of the earliest findings of the Expert Group was that a Minimum Income Guarantee does not need to wait. While it is incredibly ambitious, we are clearer now on what this might look like for Scotland and have identified early steps that could move Scotland towards the ambitions underpinned in the principles for a Minimum Income Guarantee.

However, we also acknowledge the impact the pandemic and the current cost of living crisis has had on public spending and the Scottish Government's fiscal position.⁵⁵ It is also acknowledged that it is unlikely that a full Minimum Income Guarantee could be delivered within the current devolution settlement. With this in mind, in this chapter we set out the early actions required to pave the way for implementation of our final recommendations towards a Minimum Income Guarantee following our full report in 2024. These initial recommendations have been informed by our work so far including commissioned research, expert advice from the third and public sector, academia and trade union.

Initial actions

The Expert Group agreed that a Minimum Income Guarantee should have a clear focus on tackling poverty, inequality and financial insecurity. The ongoing cost of living crisis requires an increased focus on this principle and this underpins the early actions identified.

Ultimately any Minimum Income Guarantee will be made up of a number of complementary parts, from solutions that reduce costs for households to cash and practical support. Additional action now to ease pressures on households by the Scottish Government will mean that the transformational impact of the Minimum Income Guarantee can start to be realised sooner, while longer-term action is planned to realise it in full.

1. The Scottish Government should prepare to implement the findings from the Expert Group's full report by considering what legislative powers the Scottish Parliament may require to deliver or create new benefits which are not currently legislated for. It is our early view that even a pilot or initial roll-out of Minimum Income Guarantee will likely require legislation.
2. The Scottish Government should change the legislative basis for Scottish Child Payment so it's not tied to a UK Government qualifying benefit. This will provide more flexibility to reduce the award, provide additional support for some groups, and support households to avoid cliff edges in income as they transition into higher incomes. This could be important in forming a basis for initial work to roll out a Minimum Income Guarantee.

55 The Scottish Government (2022) [Resource Spending Review 2022](#)

3. A Minimum Income Guarantee cannot be delivered in a system that sees punitive conditions and sanctions. The Scottish Government should pledge to abolish the punitive conditions and sanctions regime in rolling out a Minimum Income Guarantee – as powers allow – and seek to ensure that the Minimum Income Guarantee is not lost or undermined by benefit or wider public sector debt recovery.
4. A Minimum Income Guarantee cannot be delivered in a system that sees significant holes in the safety net, for example, through caps, waits, freezes and limits, that impact different groups disproportionately (often deliberately and systematically). The Scottish Government has introduced some measures to repair these holes in Scotland, through for example mitigation of the ‘bedroom tax’ and the benefit cap. The Scottish Government should pledge to abolish the rest of these features of the existing UK-wide system when powers and finances allow and should monitor the success and take-up of existing efforts to do so.



a Minimum Income Guarantee should focus on tackling poverty, inequality and financial insecurity

As well as these earlier steps, the Scottish Government should also lay down crucial foundations for a broader Minimum Income Guarantee infrastructure in the future.

5. Increased support and encouraging uptake of entitlements for childcare will be crucial as part of the initial roll-out of a Minimum Income Guarantee. The Scottish Government should consider how additional support for childcare costs could be provided through existing powers to low-income families with children. Support for childcare costs should be provided through a clear entitlement rather than on a discretionary basis.
6. The Scottish Government should ensure the council tax reduction and water rates discount for households on the lowest incomes are reviewed with a view to taking significantly greater numbers of low-income families out of paying these charges. The review should be undertaken in time for consideration for the 2024/25 Scottish Government draft budget. It will be important to consider how we can decrease costs facing people and households underneath the level of a Minimum Income Guarantee.

7. The Scottish Government should undertake a review of the means-tests used for existing income-assessed payments and discounts delivered at the Scotland and local level with a view to aligning means-tests and moving closer to automation. This should aim to ensure greater numbers of low-income families receive this support and to enable automation and greater take-up. This should include review of means-tests used for Scottish Child Payment, Best Start Grant, Council Tax Reduction, Water discount, Free School Meals, School Clothing Grant and others. Beginning to knit the existing Scotland and local level social security system more closely together will be an important step towards a Minimum Income Guarantee.
8. The Scottish Government should accelerate the review of adequacy of disability assistance to address the issues of additional costs facing disabled people. This is an area where the Minimum Income Guarantee Expert Group will also plan additional work in year two.
9. To promote the living wage the Scottish Government should extend its commitment to setting conditions that ensure public sector contractors pay the real living wage to their staff to all public authorities and through procurement, and widen the scope of this commitment to include a requirement to provide 'living hours' – a guarantee for workers of a set number of hours each week.

Conclusion

This interim report outlines the progress of the Expert Group over its first year. It outlines our initial thinking in advance of our full report in 2024. The report shows the foundation principles we have agreed together with our key findings in relation to a Minimum Income Guarantee in Scotland. This shows what is coming into focus and some of the high-level features a Minimum Income Guarantee should and could take. The report also outlines some initial key actions required to pave the way for early roll-out of a Minimum Income Guarantee following our final report, and to begin to reform the existing system to build the foundations for Minimum Income Guarantee.

The Expert Group has made significant progress in its first year. In year two, we plan to continue to refine and focus what form a Minimum Income Guarantee will take. In doing so, the Expert Group wished to outline the key remaining questions which will help to shape our work between now and the full report in 2024.

Key questions for year two:

Level

1. At what level should Scotland's minimum income guarantee be set? As outlined in our findings in this report, we envisage a Minimum Income Guarantee level set above the poverty line and as close as possible to the Minimum Income Standard for different households. At what level does a Minimum Income Guarantee need to be set at to guarantee a dignified quality of life for everyone? How should this level be set, updated and reviewed?
2. How should a Minimum Income Guarantee be tailored for differing individual and household needs? How can we balance the need for simplicity with the desire to support people and households' differing needs?
3. Who should be covered by the Minimum Income Guarantee? As outlined in our findings in this report, we envisage the Minimum Income Guarantee to cover anyone who falls below the Minimum Income Guarantee level. Should this be universal to residents, citizens, or others and should this be immediate or after a certain length of time? At what age should the Minimum Income Guarantee start?
4. How can collective services contribute to delivering a Minimum Income Guarantee? The more equitable, accessible services that are delivered for free or at a lower cost, the lower the level of a Minimum Income Guarantee would need to be – but how do we quantify this, can we include this if uptake varies and should collective services be expanded from now? Likewise, how can the costs of other essential goods and services be reduced and made more accessible, for all or for those underneath the Minimum Income Guarantee level?

Work

5. How can the world of work be reformed so that it effectively contributes to a Minimum Income Guarantee? How can we work nationally, regionally or at a sector-level to drive increases in pay, promote improved access to equal pay and to the labour market for women, disabled people and marginalised groups, and support improved terms and conditions around hours, flexibility, progression, security, and skills? What impact would this have on the design of a Minimum Income Guarantee?
6. What reform to work-related services could be implemented alongside a Minimum Income Guarantee to ensure its success? This could include reform to employability services, skills, education and services that can reduce costs including social care (and therefore the level of a Minimum Income Guarantee).

Social Security

7. In its full form, a Minimum Income Guarantee payment could replace many income-assessed payments. How would this interact with payments for households with additional costs (e.g. disabled households or carers)? Should it provide support for childcare or housing? How could this be done and what are the potential unintended consequences to avoid? What would the system and transition look like?
8. How responsive should the Minimum Income Guarantee payment be to changes in circumstance and income? A Minimum Income Guarantee could be assessed every three or six months (or longer) providing people with certainty for their levels of support. Should clawbacks have a place in a Minimum Income Guarantee system?
9. How should a Minimum Income Guarantee payment be assessed and how should this payment be made to recipients? How can assessment be automated and the least invasive as possible? How should savings and capital be treated by the Minimum Income Guarantee? How can we ensure that we retain flexibility, choice and security for those that receive a Minimum Income Guarantee payment?
10. What would a Minimum Income Guarantee system designed to tackle intra-household injustice and financial needs look like? How can the Minimum Income Guarantee support women's economic independence? What can a Minimum Income Guarantee do to help to tackle financial abuse?
11. What administrative systems and arrangements would be necessary to deliver a Minimum Income Guarantee in Scotland (including IT systems)? How could these systems be put in place and over what timescale (costs etc)?

Public Opinion

12. Do the public support the concept of a Minimum Income Guarantee, what would they expect this to look like? Do other groups – such as employers – see benefits and potential risks in proposals for a Minimum Income Guarantee?
13. What are the potential advantages and disadvantages of a Minimum Income Guarantee, both for the population as a whole (those covered by the universal guarantee) and for lower-income households (those in receipt of the MIG payment)? This might include benefits around wellbeing, security, mental health, unpaid work, productivity among others.

Equalities

14. A key aim of a Minimum Income Guarantee is to reduce inequalities, how do we ensure this integrated into its design, that it is accessible to all and what steps need to be taken to encourage uptake and raise awareness among marginalised communities? What are the potential unintended consequences of MIG in relation to equalities?

Piloting, Implementation and Evaluation

15. What are the desired outcomes e.g. reduced poverty, inequality and/or increased financial security? What are the key dependencies and uncertainties for delivering these?
16. What elements of a Minimum Income Guarantee would benefit from piloting, if any? How should a Minimum Income Guarantee be implemented? How could a Minimum Income Guarantee be rolled out, over what timescale and to which groups?

Finance and Costing

17. How much will it cost to implement a Minimum Income Guarantee in full? How much would first steps through existing powers cost? How will a full Minimum Income Guarantee be funded? How could the first steps be paid for?
18. Would a Minimum Income Guarantee provide potential economic benefits or disadvantages through effects on productivity, wellbeing, skills and inclusive growth?

Powers

19. What progress can be made towards a Minimum Income Guarantee through existing powers (in relation to social security, employment, tax and borrowing etc)?
20. What further powers would be necessary to implement a full Minimum Income Guarantee in Scotland?

These are just some of the remaining questions we will aim to consider in year two. If you have key questions you believe we should be looking at please do get in touch at MIGSecretariat@gov.scot.

Year two workplan and expected outputs

The Expert Group will continue to examine the themes outlined below across year two and will form the basis of our full report in 2024.

Theme	Outputs
Level	<p>Propose a level for a Minimum Income Guarantee, which considers:</p> <ul style="list-style-type: none"> ➊ how the level might vary based on need; ➋ how this will be updated or uprated; ➌ how will collective services contribute.
Work	<p>Provide advice and recommendations on how work can be reformed so that it can effectively contribute to a Minimum Income Guarantee.</p>
Social Security	<p>Recommend how a Minimum Income Guarantee will work alongside existing social security payments including:</p> <ul style="list-style-type: none"> ➊ a decision on which existing payments should be replaced; ➋ how disability, carers and housing assistance is complementary to a Minimum Income Guarantee system; ➌ support for childcare costs. <p>How a MIG payment would work in practice.</p>
Public Opinion	<p>Coordinate and analyse public opinion research on awareness and support for a Minimum Income Guarantee. Responsible for framing, communications and promotion of reports and recommendations.</p>
Equalities	<p>Support the production of an evidenced based Equalities Impact Assessment (EQIA). Continue to integrate and mainstream equalities analysis into our considerations and review all outputs to ensure equalities considerations have been made throughout.</p>
Cost and Financing	<p>Potential costs and options for funding a Minimum Income Guarantee.</p>

Theme	Outputs
Powers	What current powers can be utilised now and additional powers needed for further growth of a Minimum Income Guarantee.
Piloting, Implementation and Evaluation	Consider implementation, testing and evaluation, including roll-out.

Annex A: Steering Group organigram and membership

Strategy Group	
Name	Role
Shona Robison MSP	Chair and Cabinet Secretary for Social Justice, Housing and Local Government, Scottish National Party
Caron Lindsay	Liberal Democrats Spokesperson for Social Security
Pam Duncan-Glancy MSP	Scottish Labour Party Spokesperson for Social Justice and Social Security
Maggie Chapman MSP	Scottish Green Party Spokesperson for Equality, Human Rights and Justice
Miles Briggs MSP	Scottish Conservative Party Spokesperson for Housing, Social Justice and Local Government

Expert Group	
Name	Organisation
Russell Gunson	Chair, The Robertson Trust
Andy White	Glasgow City Health and Social Care Partnership
Bill Scott	Inclusion Scotland
Catherine Murphy	Engender
Chris Birt	The Joseph Rowntree Foundation
Ed Pybus	Child Poverty Action Group
Eierann McAuley	Scottish Trades Union Congress
Fiona Collie	Carers Scotland

Expert Group	
Gerry McCartney	University of Glasgow
Marion Davis	One Parent Family Scotland
Mubin Haq	Financial Fairness
Peter Kelly	Poverty Alliance
Philip Whyte	IPPR Scotland
Rachel Statham	IPPR
Tressa Burke	Glasgow Disability Alliance

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