



**Universal Basic
Income vs Guaranteed
Basic Income:
Conference Briefing**

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1 Universal Basic Income: policy summary

1.1 This would be a payment of £70-90 a week for all working age adults. It would be equal to the value of existing tax and national insurance personal allowances (which it would replace). It would operate alongside the existing welfare system.

1.2 Anyone of working age currently paying tax **would see no overall change in their financial circumstances**; they would receive a UBI but pay an equivalent amount of extra tax.

1.3 **Those who do not have enough earnings to pay tax would benefit** from an additional unconditional cashflow. This would include those in the lowest income households, though also many individuals who do not do paid work but live in well-off homes. For those receiving Universal Credit the UBI would be treated as earned income, with Universal Credit tapered accordingly, so the **net benefit for most households on UC would be £31-£40 a week**.

1.4 This additional payment will be universal from the end of childhood to the state pension age – not in itself subject to means testing or any potential stigma associated with receiving state welfare.

2 Guaranteed Basic Income: policy summary

2.1 Guaranteed Basic Income is a close cousin of UBI, but more directly focussed on the goal of ending deep poverty and destitution.

2.2 The policy has the long-term target of providing enough financial support to every household to ensure they can afford to live in dignity and can pay for the essentials of housing, heating and food - even if the household has no opportunity for work.

2.3 This would be achieved by regular increases in welfare payments. A similar approach (in a different context) has been taken with the minimum wage, which started at a low level, and has been steadily increased over time. An independent commission – similar to the low wage commission - would determine the appropriate level and the timeframe to reach it.

2.4 GBI would mainly be delivered through increasing universal credit – though financial sanctions would be removed and other steps would be taken to prevent people falling through the cracks as they do in the current system.

2.5 The overall level will be set by the commission, but to give some indication, **weekly increases in universal credit of £70 for a household containing one adult and £140 for a household containing two adults** would have the effect of ensuring all households have income at least 50% of median income, and would cost something similar to the proposed UBI.

3 What both policies have in common

1. Both policies lead to very significant reductions in poverty; for the same expenditure GBI has a bigger impact, but both are significant.
2. Both policies involve a big spending commitment. UBI would cost £35-40bn a year and we have modelled GBI at a similar level.
3. The majority of people will see no financial benefit in either case. Taxpayers will see no benefit under UBI. Those not entitled to Universal Credit will see no benefit under GBI (though it will lead to some more people being entitled to UC).
4. Both policies are for working age adults; those over the state pension age are not affected.

- Both policies retain existing welfare benefits.

4 Where the policies are different

- UBI is universal. Means tested benefits would be retained alongside it, but the UBI itself is paid to everyone – regardless of need. GBI does not have a ‘universal’ component.
- People on lower incomes will see bigger increases in benefits from GBI for the same level of taxpayer cost – see the table below.
- UBI will increase the incomes of some higher income households; GBI is entirely focussed on those on lower incomes.
- GBI – like Universal Credit – is paid to a household based on the household’s income. UBI is paid to individuals.
- UBI is always there. GBI provides a ‘top up’ when income is low.

5 Key statistical comparisons

	£78 ¹ weekly UBI	GBI costing the same as a £78 weekly UBI
Illustrative households: % increase in income ²		
Single person with no earnings.	+41% (£35/week)	+84% (£72/week)
Couple with two children with no earnings	+24% (£70/week)	+50% (£141/week)
Couple, 2 children, each earning £35,000	No change	No change
Couple, no children, one earning £70,000	+8% (£79/week)	No change
Impact on poverty		
% reduction in households in poverty (having less than 60% of median income) ³	19%	28%

¹ £78 is the value of the tax and national insurance personal allowances based on policies which are currently in place or have been announced at the time of writing.

² Figures do not take account of any tax changes that may be introduced to fund the reform (other than the elimination of personal allowances under the UBI proposal)

³ After housing costs

6 Benefits of UBI compared to GBI

1. Universality; it goes to everyone.
2. The UBI itself is not means tested; there are no hoops to jump through – (though other means tested benefits would stay in place, so the actual number of people entitled to means tested benefits would not change very much.)
3. Making payments to individuals (rather than households) is an advantage in some circumstances – e.g. where there is an abusive relationship.

7 Benefits of GBI compared to UBI

1. Poverty reduction; for the same amount of money GBI has a much bigger impact on reducing poverty and on the incomes of the poorest households.
2. GBI is more closely related to the existing welfare system which reduces the risk of significant implementation issues that we have seen with most other big changes in welfare.
3. The timetable for introducing GBI is more flexible; it is set up as a proposal which could be introduced at a different pace depending on economic circumstances – starting from now. UBI requires a much more significant “one off” change, and so is less suited for gradual implementation on a flexible time frame.
4. The GBI proposals create less of a poverty trap than the UBI. (Because the UBI removes personal allowances, income from the first £ earned is taxed, while at the same time benefits are reduced)