



OFFICIAL REPORT
AITHISG OIFIGEIL

Social Security Committee

Thursday 9 March 2017

Session 5



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SOCIAL SECURITY COMMITTEE

5th Meeting 2017, Session 5

CONVENER

*Sandra White (Glasgow Kelvin) (SNP)

DEPUTY CONVENER

*Pauline McNeill (Glasgow) (Lab)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Mark Griffin (Central Scotland) (Lab)

*Alison Johnstone (Lothian) (Green)

*Gordon Lindhurst (Lothian) (Con)

*Ben Macpherson (Edinburgh Northern and Leith) (SNP)

*Ruth Maguire (Cunninghame South) (SNP)

*Adam Tomkins (Glasgow) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Robin Haynes (Scottish Government)

Professor Donald Hirsch (Loughborough University)

Siobhan Mathers (Reform Scotland)

Annie Miller (Citizen's Basic Income Network in Scotland)

Anthony Painter (Royal Society for the encouragement of Arts, Manufactures and Commerce)

Howard Reed (Landman Economics)

CLERK TO THE COMMITTEE

Simon Watkins

LOCATION

The David Livingstone Room (CR6)

Scottish Parliament

Social Security Committee

Thursday 9 March 2017

[The Convener opened the meeting at 09:00]

Decision on Taking Business in Private

The Convener (Sandra White): Good morning, everyone, and welcome to the fifth meeting of the Social Security Committee in 2017. Thank you for coming along. I remind everyone to turn off their mobile phones as they interfere with the sound system.

Under agenda item 1, do members agree to take items 5 and 6 in private?

Members *indicated agreement.*

The Convener: Thank you.

Citizen's Income

09:00

The Convener: Item 2 is on a citizen's income. I welcome our witnesses. Professor Donald Hirsch is director of the centre for research in social policy at Loughborough University; Siobhan Mathers is a member of the advisory board at Reform Scotland; Annie Miller is chair of the Citizen's Income Trust and a trustee of the Citizen's Basic Income Network Scotland; Howard Reed is director of Landman Economics; and Anthony Painter is director of the action and research centre at the Royal Society for the encouragement of Arts, Manufactures and Commerce.

Thank you for coming along today and for your submissions, which have made for very interesting reading. I am sure that the committee will have plenty of questions to ask. I will start by asking you all a general question. There have been pilot schemes, trials and experiments—projects with different names. What difficulties do you think we in the Scottish Parliament would face in introducing a basic income in a Scottish context?

Anthony Painter (Royal Society for the encouragement of Arts, Manufactures and Commerce): Thank you for the opportunity to speak to you this morning. The basic problem is that a basic income is not just a change to welfare and benefits; it is a wholesale change to the system of social assistance and tax. It is an holistic change, and there is a reason for that, because it is focused on a broad swathe of people. It is not just about supporting those who are out of work or on the lowest incomes; it is about supporting all those who have incomes up to the median and beyond. The problem from a constitutional and powers perspective is that you need to have powers over the whole system in order to implement a full universal basic income.

However, that does not mean that there are not useful experiments or trials, even if they fall short of a full universal basic income. Maybe we can go into what some of those might comprise later in the conversation.

Professor Donald Hirsch (Loughborough University): I agree with that. It is also worth saying that many of the experiments that have been cited in countries such as Finland, the Netherlands and Canada are not, in my view, experiments with basic income schemes but experiments with aspects of a basic income. That immediately creates difficulties.

The simplest way of doing things, which might be possible here in Scotland, is to have some way in which people who have been on benefits can

retain them regardless of whether they work over a period. The reason why that does not simulate a full basic income scheme is that there is no mechanism in place to pay for it.

Many of the proposals, such as the ones from the witnesses who are here today, involve abolishing tax allowances and increasing the basic rate of income tax to something like 40 per cent. That means that, if somebody was allowed to work and not lose their benefit, they would still pay 40 per cent on all the income that they earned. To me, even in terms of a full scheme, that is a real issue. To say that we are going to test behaviours without changing the tax system but give people the benefits of that is inherently problematic.

Siobhan Mathers (Reform Scotland): When we started to look at the idea, we looked at it from a Scottish perspective, and it soon became clear that it was really quite difficult to run the numbers, even with the new devolved powers. I am encouraged that both Fife and Glasgow are looking at doing pilots, but it is easier to do pilots than it would be to roll out a wholesale change. We are also very aware that even the pilots would depend on co-operation with the Department for Work and Pensions.

Howard Reed (Landman Economics): There are two key questions about introducing a basic income system, given the Scottish Government's current set of powers.

The first question is about the interaction with tax credits, or universal credit as it is rolled out, because the Scottish Government does not have control over tax credit rates or the way in which tax credits are administered. There would have to be a semi-basic income, with income from tax credits counted towards the basic income. People who were in receipt of tax credits would not get much in the way of basic income. That would be a real cludge, but would be forced on you by the current set of devolved powers; if there were more devolved powers, the system could be introduced more easily.

The other issue on the tax side in financing the system is that most of the proposals that I have seen involve abolishing the personal allowance for income tax, or at least restricting it—Donald Hirsch mentioned that. As I understand it, the Scottish Government does not currently have the power to do that. Therefore, to compensate, it would instead have to have a bigger increase in the basic rate of income tax above the personal allowance. That is not ideal, because of the high marginal rates, but, given the current set of powers, there is no other way of doing it.

Annie Miller (Citizen's Basic Income Network in Scotland): If a pilot is carried out, it is important that it is carried out properly. That means that you

need to know what questions you want the answers to before you start, and to make sure that information is gathered to answer the questions.

I endorse the points that have been made about the source of finance. If you are to have a proper experiment, you have to experiment with the sources of finance, not just the basic income.

The pilot scheme has to have a proper basic income, not just a minimum guaranteed income, which is what they have in Holland—they just top up to a particular level. Such a scheme is not properly universal; often, it is not given to wealthier people. You ought to experiment with different levels of basic income, so that you can see the effect not just of one minimum level but of different levels. If the pilot is voluntary, encouraging wealthier people to join it may be a problem if they are going to be penalised, which would be expected under some schemes. Unless the scheme is mandatory, that could be a bit difficult.

Finally, people will need support at the beginning and the end. To begin with, you will have to explain to them what it is about and what you hope to find out, so that they really understand it and embrace it. When the pilot is finished, it will be important to offer support to those coming off it, because people who have enjoyed the experience of the basic income could feel quite deprived of that income afterwards.

Alison Johnstone (Lothian) (Green): A basic income would require a shift in attitudes—that is certainly more true for some people than for others. In Mr Reed's report "Universal Basic Income: An idea whose time has come?", he states:

"While the current punitive model starts by believing the worst in people, that they are lazy and feckless, a UBI is based on a belief in the best of people, that they want to and can contribute in a huge variety of ways, and will flourish into so much more than worker ants and turbo-consumers."

I would like to hear from Mr Reed and from the other witnesses how they think that a citizen's income would enable people to participate more fully in society and to contribute in ways that perhaps they cannot at the moment.

Howard Reed: In theory, the current social security or welfare regime is designed to encourage people to work when they can, and to deliver an acceptable level of support for people who cannot work. In practice, especially under the current sanctions regime that the Government gets the DWP to implement, welfare does not really do that, and a lot of people are thrown off benefit for no real reason—for example, because they attended an appointment five minutes late or whatever. The film "I, Daniel Blake" demonstrates the sadistic nature of the current system very well.

A basic income gives us a chance to move away from all that and to say that we are going to pay everyone a certain amount of money. It might not be a huge amount as we initially phase in the system but there would be no strings attached. Therefore, if someone wanted to try their hand at setting up a business or to pursue caring or artistic activities—all kinds of things—they would have a chance to do so. The sum would not be big enough to completely set most people free from the need to carry on looking for work to top up their income, but it would give them—to a limited extent, at least—the means to unshackle themselves from the worker ant model, which is what I think we called it in the report that I did with Stewart Lansley for Compass. Even as a possibility, that is really exciting.

Politicians seem to have focused on the idea that no one should get something for nothing and that everyone should have to work for all the income that they receive. If we look at the overall distribution of national income in the UK, we see that only about 50 or 55 per cent is wages; the rest is paid out mainly as dividends on capital. People do not do anything directly to receive those dividends; they just happen to be in possession of the shares or what have you that enable them to get those dividends. The idea that not all payments to everyone need to be linked to work is therefore in the system.

Let us democratise and equalise things a bit more so that, rather than having dividends that overwhelmingly go to people at the top of the distribution, we have a flat-rate payment that goes to everyone. That is the key—and the exciting—thing about the basic income.

Siobhan Mathers: We came at the issue from the perspective of growing Scotland's economy—that is, we looked at what could be done with the social security system to maximise people's prospects. We saw the basic income guarantee as a vehicle for increasing entrepreneurship and removing barriers to risk, and as a potential way of encouraging people to retrain, given that individuals are more likely to retrain if they have a basic income coming in

We also saw the basic income guarantee as a way of recognising the new realities in the workforce, such as the so-called gig economy and seasonal work. One way to look at that would be to regulate the labour market and get rid of flexibility because it is not good for workers. Another way to look at it would be to note that the world is changing and that people are likely to be in and out of work at different times. The current system penalises people. Our suggested system would not do that at all. Indeed, it would be entirely possible to work for a week or two here or there, or during the summer or the winter. Our system

would benefit and empower businesses and individuals.

Anthony Painter: The system has been very good at moving people from out-of-work poverty to in-work poverty, but not beyond that point. That might be a win in and of itself, but it is not sufficient as a comprehensive intervention by welfare and social assistance institutions. The world of work has changed. The work that has been created since the financial crash has been almost exclusively self-employed, zero hours, part time, variable or flexible. There has been a structural change to the labour force. Alongside that, we have built an incredibly complex and interfering bureaucracy—not just for individuals but for businesses. A person who is self-employed and on a low income has to answer to Jobcentre Plus. If you speak to major companies that employ a lot of flexible or self-employed workers, you should ask them how many calls they get from the DWP checking up on people and what they are doing. By contrast, the basic income model is designed to give a fundamental level of security for all, which is a different conversation.

The attitudinal question that Alison Johnstone asked starts from a different standpoint. It is not about what we do about welfare, but about how we enable people with multiple responsibilities to adapt and cope in a world of work that is rapidly changing. We need to start to have a broader conversation in Scotland and beyond about the type of contribution that a basic income can make.

09:15

I will make one more brief point. You should be careful about the models. They are called "propositions" and "proposals", but they are not propositions and proposals; they are just models to illustrate how things might work. A lot of them are based on the assumption that we will switch the lights off and go to bed one night under one system, and when we switch the lights back on in the morning, we will have a new system in place that will all be funded by income tax. However, that is not the reality of tax and welfare changes. Over the past 10 years, there have been tax and welfare changes—such as the changes to corporation tax and personal allowances—to the tune of £45 billion. Those changes happened over a long period of time. All the models should therefore be treated with caution. They are all legacy models and are all based on 2012, 2013 and 2014. The 2019 system will be very different. The only purpose that they serve is to show that the approach could be practical and imaginable. We should start to get into a broader conversation about the big benefits that a basic income can offer.

Annie Miller: The initial question was about whether people would contribute automatically. Under the concept of reciprocity, people ought to respond; if they get a basic income, they should respond through working and caring, for example. However, reciprocity is a two-way street. It should not be a case of the individual contributing first and the state responding. If the state contributes first, it can engender such a feeling of gratitude that it is helping people that they will want to respond to that.

People want to work, and all the evidence shows that they want to work not just for the earnings, but for the social and health benefits that come from being seen as someone who contributes to society. Therefore, if the wage rates are high enough, I do not think that there will be any worry about people not wanting to work. With means-tested benefits, people can end up working for 30p an hour, which is well below most people's reservation wage. If we got rid of means-tested benefits so that people faced a realistic net wage rate, we would find natives of this country responding in a positive way.

The current system is very much based on men's working lives and does not meet women's needs at all. It is also based on the couple and not on the individual, and it penalises cohabiting couples as opposed to other people who share accommodation. Those things are very much against women's interests. A basic income would very much be in their interests. It would free up women—and men, too—to lead the lives that they want to lead.

Professor Hirsch: It is perfectly reasonable to want a system that enables people more and is less punitive than that in "I, Daniel Blake". However, it is possible to do that in ways other than through a universal basic income.

If you look at all the social attitudes surveys, you can see that saying that people can get enough to live on at some level without any conditionality could be highly counterproductive. If just 10 per cent, or even 1 per cent, of people decided not to work, that would create outrage in public opinion. The sanctions in the system could be made less severe and conditionality could be reconfigured in line with the reciprocity ideal without saying that there will be no conditions at all.

The interesting thing in all of this is that, although the point about the gig economy and people's unstable lives is valid, there is more than one way to do things. As Anthony Painter said, the model is just illustrative. It is a fact that every attempt to cost it shows that there would have to be a huge redistribution of resources. Let us imagine that amount of money in the system and what else could be done with it. For example, it could be used to give a huge increase to the work

allowance—the level at which people start to lose their benefits—in the universal credit system. That could be done in the current system.

It would be different, because there would still be some conditionality and benefits could be withdrawn more quickly. However, there would be a similar result, in terms of people being able to go into and out of temporary, part-time or casual work with no change in what they get from the state, whereas, in the systems that are being proposed, they would lose 40 per cent from the first pound that they earn. One has to think very carefully about not just whether such a system would be better than the one that we have, but whether it would be better than what we could have with a redistribution of the same resources or the same amount of additional taxation.

Ruth Maguire (Cunninghame South) (SNP): I have a quick supplementary question about people reducing their hours due to caring responsibilities. At present, a disproportionate number of women care for children or family members. I would be interested to hear the panel's reflections on whether there would be a reduction of women in the workforce under a universal income.

Annie Miller: With a basic income, there would be redistribution in many ways. There would be a redistribution from paid work to unpaid work, which would allow men to take those opportunities, too. There could be a reduction in the standard working week and it would be easier for couples to share care work and paid work. The period in which that happens would be refreshing and rejuvenating.

Siobhan Mathers: A book by a Dutchman that is due out this week suggests that some form of basic income could redistribute work over a lifetime. We could have people working fewer hours but for longer. For example, someone might work 20 or 30 hours a week in their 30s or 40s when they have children, but then continue to work for a longer time. There is evidence that a lot of people want to continue to work for longer, but the current system disincentivises that, so people are either retired or working too hard.

Looking at it from that point of view, I think that a basic income could have the effect of redistributing work for both genders. I concur with Annie Miller that it could make things easier for men and women and make things more equal.

Anthony Painter: That is entirely right. Work could be distributed more flexibly. Part of the rules of the game with things such as carers allowance is that people have to care for a certain number of hours a week in order to get the allowance. With a basic income, they would not have to do that, and they would be able to work for a couple of days a

week without penalty. The point is that it would be up to them to decide how much to work. Of course, there are deeper structural issues at play here, and we have to have those conversations societally. This is not the only conversation in town.

Ben Macpherson (Edinburgh Northern and Leith) (SNP): We are speaking in a very conceptual manner this morning. I thought that what Professor Hirsch said about considering costs and other models was very interesting, but I want to pick up on a few other points.

First, the points about expanding the workforce that came through in the answers from Siobhan Mathers and in her written submission are very interesting. Are there any other elements to that that you would like to expand on? The idea is contrary to some of the other perspectives on a basic income, which suggest that it might contract the workforce.

My second question is for Anthony Painter. Other materials that the RSA has produced and that you have been part of say that a basic income has potential to create greater “security, simplicity and freedom”. You touched on creativity—please expand on that if there is more that you would like to say—but there is also a suggestion about the freedom to make more of a difference. Will you expand on how individuals having more time could allow them to contribute more, perhaps on a social basis as well as economically?

Siobhan Mathers: I think that your first question, which was about expanding the workforce, was addressed directly to me. It comes down to our view of human nature. I perhaps have a more optimistic view of human nature, and I think that people want to work and to be a valued part of society.

We believe that a basic income could increase participation rates in the workforce. One of the things that we need to do to grow Scotland’s economy is to grow participation in the workforce. We have admitted that all the models are just conceptual models. The one that we have used is based on the Greens’ citizen’s income model. Who knows what it would look like at the end of the day? Fundamentally, however, it would have to address the marginal tax rate problem so that people would not be penalised for working 10, 20, 30 or 40 hours a week. One of the problems at present is that it is not worth people’s while to take on a job at a low rate.

It is about taking a fundamentally optimistic view of human nature and the state enabling people to live fulfilling lives.

Ben Macpherson: Does automation play a role in that consideration?

Siobhan Mathers: Absolutely. With respect, I think that most politicians and most of society think that, with automation, fundamental change is perhaps 20 years down the line. I think that we are looking at a shorter timescale than that. In five to 10 years, there will be significant changes in society, and we have to organise our welfare and work systems within such a timeframe. That means that we need to think about it now, so it is appropriate at least to consider how to undertake pilots. The change is coming faster than we think.

Anthony Painter: I will answer Mr Macpherson’s question about creativity. Our strong conviction, which is backed up by research, is that security and creativity go hand in hand. For a person to take a risk, such as setting up a business or trying a new idea, they need to have something that will catch them if they fall. That is why we find that, for example, self-employed people, who have been able to take that chance, are more likely to have wealth and assets behind them even if their incomes are low. A basic income would not transform things in that regard, but it would give people a wedge of freedom that would allow them the security to create and try things out.

The broader question about caring and contributing to society is critical. A basic income is different from benefits because it would be for a different purpose. We can tinker with the universal credit work allowances and marginal deduction rates, but they are still just digits on a payslip. They do not have much meaning other than being a bit of a supplement to the recipient’s cash. With a basic income, we would look to construct and communicate a story about what it is for. It would be for a purpose: to support people to make a wide range of contributions.

There is something that economists call the fly-paper effect. If we purpose a cash sum for a particular end, it is likely that people will use it for that. We would have to have a conversation about what a basic income is for, and one thing that we would say is that it is to help people to make a range of contributions such as caring, setting up a business and working.

We would set up a series of social and civic institutions around the basic income. It is not about the basic income alone. We have enormous care needs as a society, not just related to disabilities and mental health but because of our ageing society, and we have to think deeply about how we care for the people who are in need as society ages. The state will not do all of that. It has to put its hands into its pockets a bit more—collectively, we have to invest more in social care—but we will also have to take more responsibility ourselves. The question is what we can do alongside a basic income to facilitate such caring so that we can

meet our collective needs as a society. Creativity, caring and security go together.

09:30

Annie Miller: Most of the schemes that have been proposed get rid of the personal allowance completely, but that does not have to happen. One could have a smaller personal allowance. At the moment, every time the personal allowance increases, it increases for those on the highest tax rates more than for anybody else. It is not progressive.

About a generation ago, married women helped to provide support in the community by caring not just for their own children, but generally. Because married women are now mainly at work, it is now elderly people who do that: they are the ones who do the social activities and support the community. I have a basic income—it is called a pension—and I am working harder now than I have worked for many years. We do not all just give up and shrivel.

On the work situation, if people in an area of multiple deprivation have a decent basic income that is higher than the current jobseekers allowance, for instance, that will inject a lot of income into the area, and that could regenerate it. Businesses will move in and people will set up their own businesses and so on, which could have a really transformative effect.

We have to recognise that, if people have a basic income, wage rates will change. The rates for nice jobs will fall and the rates for nasty jobs will have to increase. There would be a change there.

Giving people financial security and some control over their own lives are the two most important aspects. As I said, self-employed people would be helped, and small businesses would be helped because they would have security that they do not currently have. Workers co-operatives that have difficulties in getting loans from banks would have such security, and we could find a whole lot of regeneration happening in the economy as a result.

The Convener: Alison, you asked the original question before the supplementaries. Do you want to come back in? I know that Pauline McNeill wants to ask a supplementary.

Alison Johnstone: No. My second question was about how a citizen's income might respond to some of the challenges related to zero-hours contracts and automation, for example, but the panellists have touched on that.

The Convener: Pauline, did you want to come in on that specific issue?

Pauline McNeill (Glasgow) (Lab): I have another question.

The Convener: That would be skipping the queue.

Pauline McNeill: All right.

The Convener: Mark Griffin is next.

Mark Griffin (Central Scotland) (Lab): There seems to be a broad range of supportive voices for a basic income across the political spectrum, from left to right, but I see different motivations across that spectrum. What issue would a citizen's income solve? The issues are different for different people.

Howard Reed: To me, a basic income would address at least two issues. First, it would provide a genuine social safety net, albeit that it would be at a relatively low level in many of the schemes that have been suggested, which propose £70 to £100 a week. If that was an unconditional payment, it would certainly be enough to stop people having to use food banks, and maybe it would reduce reliance on nefarious sources of short-term support such as payday lenders. That is a powerful reason for bringing in a basic income, given that the current safety net is so full of holes with the sanctions system and many people subsisting on nothing for long periods of time, often through no fault of their own.

In my response to Alison Johnstone's question, I touched on a basic income getting us away from the idea that all that there is to a working-age person's existence is the drudgery of labour as a worker and where they have to take any low-paid job that is going just to survive. In many cases, such jobs do not even pay enough money to survive. As Anthony Painter said, in-work poverty is an increasing problem in the modern economy. A citizen's income would start to move us away from that and towards a different conception of what life should be about. Those are the two main things that are exciting for me.

As Ben Macpherson said, a range of voices across the political spectrum are calling for a citizen's income. I am suspicious of some of the voices further out on the right, such as the Adam Smith Institute. I believe that it is advocating a citizen's income as an excuse to destroy the current welfare state. Some of it is being destroyed already—a lot of the social security system, for example—but a lot of people at the ASI are advocating a citizen's income as a replacement for the national health service and state education. I do not subscribe to that. We must have well-resourced and well-funded public services in areas such as health, education and social care alongside a citizen's income. They are two aspects of the system and not substitutes for

each other. Such a conception of a citizen's income should be rejected.

Professor Hirsch: I disagree with Howard Reed's point that food banks would disappear if people were guaranteed £72 a week. A lot of people who go to food banks do so not because they have been sanctioned but because of the inadequacies of our present safety net, which results in their being in debt or not having any income for a week.

Howard Reed: That is a fair point.

Professor Hirsch: It is an important point because of what lies behind the question about the left and the right having different ideas about a citizen's income. Because it is so difficult to do the numbers, we tend to focus on structural issues and how we should restructure the system. The risk is that the system becomes one where people are given some money and told to go away. That is certainly how the American right sees it—it wants to dismantle all public programmes and give people a small amount of money that is sufficient to ensure that they do not starve. For that reason, the level of the basic income and the motives behind it are very important.

Because the numbers look scary, there has been a tendency for people to use our present social security levels as the starting point. Although a basic income would not make matters worse for people, it might reduce the pressure on them to improve their situation because they would be given an amount unconditionally and that would be enough for them. I am not saying that that is a reason not to have a citizen's income; rather, it is a reason to face up to the fact that the ultimate goal would need to be for people to be willing to have very high tax rates, because otherwise we would end up in a situation where a lot of people would be worse off than they are now.

Some of the calculations already take that aspect into account. For example, in order for Reform Scotland to say that, under its proposal, a single person would not be worse off until they had reached an average income, it sets the rate at £100 a week. However, in order to compensate for that and avoid making it too expensive, the child rate is set at £50 a week, which is considerably less than is given at present. Consequently, some families who are on out-of-work benefits would be worse off under that system—not all, but some.

It is very difficult to get the right balance. If we are going to pursue the idea, we need to be very careful that, in order to avoid making the numbers too scary, we do not end up with some people on low incomes being worse off.

Siobhan Mathers: I mentioned that one of our motivations to look at a basic income was our

work on ways to grow Scotland's economy. We believe that it could be a key tool to promote that growth. Through that work, the prospects for improved administrative simplicity became apparent to us. Both the old system and universal credit are immensely complex and expensive to administer. One of the beauties of a basic income is that it is simple to administer and deliver. Another element is that it would change the relationship between the individual and the state, with people being empowered to take control of their lives.

A further motivation that we looked at was about adapting to societal change. There is a real appetite in Scotland to reflect on the substantial powers that we have and the further powers that we are getting and to ask what we can do with them to adapt to the change that is happening. That is a valid point, too. A basic income could give us more flexibility in a changing society.

Annie Miller: I agree with what everybody says about the fear of extreme right-wing groups that want to do away with the welfare state. We should fight against that with all our being. I think that Brits would be unwilling to give up these services, which they rely on heavily. The NHS is very popular because it is universal and inclusive.

If you look at the major objectives that a basic income could help to fulfil, you will see that there are very few that people would disagree with. I list those objectives in my written submission, and they include:

“To value individuals for their own sakes, giving them financial privacy and autonomy”,

which emancipates them, giving them choices in their lives;

“To prevent, or at least reduce, income poverty, and to provide financial security ...

To redistribute income and heal our divided society, eventually helping to create a more united and inclusive society.

To restore the incentive to work-for-pay”,

which should lead to labour market efficiency; and

“To simplify the administration of the social security system”.

I come from a left-wing perspective and others might disagree with me about the amount of redistribution, but I think that even centre-right people would realise that inequality to the extent to which we have it is bad for our society and undermines democracy. People might disagree over whether a benefit is too generous or too mean, but I do not think that one could disagree with the system itself. A right-wing person might say that they want to reduce poverty after the event, whereas I want to prevent it before it happens and the damage is done. I realise that I

am putting words in people's mouths, but that is how I see the world.

The basic income appeals to people on both the left and the right. Its equity appeals to those on the left; its efficiency and choice appeal to those on the right. We have a lot in common that we can talk about; it does not have to be divisive.

Anthony Painter: The lesson is that we should not let it be introduced by the American libertarian right. We must make sure that it is introduced from a more communitarian and public-spirited standpoint that appeals across the political spectrum.

I have already mentioned security. I now want to talk about marginalisation, which is an increasing problem in our society. There is a group of people who are oscillating precariously between out-of-work and in-work benefits and between in-work and out-of-work poverty. A universal basic income would send a clear statement that there are not two types of people in society but that there is one type of person, who has the support and citizenship that enable them to flourish. I think that the notion of there being one nation—for want of a better phrase—opens up a very different political dialogue and has appeal across the political spectrum.

I will make a brief point about the transition and the losses. Howard Reed, Donald Hirsch and the rest of the panel have talked about connected institutions being important. Would you keep healthcare in place? Of course you would. Disability services, housing services and childcare would still need to be kept in place. You would need to watch the losses. The note of caution that Donald Hirsch sounds is an important one. We have had transition between different systems before. We have transitioned the pension system from one that was based more around tax credits and pension credits to one that is centred more on the basic state pension. We have done that over eight or nine years, and we are still doing it. A number of transitional elements can be important.

The national living wage has changed the discussion somewhat. To my knowledge, no one apart from us has looked at the impact of the national living wage on the losses between a basic income and the current system. The national living wage accelerates someone through lower earnings more quickly, which mitigates any losses and maybe eliminates them for a great number of people. For example, using our illustrative model, we looked at a lone-parent family with one child. On 20 hours a week on the national living wage, they would make a gain on the basic income system compared with the current system.

The Convener: Ben Macpherson has a

supplementary question on that issue.

Ben Macpherson: Thank you, convener, but Anthony Painter has touched on all the points that I was going to raise.

09:45

Adam Tomkins (Glasgow) (Con): The discussion is absolutely fascinating. I was struck by the first thing that Anthony Painter said—that we cannot do this properly unless we have a full range of powers. Annie Miller said that, even with pilots, it is incredibly important to design them properly so that we know what we are trying to test. It is good practice to know what answer you are looking for before you ask the question.

With that in mind, one of the areas that I find most foggy is exactly what is going on with the pilot projects in Fife and Glasgow. If we in the Scottish Parliament do not have all the powers to implement such a measure across Scotland, surely local authorities in Scotland do not have the powers to implement it across the piece, either. Therefore, can the panel help us to understand exactly what is and is not being piloted in Fife and/or Glasgow? Are they two experiments that are looking at the same thing or are they looking at different things? What state of readiness are they in? We all know that the pilots are under way or are about to be under way, but I do not think that any of us knows—I certainly do not—anything about the content that is likely to be poured into them. Anything that you can do to peel away some of the layers of the fog and help us to understand that a bit more clearly would be helpful.

Annie Miller: I have not been involved in developing the pilots. I was invited to an initial meeting and I have been in touch with Paul Vaughan, who is the main person who is putting the Fife pilot together. I spoke to him recently and he said that it is a long-term project and that it is still very much early days. The people involved have to make contact with the DWP, Her Majesty's Revenue and Customs, the Treasury and the Scottish Government, and they have to get those players in place before they can go ahead. Paul Vaughan said that he is trying to get a prospectus ready for the Fife pilot for after the council elections, so the pilot is not at the stage of deciding what the levels will be or even what the questions are. There is still a lot of groundwork to do before it gets to that stage.

I am not sure about Glasgow, but I imagine that the project there is in a similar situation. It is a long-term project and it cannot just happen immediately. The earliest that it could start would be early next year.

Anthony Painter: We are in the early stages of understanding the feasibility of an experiment. In my written submission to the committee, I

distinguished between an experiment and a pilot, which is an important distinction. The councils will need the support of the Parliament or the Scottish Government to do it properly.

However, there are some clear questions and hypotheses that can be tested through a Glasgow or Fife experiment. We could look at the impacts on participation in the labour market over a two or three-year period and at the impacts on health, mental health and family wellbeing. There are a number of connected measures in that regard—for example, the universal credit pilots have looked at those issues, and various other interventions have connected different data sets. We could also look at how basic income could sit alongside other systems in the welfare state, such as those for disability and housing. Incidentally, I think that there is a way of bypassing the universal credit system, and I laid out how that might work in my written submission.

Finally, on the answers that you would seek to address, I think that you would want to generate a public conversation about the issue. Just doing the experiment would generate that conversation, locally and nationally. In and of itself, that is a useful endeavour and objective.

The Convener: Ms Mathers, do you want to come in on that?

Siobhan Mathers: I do not have any supplementary information on how the Fife scheme or the Glasgow scheme will operate. What has already been said is what I understand the situation to be.

Adam Tomkins: Has anyone on the panel been involved in the development of the proposals to experiment or pilot in Fife or Glasgow?

Anthony Painter: Yes—RSA Scotland has had on-going conversations with Glasgow City Council.

Adam Tomkins: Right, but nobody else has. That is interesting. Thank you.

The Convener: Mark Griffin has a supplementary.

Mark Griffin: Yes—it is just a small point. Annie Miller touched on the value of the pilots and the answers that they will provide. What views do panel members have on the scale of the pilots and how big they would have to be to get meaningful analysis?

Anthony Painter: In preparation for this meeting, we spoke to a range of people who are involved in experiments across the world. We spoke to people who are closely involved with the Ontario pilot or experiment and with the Oakland experiment in California. There is a GiveDirectly scheme that is currently operational in Kenya, and of course there is the scheme in Finland. We also

spoke to a number of academic experts in the area.

The sense that we got was that it would be possible to get meaningful and statistically significant data on a sample size of participation of 1,000-plus. You would need to think about the people who would leave the experiment during its two or three years. People move away, circumstances change and so on. However, as long as you consider that, you can test some of the measures and you will get statistically significant results from such a pilot. It can be done on quite a small scale. That does not mean that you will have an implementation-ready scheme for basic income at the end, but you will have been able to test some of the key benefits and criticisms of basic income through that process.

Gordon Lindhurst (Lothian) (Con): I am wondering about some of the issues that were raised at the start, such as whether a universal income scheme would work and the effect that it would have on people's attitudes and conduct. Across Europe, there are other countries where social inequality is perhaps not as great as it is in this country or in other parts of the UK, but that is not necessarily because the benefits that are paid out are higher. Of course, the picture is much more complex, because of the number of factors—including different taxation structures—that play into that.

Professor Hirsch touched on this point, so he might wish to respond, as might others. Without actually putting such a system in place, is it possible to know what effect having a universal income system would have on people's attitudes to work and their willingness to work, leaving aside the general comment that it would not have an effect and the fact that lots of people will want to work regardless of the type of system that is set up? How many years would one have to wait to say whether it was working or to see what effect it was having on people's attitudes? Would it be five, 10, 15 or 20 years?

My first question is whether it is possible to know what impact such a scheme would have without actually implementing it. Models are a useful tool but, as has already been said, they have their limitations. My second question is about the sort of time period that members of the panel would envisage the scheme running for before we could say whether it was working.

Professor Hirsch: It might be useful to consider what is being done in Finland. Two thousand people who are already on long-term benefits and not working are being allowed to keep those benefits unconditionally for a period of, I think, two years. The distinction between experiment and pilot is useful. The experiment in Finland is testing one particular thing, which is whether, if you allow

people to keep their benefits and they are already unemployed, will they do some work? In other words, is the thing that is holding them back from working something other than just a lack of suitable employment? That is a useful thing to know, and it is a relatively straightforward thing to have an experiment about.

However, as Gordon Lindhurst suggests, that is only part of the picture in at least three ways. One is that it only looks at what the effect is on people who are currently unemployed rather than people who are working alongside them who have not been unemployed. It is therefore not a citizen's income but a benefit run-on and it is for people who are already in a certain situation. A second point is one that I made at the beginning: it is quite difficult to simulate the actual tax regime. As Annie Miller suggested, it would, in principle, be possible to say, "This would cost this much, so we will tax people at this rate," but it would be quite difficult to do.

The third way relates to the bigger philosophical point that I think Gordon Lindhurst is referring to. How would such a scheme affect people's attitudes generally? Are we going to have an experiment that looks at the attitude of the public to the fact that people will get that income? That would be quite difficult when it was not a change to the whole system in society.

I would therefore be very cautious about thinking of these things as being in any way a pilot of a citizen's income rather than as an experiment on the particular and narrow question of whether people are being held back from doing casual work because of the difficulty of moving off benefits. As I suggested at the beginning, such an experiment could answer a number of other questions, including whether there should be a higher disregard of income in the present system.

Howard Reed: In order to get reliable evidence on what a basic income would do to people's work decisions or their wider life choices, you will have to run a pilot. I do not think that you can do that sort of thing a priori, because there are simply too many variables.

I work on microsimulation models that show the impact on work decisions of increasing benefits in the existing system, say, or cutting taxes, but I have to say that such changes are marginal. We look at, for example, the impact of cutting income tax from 20 to 19 per cent on labour supply. Because a basic income is a completely different type of system, albeit that it might retain some elements of the existing system, it would be difficult—in my view, impossible—to say a priori what the impacts would be. There is some evidence from programmes in other countries, but a lot of the evidence on basic income pilots is quite old. Many of them were done in the 1970s,

and I do not think that it is very sensible to make judgments on the current Scottish labour market on the basis of the US labour market situation in 1975. It is interesting work but, as I have said, it is quite old.

Therefore, there has to be a pilot. Ideally, you would randomise people into it; in other words, you would take an area and randomly select some people to receive basic income. Of course, that would give rise to certain issues. For example, you would probably have to randomise in both individuals in a couple, because otherwise you would not be modelling a situation that would exist in any fully rolled-out system. You could not have a system in which the husband got a basic income and the wife did not. In that sense, therefore, there would have to be controlled randomisation.

As for sample size, as Anthony Painter has said, you can get meaningful statistics from a sample size of 1,000 if you look at the impact on labour supply for the whole sample. However, in order to break things down by gender, age group and so on, you will need a bigger sample of a few thousand to get useful data on impacts. The more you want to drill down into subcategories of people by family type, income level, age and so on, the more you will need a bigger sample. As a result, you will need some kind of pilot; you cannot do this sort of thing with the kind of microsimulation that we have at the moment.

Anthony Painter: I think that that is right. The legacy data is useful in hinting at some of the impacts and in giving some reassurance that the bottom will not fall out of the jobs market. For example, the data from Dauphin, Manitoba was useful in showing that two groups tended to withdraw from the labour market: women with very young children—I think that we have to bear in mind what the Canadian welfare system was like in the 1970s—and young men in their late teens and older who stayed in education for longer. I would argue that both withdrawals were potentially socially beneficial. As for working men, they tended to withdraw a little in terms of hours, but there was no evidence of complete withdrawal from the labour market.

That provides some reassurance that, ethically speaking, you could carry out an experiment. You would have to look at a particular geographical area, because you would need to think about the other systems of support that would have to sit alongside such an experiment. If you did it in Glasgow, Fife or wherever, you would want to have labour market support alongside it to ensure that you did not just say to people, "Here's your basic income. We'll come back and talk to you in two or three years." You would want to think about the types of systems of support that you would

want to have in place if a basic income were ever to be introduced in Scotland.

You would also want to focus on an age group rather than a cohort of, say, out-of-work people. You might take, say, 18 to 34-year-olds—perhaps excluding university students, as you cannot really test the labour market impacts on that group—and ask people to volunteer as participants in a trial. Some would be randomised into the control group, while others would be randomised into what is called the treatment group, and you might go for 1,000 or 2,000 participants, depending on what you wanted to do. I think that, with that approach, you could get some useful data to provide reassurance with regard to the hypotheses of what a pilot might look like.

10:00

Siobhan Mathers: It is clear that there have been, and will be, several pilots around the world, but we do not know that much from them as they have been small and scattered. If Scotland wants to look at the issue seriously, we will have to do a fair bit of heavy lifting ourselves and design good systems, whether in Fife, Glasgow or elsewhere, to get the knowledge that we want.

I totally accept what is being said about statistical models and numbers. A pilot of 1,000 people over two or three years will tell us some things, but two to three years might not be long enough to get lasting behavioural and attitudinal changes. We cannot necessarily test everything in a model. The core point is that we have to look at it in Scotland in the here and now, rather than relying on data from other countries from some time ago.

Annie Miller: Two years is probably the optimum amount of time. Our colleague, Guy Standing, who was involved in two pilots in Namibia and India, warns that, after two years, the team gets fatigued. Also, if it is longer, the results are delayed and two years is sufficient for results.

One of the problems in our society is that people might want to work, but there might not be jobs for them. People apply for jobs, but perhaps only one in 100 gets one. We must not think just about the labour supply but about the labour demand.

The current system does not really cope with the unemployment system. If there are people on zero-hours contracts, are they employed or unemployed? Do they get benefits or not? A basic income system would cope with any future system. We do not know whether automation will completely get rid of jobs or just leave jobs for highly skilled people, but the basic income scheme would cope with any eventuality far better than the current system.

I emphasise that we should not only be looking at labour supply issues, as there are other important issues such as poverty, health and women's independence. The current system penalises couples by giving them less than other people who share accommodation. Being based on individuals, the basic income scheme would be really emancipatory for women who do not have access to any income if their husband is wealthy and they do not have their own income. They are not entitled legally to their husband's income so that would emancipate them and give them some choice. Some women only have their child benefit with which to feed themselves and their children. I hope that those issues will be looked at and not just the work-related issues.

Pauline McNeill: Guy Standing gave a lecture in Glasgow recently in which he talked about the Bilderberg group, which is a meeting of the great and the good from the biggest companies and banks in the world. I understand that he made a presentation about the idea of a citizen's income, so I guess that it is being taken seriously.

I am struggling with this and I would like someone to talk me through it. If we assume that Scotland has all the benefits and powers, where do we start from? Annie Miller made a number of statements, including about wage rates having to change. To be honest, I was a bit taken aback by some of the things that she said. If we were beginning to plan a system now, what would the implications for everyone be, particularly for those who are in work? From what has been said, it could only really work if we changed the wage rates, and there would be massive tax implications.

I am having difficulty with it, but it is an idea that I would like to support. What would it look like, or do you all have different versions of what it would look like? Perhaps that is the problem. Could someone give me one version?

Annie Miller: The definition of a basic income is that it is individual, universal, non-selective and unconditional. That defines the system, but it does not give us enough information to actually design a system. A whole lot of secondary objectives can be used to design the actual system, such as whether pensioners should get more than working-age people, whether young adults should get the same as working-age adults and whether there should be a personal allowance, although a smaller one than at the moment. All sorts of questions have to be considered, but it really depends on what the objectives are of introducing the system.

Implementation is important. For instance, the scheme could start off small, with small amounts of basic income for everyone—maybe even as little as £40 a week each—embedded in the

current system. People could then get used to it and see whether they like it and whether it makes a difference to them. Then we could increase it so that it gets to the same level as the current means-tested benefits system. We believe that the levels in that system for working-age adults are far too low—£73.10 a week is not enough for an adult to live on, even with housing benefit, which is extra. If people still liked the basic income, we could therefore increase it to the £100 that Reform Scotland advocates. Even then, we would not be—

Pauline McNeill: Sorry, but would everyone get that payment?

Annie Miller: Yes.

Pauline McNeill: So every pensioner and working person would get the same amount.

Annie Miller: I think that pensioners probably get sufficient at the moment and, with the current child benefit and child tax credit, children are probably well served. However, working-age adults are not well served, as benefits are below poverty level. We are below the European Union official poverty benchmark, which is 0.6 of median equivalised household income. At the moment, that would give a couple £242 together, or £140 for the first adult in a household and £100-odd for the second adult. Therefore, we are well below the poverty levels at the moment. It is bad that we treat our people so badly in that respect.

I have talked about implementation and designing the system. That is where the politicians have to get together to decide what they want to achieve and what scheme they will adopt.

Professor Hirsch: Even though there is not a lot to be said for getting too hung up on any one model, I am struck by the fact that, when people have tried to even broadly cost such schemes, they have come to broadly similar conclusions. We can answer Pauline McNeill's question by describing broadly what a citizen's income would look like at the point at which it was at the level of the present safety-net benefits. You could start with a smaller amount, but the idea is to reduce means testing and to create simplification, and having an additional very small amount would not really do that. You need to think about where you are heading.

As everybody has described, the broad characteristics are that, first, everybody would get this unconditional payment and then, broadly speaking, the money would be raised through income tax, with national insurance and income tax being merged. As we have said, it is often suggested that people would start to be taxed at a rate of about 40 per cent from the first pound of their earned income, not of the citizen's income. People would get their citizen's income and then—

Pauline McNeill: Sorry to interrupt, but are you saying that, even if we started at the level of a safety net or the top rate of benefits, to implement a citizen's income, the starting point would be to merge national insurance and tax and introduce a rate of 40 per cent?

Professor Hirsch: Yes—in broad terms. I am struck by how many versions come to broadly that conclusion. A single person would get their £72 a week and then, from the first pound that they earned, they would pay 40p tax on it and they would continue to pay that. When people went to the higher rate, they would pay 60 per cent. The proposals to finance the schemes also involve people who pay the higher rate continuing to pay the national insurance rate. At the moment, those people pay 42 per cent, because they pay 40 per cent plus a reduced national insurance rate, but that would go up to 60 per cent, as there would not be that reduced rate.

With regard to implementing any of the models for a citizen's income that are set out in the various papers, we would have to confront three things that would look very different and would have to get public buy-in to them. First, there would be no conditionality: people would get the citizen's income, come what may. Secondly, there would be higher visible marginal rates of tax. Currently, people who are coming off benefits or tax credits can have, for a tranche of their income, very high marginal rates of tax. However, with a citizen's income, it would be more explicit that people would go from a 20 per cent tax rate, plus 12 per cent for national insurance, to a flat rate of 40 per cent, but without the allowance, then to a much higher rate of 60 per cent once they got above a salary of about £40,000 a year. People would have to accept that situation, which would look very different.

Thirdly, we could talk about winners and losers with a citizen's income, but a lot of it would be paid for by people who were better off. To give an example of a case that is not so extreme but on the extreme end, in the Reformed Scotland version of a citizen's income, somebody on a salary of £100,000 a year would go from retaining £65,000 of that—that is, almost two thirds—to retaining about £53,500, which is a little over a half. It would be a big thing for people to accept that somebody on £100,000 a year would go from keeping nearly two thirds of their income to keeping just over half of it.

That is just one version of a citizen's income, but we have to realise that the kind of big changes that I have outlined would have to be accepted by the public. In that regard, I was struck by the headlines this morning about how white van man has been ripped off. Apparently white van man is a self-employed person who was clobbered

yesterday by the budget because, offsetting a small gain from abolishing class 2 national insurance contributions, self-employed people will have their national insurance rates increased gradually by two percentage points. That affects only 15 per cent of the population, but apparently it is an outrage and *The Daily Telegraph* says that the Chancellor of the Exchequer should be shot, or something. That gives us an idea of where we are starting from in terms of public opinion.

I am not trying to say that a citizen's income is not possible. A lot of people have said that we can afford a citizen's income and so we can have one. The question is, however, whether it is something that is, in any way, politically conceivable.

Siobhan Mathers: I wrote the paper for Reform Scotland with James Mackenzie, who is a Green. We decided to use a Green model for a citizen's income rather than try to reinvent the wheel. We are not hung up on the precise details of the model and we are a long way away from any system coming to fruition. However, we thought that our model was as good as any as a demonstrator. It is a simple model that does not address pensions. We thought about including pensions in it, and there is an argument to look at it holistically. We have done separate work on pensions and have thought about trying to combine that work with the model, but the model as it stands is for the working-age population. The model does not deal with housing benefit either, so that would also be an additional element.

There are many models out there of a citizen's income. As Professor Hirsch said, a lot of them are quite similar. I am not hung up on one or another. We can argue about them, but I think that at the moment they are just demonstrators.

Anthony Painter: I would hate the committee to think that there is a consensus that there should be a 40 per cent tax rate, because there is not and the rate is heavily disputed. I just want us to have clarity on that point.

We could talk all day about the different models—you can drive yourself mad looking at the spreadsheets—but the question is a broader one about how Scotland could get to the position where the public bought into the idea of a citizen's income. I think that the lesson from yesterday's budget is that we should not change tax rates without first building a consensus on the change.

By the way, we have made enormous changes to the tax and social assistance systems over the last 10 years, for example, in the personal allowance, pensions and corporation tax—we are talking tens of billions of pounds. The forecast borrowing changed by £27 billion between November and March, so talk about figures of £15

billion to £20 billion is not crazy in terms of quantum.

10:15

In the process of such change you do some experiments and build a public conversation around it. The reasons why we have these institutions is because Scotland had a public, civic conversation over a long period and decided that it wanted its own Government and Parliament. You can shift people through having dialogue and conversation. You would then look to establish a Scottish model and build consensus around that by engaging in a broad, civic dialogue. That model would be one that suited the politics, ethos and culture of Scotland. You would then consider implementation and the impacts on individuals and on tax rates and so on.

I would engage in a broad process and have the experiment as the first step, while holding the big conversation alongside that.

The Convener: One thing that has struck me is that, although there are different types of models and you have all explained the economics of those, no one has ever mentioned the money that could be saved by having a basic income when you take into account the revolving door of people in low-paid work having to get housing benefit and other benefits. I assume that most of that would disappear with a basic income and so there would be savings. People would not have to turn up to fill out forms constantly, go back to work and then fill out the forms again when their zero-hours contract has finished.

It would be interesting to know whether anyone has done any work on the knock-on effect and the money that could be saved by changing the social security system as we know it.

Siobhan Mathers: The administrative simplicity of a basic income is one of the attractions to us. We mention in our paper that that would have a potential saving. It is rather difficult to quantify that, but we have identified that there is a gap between what is spent on social security currently and what basic income would cost and that part of that gap could be filled by simplifying the administration procedure.

Howard Reed: Most models of basic income take into account the fact that means-tested benefits could be reduced, if not eliminated. In some of the more ambitious basic income proposals a lot of the means-tested benefit and tax credits system is scrapped entirely. In the more modest model, which is at JSA level, you reduce expenditure on means-tested benefits but you do not get rid of it altogether.

There is some administrative saving, although the administrative costs of the social security system are fairly low as a proportion of the whole. There is less saving if you continue to run benefits alongside a basic income, and with most schemes you would have to carry on running benefits such as disability living allowance, childcare support and housing benefit. I have not yet seen a convincing basic income model that can get rid of housing benefit, simply because the disparities in housing costs for different people are so big that, if you had to pay a basic income that was sufficient to allow everyone to be able to afford quality housing, the sums involved would be so gigantic that they would overwhelm the system—you would not be able to do it.

Most of the models that I have seen take savings from reduced benefit payments and other areas into consideration, but at the end of the day there is still a big gross cost that needs to be funded by tax increases.

Annie Miller: We are pretty well agreed that eventually we will have to merge the income tax and national insurance systems and reduce the personal allowance or get rid of it altogether, which would create a lot more income revenue. There are also other tax expenditures, which are the tax benefits enjoyed by taxpayers. One of the most unfair tax benefits is that people can contribute up to £40,000 from their earnings to registered pension schemes and then get relief at the top rate, which is 45 per cent. Those people can get a free gift every year of £18,000 while not every old person gets a decent pension. That seems grossly unfair.

One could look at a whole lot of other tax expenditures. The sum of those is almost of the same order of magnitude as the amount that is spent on the social security system. They should be examined and it should be asked whether they are in the public interest. If they are not, they should be phased out; if they are, there could be other ways of paying for them that are not hidden in the tax system, but are made more explicit through a donation system. That might help.

It looks as though the personal allowance amount is a reserved matter, but when I happened to meet Ian Murray MP, who is my MP, at my local supermarket and lamented the fact that the personal allowance is reserved, he said that the Scottish Parliament could adjust it by setting a zero rate and creating a new band. I do not know exactly how that would work, but the committee could consult him to find out how the Scottish Parliament could implement a viable basic income scheme. I exhort members to try to get more devolved powers, certainly over the whole of the income tax system, which includes those tax

expenditures. Such a scheme might then become viable.

The Convener: Thank you very much. We could ask that question when we meet with the Scottish Affairs Committee.

Professor Hirsch: I totally agree with what Howard Reed said on the specific point of administrative savings. From memory, the amount that the Citizen's Income Trust costed in was of the order of £2 billion out of a £200 billion bill. That gives us an idea. It is great to have administrative savings, but the amount would be small when we compare the total amounts that we are talking about.

It is a really important point that, if we continue to have a means-tested housing benefit system and a means-tested disability benefits system because the additions to employment and support allowance are important, there is the potential to create new forms of complexity to replace others. I am afraid that we have often ended up doing that when we have tried to simplify things.

Alison Johnstone: Professor Hirsch is right. In our evidence taking, we have heard from Citizens Advice Scotland that it now has to set aside 90-minute appointments for people who come in with queries about universal credit, which was meant to simplify matters.

I have the impression that four panel members would very much like trials to be put in place to understand the impacts. It is clear that you are more sceptical, Professor Hirsch, but do you agree that it would be worth trialling a citizen's income to understand better what the behavioural and other impacts might be? You have said that we should not obsess with going down that one road and that we should perhaps look at a higher disregard of income in the current system. However, no one seems to be suggesting that. Many of us regularly hear from constituents that we have a system that presents terrible difficulties and causes real poverty and hardship. We are looking at a basic income, but no one seems to be suggesting the changes that you have suggested. I want to understand whether you would be open to trialling a citizen's income.

Professor Hirsch: First of all, you do not need my permission for that.

Alison Johnstone: Indeed.

Professor Hirsch: I feel very positive about a lot of the ideas that are attached to the idea of a citizen's income, such as not taking away a person's money as soon as they go out to work and having less of the punitive conditionality. It would be good to have experiments that would show what would happen when such regimes are created, but the difficulty with calling it a citizen's

income if it is not that is that that will create an ambiguity about where we are going and what is really going on. If we really think that there is a case for giving people more freedoms and therefore creating more support for a social security system, there is more than one way to do that. Such experiments or whatever they are called might be worth while to get information, but what is done with that information is a different question.

I have expressed scepticism at the suggestion that the public would buy into the idea of, for example, there being no conditionality, because there would be a problem with setting something up and saying that it was an experiment in having no conditionality. Let us suppose that, in the Finnish example, 10 per cent of people—or even 2 per cent—decide not to work because they think, “This is okay. I can survive on what I’ve got.” That is sort of saying that it is okay to let people get something for nothing. That model may work in Finland, where they perhaps have a different set of attitudes from ours, but it could be counterproductive here to suggest that people can get something for nothing. Rather, we should have a system that says that people have rights and responsibilities—it should make those things clear from the start—but that is not seen to give money to people who do not need it.

I know that means testing has a bad name, but there are different ways of means testing. You could allow people to keep a generous amount until they got to something like the minimum income standard, which my research calculates, before you started taking it away—quite quickly—because they did not need help from the state. There is more than one way in which to do it. There are real risks of presenting it in a way that some people might react negatively to, such as by saying that people can get something for nothing.

The Convener: Ben Macpherson has a supplementary question.

Ben Macpherson: I will ask two questions again, if that is okay, convener.

The Convener: You can ask two short supplementary questions.

Ben Macpherson: One question is practical and one is theoretical. The practical question is for Howard Reed. In your submission you say that, if a scheme were to be introduced, you would recommend that it start

“at a relatively low level and work upwards from there”.

Can you comment further on that?

The theoretical question is for Anthony Painter. It is interesting that you mentioned the potential benefits for health, mental health and family wellbeing. We have talked about the potential cost

saving in the welfare system but have also said strongly that key public services, such as the NHS and education, would need to be protected. Has any consideration been given to behavioural effects, poverty reduction or reduction of pressure on people, which would show the benefit that the basic income would have in savings in those core public services—for example, because of less demand for mental health services? In the modern age, there is a lot of pressure on people around their working practices, particularly in industries in which individuals being overworked is a common theme. Is there a potential positive benefit for productivity as well as for creativity?

Howard Reed: After modelling, I came to the conclusion that introducing the basic income at a lower level and then shifting it up later would probably be the only way to proceed. I did some back-of-an-envelope calculations of the cost of a basic income being paid at the minimum income standard level, which is the level that Donald Hirsch has worked on—the level at which someone is getting enough money to meet all their basic needs. It looked so vastly expensive to do that that it seemed to me that to introduce the basic income at that level would be a non-starter politically because it would be too much of a shock to the system.

Introducing the basic income at, say, between £70 and £100 a week for an adult and between £50 and £60 for children and pensioners—the level of the current single-rate pension—would still be expensive, but it would not be so outrageously expensive that I cannot see its being done in one go. That would be viable, albeit that it would still be quite a radical shift. The idea would be to get something like that in place. You could move the levels up for that kind of scheme once you had secured public acceptance for it, bedded it in and people had become supportive. It would be easier to get to, or near to, a minimum income standard—MIS—in two steps than it would be in one. The first stage would be to introduce the basic income at a lower level and the second would be to shift it up. That is my rationale.

10:30

Annie Miller: I am probably one of the few people here who can remember the oil crisis of the early 1970s when we had a three-day week imposed on us. I seem to remember people saying—I tried to find figures for this—that during the three-day week productivity fell only to about 90 per cent of the 100 per cent for a five-day week. I have no doubt that productivity could increase markedly.

I would expect enormous benefits for the national health service. At the moment, many people are under stress with the precariousness of

their jobs or with having to claim benefits and possibly getting sanctioned and having no income. That must have an enormously detrimental effect on their health. I wonder to what extent that increases demand throughout the country on general practitioners and the national health service, and to what extent reducing that stress would help.

Wilkinson and Pickett showed in the “The Spirit Level” in 2009 that countries with greater equality have benefits for everybody, not just the poorer people, in terms of improved mental health, physical health and a wide range of social indicators. I think that those beneficial effects would be reflected here if we had a basic income system.

Anthony Painter: It is very difficult to observe a situation in which there are low pay, high insecurity, high flexibility and low productivity without thinking that there might be a connection between them. A basic income would afford people the ability to step away from work, which would give them some bargaining power and, for example, the ability to retrain and to gain greater skills that might have more value in the marketplace. The numbers have not been done in the context of a basic income, but it is an interesting area for investigation.

British social attitudes surveys have started to pick up some really interesting changes in the world of work. The stress levels of people who are routine and semi-routine workers—as the survey calls them—have increased massively over the past 10 years. We are in a situation in which there is, increasingly, high-pay stress for low-pay work, as well as feelings of insecurity, which is a marked change. It is important to observe the changes that are happening alongside that.

On the health and wellbeing front, the cost-saving calculations that are implied by the data have not been done. However, we should observe experiments in Canada, or the “accidental” basic income trial in North Carolina in the 1990s. Bear with me on this one. A casino disbursed regular universal payments to an Indian tribe, and that happened to occur at the same time as a long-term trial into physical and mental health in the area. The trial picked up the impact on that group compared with other groups that were not receiving the basic income. In that group there were reductions in mental ill health, in domestic violence and in drug and alcohol use. Those results have been replicated in a series of similar experiments around the globe. It would be interesting to take some of the notional data on benefits and to consider what the savings would be to, for example, the NHS.

Ruth Maguire: We have a very unequal society at the moment and there will never be a magic

wand or a switch that can be flicked to change that. Would the money for some of the investments that we currently make to help folk to meet household basics—such as free school meals and free childcare—have to be reinvested in a universal basic income? If we were to do that, would there be a danger that the folk who struggle the most economically would be left behind as it was implemented? How would we sort that out?

Anthony Painter: You would have to look at everything—at how the support was connected to basic income as it was being introduced and whether that support was still needed. For example, there would be no need for jobseekers allowance, but you would need childcare support and, if the basic income were introduced at the levels that we are talking about, free school meals.

There is a real danger of either/or-ism in this debate. Consideration must be given to what stack of institutions might be needed to meet the needs of a modern caring society in a modern employment environment.

The Convener: I see that no one else wants to come in on that question. Do you have any follow-up questions, Ruth?

Ruth Maguire: No, I am content. Thank you.

George Adam (Paisley) (SNP): I will follow on from Ruth Maguire’s line of questioning. There are two equally important aspects to the issue: the hard challenges—or facts—and the softer ones. It has been mentioned—and this is a hard fact—that if we are to get it right and deliver a basic income, the Scottish Parliament will need more powers. Part of Anthony Painter’s response to Ruth Maguire hinted at that.

From what I hear—bear it in mind that I hear this through the grapevine—the biggest challenge that Glasgow and Fife face is exactly as Annie Miller described it: working with the DWP and the HMRC, with everyone looking after their own bit, makes things difficult. To do this properly, would we not need a major change in the powers that we have in this Parliament? All the witnesses said at the start that if we put in place a basic income, we need to do it properly.

Howard Reed: Having looked at the powers that are devolved and those that will be devolved from April to the Scottish Government, I think that a trial might be possible, but it would have to be done as a slight kludge. Account would have to be taken of the interaction between the basic income and the existing tax credit or universal credit system. Basically, people who receive tax credit would have to have their basic income reduced to compensate. Therefore, it would not be a true basic income. However, the tax credit or universal credit entitlement, plus the basic income that

would be paid by the Scottish Government would amount to similar levels of basic income.

I have read the Scottish Parliament information centre's briefing paper. SPICe seems to think that the Scottish Government would not necessarily have the power to introduce a new benefit for working-age people. The benefit would need to be based on an area of competence that the Scottish Government has and SPICe could not quite see how it would be possible to have a universal working-age payment. It could see how that could be done by adjusting child benefits for children or by adjusting pension rules for pensioners, but the working-age benefit seems to be the difficulty. That is another issue over and above the interaction with tax credits and universal credits.

There is no denying that introducing a basic income would be difficult, but I am not sure that it would be impossible. However, you could decide, given the set of powers that Scotland has, that the number of difficulties and the fiddliness of doing it alongside universal credit, as it is administered at the moment, would be so difficult that it would be dangerous to proceed because it might discredit the system and lead to a messy outcome. I am not sure. There is a viable way, but it would be tough.

Siobhan Mathers: When Reform Scotland looked at the issue, we came at it from a Scottish perspective—that is, we said, “We're getting new powers—what can we do with them?” We came to the conclusion that it was too difficult to run the numbers, the powers and everything else on a Scottish basis, so our model is on a United Kingdom basis. We could do a pilot, but it would be very fiddly and expensive to try to introduce it using the powers that we have.

One of the simplifications that we have suggested, either at UK or Scotland level, is to merge the DWP's and HMRC's activities because they create significant unnecessary complexity.

Anthony Painter: You could do the experiment as we have outlined in our paper. Let me sidestep the question slightly and say that there would have to be, at the very least, negotiated co-operation between the Scottish Government, the DWP, Her Majesty's Treasury and HMRC to make a full system work. Failing that, you would need a transfer of further powers.

Professor Hirsch: I will follow up Howard Reed's point about the fiddliness of the system. If it is fiddly, we have lost already, which would also apply to a partial solution, because the idea—and its appeal—is that it is simple.

I have been trying to picture how such a system would work. A recipient would have to report to somebody else that they were getting universal credit and that person would retrospectively withdraw their entitlement to all or part of the

citizen's income. You can see how that could get very fiddly very quickly. There might be a way of not making it fiddly; that is really important. The more control one body has of the citizen's income, as opposed to people trying to negotiate through lots of different bodies, the more chance we have that the approach will have the appeal that is claimed for it.

Anthony Painter: There is a way of circumventing that problem. We could have volunteers, rather than people being selected for an experiment. People could voluntarily commit themselves to not claiming universal credit or tax credit so that they would, in effect, be in a parallel system. If they subsequently started to claim, as would be their right, they would leave the experiment.

George Adam: It comes down to the softer challenges. We could end up discrediting the system if we did not get it right from the beginning. How do we get to a point at which people get control of their lives, as Annie Miller said? I have done jobs in the real world, so I know what the drudgery of labour is like. How do we get people to the point of accepting that a citizen's income is the way forward? It is an alien concept to many people. I would be able to go and learn to play the ukulele properly instead of just doing it with style with busker chords. It is about being all that you can be and doing something better. How do we get people to that place? If we are going to have a proper citizen's income, one of the most important things that we have to do is bring the public along with us because it is such a radical change from what they currently believe.

Siobhan Mathers: You are right. I smiled at Professor Hirsch's portrayal of the population being up in arms at a relatively small but significant change in the system and budget. Just because something is not immediately popular, that is not necessarily a reason not to explore it. If we all did things by focus group alone, many important public policy innovations would never happen. I am not saying that you all have to get out there, sell the idea and say that we all have to have our universal basic income imminently, but it is important to get the idea discussed and to bring people along with us on it. If we do not get it out there and explore some of the concepts, in five years, when it might be more imminent, there might be more barriers. There are ways of debunking myths and helping people to explore what it might mean.

Politicians and civil servants have a duty to be ahead of the curve on the rest of the population, to see change that might be coming down the line and to try to find ways to smooth that change. The citizen's income could be one way to do that.

Annie Miller: I have looked at the figures for all the schemes that are proposed and, on the whole, people who have a gross income of less than the average—just over £20,000 in Scotland at the moment—are likely to be beneficiaries. With the skewed income distribution that we have, they are in the majority; as soon as people realise that they could be gainers with that system, we will have a majority in favour.

The Citizen's Basic Income Network Scotland is a new organisation. Our role is to educate the public so that they are informed. Once they are informed, they will start to meet politicians and ask when we will have our basic income system. An important part of the process is getting the public onside, ensuring that they know what is involved and ensuring that they understand it. We cannot get the idea over to people in just two minutes; we need an engaged conversation to explore it with people. Many people have a kind of road to Damascus moment of conversion. I am hopeful that we would see a lot of changes in society if we can progress the campaign.

10:45

Howard Reed: The thing to remember is that in the current economic system there are some people, albeit a relatively small number, who receive, or are in possession of, a high amount of wealth or income for doing absolutely nothing. For example, there are people who receive large inheritances, who have had trust funds set up by their parents or who are landlords who receive rental income and do not do any day-to-day work. The concept of a citizen's income is partly about saying that, rather than having only a privileged few being able to receive money for no direct labour input, why not democratise the situation and spread that ability to a much larger number of people? When we consider the concept as a kind of democratic reform, it begins to sound a lot more sensible.

Anthony Painter: I think that George Adam's point is that we must somehow make the idea more tangible in order to generate the type of political conversation that we have in mind. I encourage members to look at what is happening in Finland, where people now receive a basic income. An energetic national conversation is going on there that is not about the theory but about the practice: how people are receiving the basic income, what decisions they are making and what they are doing with their lives. The same will be true in Kenya, Ontario and Oakland, and it is one of the most important aspects of the experiment. That is why I think that it would not be just a technical experiment in social policy; it has to be part of a bigger national dialogue, because the voices of those who participate in the

experiment will be critical for our national culture to understand how a basic income might be important to it.

The Convener: Thank you. Do members have any other questions?

Alison Johnstone: The new powers give us an opportunity to do things a little differently. Do they give us an in to introducing a more citizen's income-led social security system, for example, that considers what people are automatically entitled to when they apply for one benefit, so that there does not need to be continual dialogue?

Anthony Painter: The new powers give you scope to experiment. We had a look at what would be possible in Scotland and our understanding is that Scotland could have an experimental trial with the current agreement on powers. If you wanted to go beyond an experiment under the currently agreed powers, you would risk ending up with what Howard Reed and Professor Hirsch were talking about, whereby you would start to compete against the tax credit system. It would mean that you would get into the territory of spending money to compete with an existing system, which would be very difficult.

Professor Hirsch: Scotland does not have much power over universal credit. For all the problems that universal credit has had, it is quite an interesting vehicle. There are simple things that can be done with it, such as on the work allowance. A big appeal of universal credit when it was first announced was that people were supposedly going to be able to keep their benefits and have quite a high allowance for what they could earn before they started to lose any benefits. That has gone into reverse because of austerity, but there is a lot of scope to do it within the universal credit system if you are willing to, and can, make the resources available through higher rates of tax, for example. I would encourage the consideration of that possibility as well, rather than considering only a completely new system. As everyone around the table has agreed, it takes a while to get to new principles and you have to start with what you have.

Annie Miller: It is certainly possible for a pilot to take place in Scotland. As for implementing it, a lot would depend on what the devolved powers are. Under the new devolved powers, the Scottish Government has the power to create new benefits, but it is not clear to me what that means. However, if we can create new benefits, we can create a basic income. We would have to implement it in a small way to begin with because of the cost and the need to have gradual change so that people can adjust to it.

A basic income would be counted as income for those on means-tested benefits, so their benefits

would be lowered and therefore they would have less reliance on means-tested benefits, apart from housing benefit, disability benefit and childcare, which would be over and above that. You might ask whether those people would be better off in that system, but the answer is that they would be, because if they were sanctioned at least they would have the basic income to live on and would not be completely destitute as they could be under the current sanctions system.

There are possibilities, and some things need to be clarified. The more powers that we can get devolved to Scotland, the more control that we will have over the ability to create our own sort of society. I would like to see a new Scottish enlightenment.

The Convener: That sounds good to me. I am sure that we would all agree with that.

I thank the panel for giving evidence. It has been enlightening—as Ms Miller might say.

10:50

Meeting suspended.

10:53

On resuming—

Subordinate Legislation

Council Tax Reduction (Scotland) Amendment Regulations (SSI 2017/41)

The Convener: I welcome members back to the meeting. Item 3 is consideration of subordinate legislation, for which we are joined by two Scottish Government officials: Robin Haynes, head of council tax, and Dave Sorensen, statistician.

Before we hear from Mr Haynes, our clerk, Simon Watkins, wants to give us a small explanation about the regulations.

Simon Watkins (Clerk): The Delegated Powers and Law Reform Committee reported on this instrument yesterday. We emailed its report to committee members; however, it did not go out with the original papers because it was not available then, and I just wanted to bring members up to date with the situation.

At its meeting on 7 March, the Delegated Powers and Law Reform Committee agreed to draw the Parliament's attention to the order on the same basis as the previous Scottish statutory instrument on council tax reduction, which is that it believes that the regulations raise a devolution issue—that is, they might be outside the powers of the Parliament. This time, however, that committee also pointed out that, now that Parliament has new social security powers under the Scotland Act 2016, the Scottish Government could remove the issue by consolidating the council tax reduction SSIs and framing a new scheme under the 2016 act instead of under local government legislation as at present. I just wanted to bring members up to speed on that.

The Convener: Thank you very much, Simon. Mr Haynes, do you want to say a few words before we move to questions?

Robin Haynes (Scottish Government): I am not sure that I can, by way of introduction, add very much to either the policy note or the very comprehensive SPICe briefing. Uprating of the council tax reduction scheme amounts is now very much part of the annual routine. A significant addition to the regulations this year is a measure ensuring that council tax reduction cases in receipt of universal credit benefit from the increase in child premium that was part of the Government's wider reforms to council tax and set in legislation in the latter half of last year.

The only other thing is to emphasise the contents of paragraphs 14 and 15 of the policy note. The regulations have been very much anticipated by the local authority revenue and

benefits practitioner profession, and I assure the committee that we are always in very close contact with local authority revenue and benefits practitioners and their software suppliers, not just during the drawing up of the annual uprating regulations but throughout the year.

The Convener: Thank you very much. I remember that some issues were raised about the previous instrument at one of the other committees. Obviously, I will ask committee members if they have any questions but, from reading the papers, I would say that the issues seem to have been resolved. I should also say that the instrument has to come to this committee, given that we look at social security powers.

Do members have any questions?

Pauline McNeill: I just want to clarify a point. The note says that council bands E and F will get some assistance in certain circumstances. Is that correct?

Robin Haynes: The amending regulations that were laid last year to the council tax reduction scheme extended the scheme to provide relief with regard to the changes in the council tax charge for properties in bands E, F, G and H, which were part of a further statutory instrument that was also laid last year. Over and above that, a household's entitlement to a council tax reduction is determined by the council tax reduction scheme more widely, and a property itself can be in any band—there is no restriction. The new bit that was created last year was an additional relief for low-income households in properties affected by the change to council tax that was created in legislation last year.

Mark Griffin: What is the Government's response to the DPLR Committee report?

Robin Haynes: It will come as no surprise to committee members that the DPLR Committee came to that view. I think that that committee has held a wholly opposing view to the Scottish Government since the scheme was created back in 2012.

By way of response, I will point to three things. First, if we compare the council tax reduction scheme to the council tax benefit that it superseded, we will see that the council tax benefit operated through local authorities receiving specific amounts from the DWP in relation to individual council tax benefit claims. In effect, local authorities administered a benefit and DWP's moneys. The council tax reduction scheme operates on a profoundly different basis, even though it was created to make the client journey very similar to the previous benefit. No payments are made to local authorities in relation to individual applications or reductions provided; instead, a global amount—which I think will be

£351 million next year—is added to the local government general revenue grant. Local authorities bear the revenue risk of the reductions being different from that amount, and next year we expect that amount to come in below £351 million. That is a profound difference.

11:00

It might be helpful to look at the powers under which the scheme was created, which are in section 80 of the Local Government Finance Act 1992. That section—which I should add is pre-devolution—says:

“The Secretary of State may make regulations as regards any case where ... a person is liable to pay an amount to a levying authority in respect of council tax”.

It then says:

“The regulations may provide that the amount he is liable to pay shall be an amount which ... is less than the amount it would be apart from the regulations; and ... is determined in accordance with prescribed rules.”

Those are the powers that the council tax reduction scheme is made under, and they seem to be very specific in allowing the sort of scheme that we have.

When the policy that is now the council tax reduction scheme was being developed back in 2012, the UK Government took a very keen interest in what we were doing, and I was party to many conversations with civil servants in the Cabinet Office, the Scotland Office, Her Majesty's Treasury and the Department for Communities and Local Government. They are fully aware of how our scheme operates, and they have never suggested that it might raise a devolution issue. They have not suggested as much either in relation to the almost identical scheme that operates in Wales.

Gordon Lindhurst: Are you saying that the effect is not to contravene the reservation of powers under the Scotland Act 1998?

Robin Haynes: Absolutely. The Scottish Government has always taken that view about the scheme.

Gordon Lindhurst: And that includes reserved matters regarding taxation, in so far as there are any.

Robin Haynes: If I recollect correctly, the social security reservation of the Scotland Act 1998 expressly states that any benefit is beyond the powers of the Parliament. That is according to that version of the devolution settlement. That does not apply here, because the council tax reduction scheme is not a benefit. That is the key difference; this scheme is a means-tested schedule of reductions to household liabilities.

Pauline McNeill: Going back to the issue that I raised earlier, I note that the Scottish Parliament information centre paper says:

“The new type of CTR will provide households with below median income who live in Band E to H properties, with an exemption from the increase in council tax due to the change to the way that council tax in the higher bands is calculated.”

According to that, bands E to H will be rebanded with a higher rate, but people will not pay relative to how their local authority increases their council tax. If a local authority increases the council tax by 3 per cent and a council tax payer in the household has below the median income, they will not pay the 3 per cent rise.

Robin Haynes: No. Your question relates to the regulations laid last year, which are now in force. They include a page of what looks like rather complicated algebra, the point of which is to ensure that the council tax reduction in the circumstances that you describe relates to the structural change to the council tax for the higher-band properties and not any locally determined increase.

Pauline McNeill: I am sorry, but I do not understand that. What benefit do those people get? What does that mean? The SPICe paper refers to

“an exemption from the increase in council tax due to the change to the way that council tax in the higher bands is calculated.”

What relief do they get for that?

Robin Haynes: The regulations that changed the council tax last year changed the amount charged on properties in bands E to H. The way in which the council tax works is that those are fixed proportions of the band D charge; councils set the band D charge and the amounts that every other property will pay are set in law. Under the regulations that were set last year, if a household is entitled and meets the criteria, it will get a council tax reduction equivalent to the increase in the council tax that is caused by, for example, band H going up by 22.5 per cent.

Pauline McNeill: I now understand.

Gordon Lindhurst: I would like to clarify something. I think that we are talking about schedule 5 to the Scotland Act 1998, the interpretation section of which says:

“‘Benefits’ includes pensions, allowances, grants, loans and any other form of financial assistance.”

I understand that that section relates to reserved matters. Do I understand correctly that what you are saying is that, in effect, there is not a payment under the scheme, but a reduction in the liability in the person’s responsibility for housing rentals?

Robin Haynes: In relation to the council tax rather than rent, what you have described is correct. The council tax reduction scheme does not operate by making any payment to anyone. There is a reduction in tax liability.

Gordon Lindhurst: So it is a reduction in liability as opposed to a payment out.

Robin Haynes: Yes, exactly.

The Convener: As there are no more questions, I thank the witnesses very much for attending.

We will now consider the regulations formally. Are members content to note them?

Members indicated agreement.

The Convener: The meeting will now continue in private session.

11:07

Meeting continued in private until 11:24.

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