





Druids Heath
Photo by Ella Carman



A Living Income sets a level below which no one can fall, so we can all survive and thrive.

In these uncertain times, we should all be able to afford the basics for a decent quality of life, whether in or out of work.

By fixing our broken social security system and creating new universal payments, a Living Income will guarantee a sufficient minimum income for all.



Anne-Marie, Spearhead Trust
Photo by Ella Carman

WHY WE NEED IT

If you lose your job or are trapped in low-paid work, Britain's broken social security system can't be relied upon to protect you from poverty, even during a pandemic.

Furlough and self-employed income support, along with a temporary increase to benefits, have eased the pain for some, but too many are still struggling:

- One in four people reported a loss of more than one-fifth of their household income.
- Furlough was not available to everyone, leaving 1.7 million people unemployed.
- Around 500,000 self-employed people missed out on self-employment support.

Many who have lost jobs or income are reliant on our broken benefits system. The number of people claiming universal credit has more than doubled in the last year, to almost six million in January 2021. But when the temporary £20 uplift is removed in September, unemployment benefit will be worth less than at any time since the creation of the welfare state in 1948.

If a person loses their job in the UK, on average they receive one third of their income in benefits, compared with 59% in France and 83% in Denmark.

But even having a job may not protect you. In modern Britain, many children live in poverty even though their parents work. And not everyone can work, due to other responsibilities or circumstances like ill health.

Instead of ensuring everyone has a decent standard of living, our social security system strips people of choice and dignity, forcing them to jump through bureaucratic hoops or back into workplaces even when they need to self-isolate or care for others.

We need a plan that ensures everyone has enough to live on.



Kathleen, Kath's Cafe
Photo by Ella Carman



HOW IT WORKS

A Living Income will ensure that everyone has enough income for a decent quality of life, whether in or out of work, by guaranteeing a sufficient minimum income for all.

The Living Income sets an 'income floor' – a level below which no one can fall that is sufficient to meet everyday needs, like the weekly shop or an emergency boiler repair. The level is based on the independently-assessed Minimum Income Standard (see page 11), which is also used to determine the real living wage.

By revamping social security, we can ensure everyone has a decent minimum standard of living, whether in or out of work. We are still working on the details with our partners, but it is likely to include both new universal payments and stronger needs-based payments for support with parenting, lost work or disability.

The Living Income works hand-in-hand with the real living wage, which ensures people in work are paid properly, and expanded public services, so that people need to pay less for essentials like housing, childcare and social care.

Measures to achieve a Living Income include:

- Creating new universal payments and restoring existing ones like child benefit.
- Increasing the value of basic payments made to families who get means-tested benefits.
- Increasing the amount people can earn before means-tested benefits get deducted, and reducing the rate at which deductions are made.
- Increasing payments for support with disabilities.
- Removing arbitrary caps on payments that prevent people getting the full amount they are entitled to, like the two-child limit.
- Ending unnecessary delays to vital payments, such as the five-week wait for universal credit.



Dawn and family Druids Heath
Photo by Ella Carman

THE BENEFITS

The UK is one of the richest countries in the world, but it's also one of the most unequal. By November 2021, nearly one in two children will be living below a socially acceptable standard of living. But it's not just about addressing unacceptable living standards for the country's poorest families. We all benefit from reduced inequality, whether through more vibrant and resilient communities, or through a stronger economy for the long term.

A Living Income will:

- 1 Ensure you have enough to make ends meet, without having to work multiple jobs.** Not only will you be able to afford basic needs and survive, but you'll have enough to enjoy life and thrive.
- 2 Make our society more equal,** so that we can all participate in our community. No matter your background you would be supported to care for a loved one or finally pursue that new business idea.
- 3 Future-proof our economy** by giving families more money to spend in their communities, creating new jobs and protecting existing ones in the process.
- 4 Allow you to deal with shocks without getting into unsustainable debt,** whether that's to take time off work for health reasons during a pandemic, or changing careers due to automation or climate change.



Pat and colleague, Manningford Hall
Photo by Ella Carman

THE LIVING INCOME LEVEL

The Living Income level is based on the Minimum Income Standard (MIS), which is overseen by the Joseph Rowntree Foundation (JRF) and developed by Loughborough University's Centre for Research in Social Policy. The MIS is also used to determine the real living wage, paid by companies like Ikea and Aviva.

It sets out what the public thinks are essential goods and services for an adequate standard of living, which “includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.”

Every year, members of the public are invited to take part in a consultation with academic experts where they discuss and reach agreement on the baskets of goods and services required by different types of households to meet their basic needs and to participate in society. The participants are chosen to accurately reflect the views and experiences of ordinary people across the UK.

Before the pandemic there were around 19-20 million people living below the MIS. The crisis has added at least another 1.5 million.

The JRF specifies four levels of living standard relating to the MIS:

- **Thriving** (those above the MIS) – able to afford a decent standard of living.
- **Surviving** (those above 75% of the MIS) – getting by day-to-day but under pressure, finding it difficult to manage unexpected costs and events.
- **Struggling** (those below 75% of the MIS) – falling substantially short of a decent standard of living, unable to afford certain essential items and activities.
- **Destitute** – unable to eat, keep clean and stay warm and dry.

The Living Income will use these as benchmarks for reforming social security, so we can all thrive.

FAQ

Is a Living Income the same as a Universal Basic Income?

There is no single definition of a Universal Basic Income (UBI), and the idea of a Living Income has many overlaps and similarities with some UBI schemes. At its core, the Living Income is based on the idea of ensuring everyone has enough to live on regardless of circumstance.

But although the Living Income will likely need new universal payments to help reach this goal, its objectives cannot be met through universal payments alone – people's lives are complicated and varied, and we need support that responds to this. This will require a blended social security system, combining new universal payments with stronger needs-based payments.

Won't a Living Income, backed by the state, just subsidise bosses who don't pay enough?

The Living Income will need to work in tandem with the extension of the real living wage and stronger workers' rights to raise minimum pay rates. But far from subsidising work, the Living Income will drive up wages, as paying those without work enough to live on will force employers to offer more to attract staff.

Will it make people lazy?

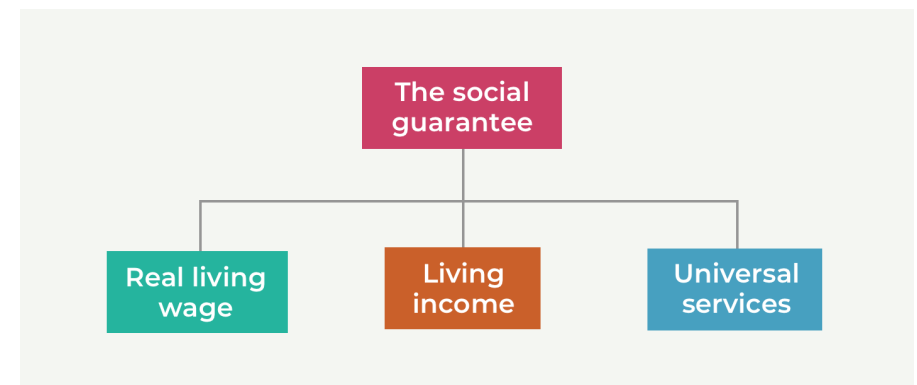
No. International trials tend to find no impact, or a positive impact, on the likelihood of welfare recipients undertaking paid employment when social security is increased. The Stockton guaranteed income supported work by removing material barriers to full-time employment and giving recipients the emotional and financial capacity for risk. Before the study, 28% of recipients were in full-time employment; one year later 40% were employed full-time – in the control group these figures were 32% and 37%.

And different people contribute to society in different ways. A Living Income would ensure those with caring responsibilities, or those who are retraining or reskilling to support themselves as the jobs market changes due to technological developments, will be able to support themselves while doing so.

Isn't it better to provide public services rather than cash?

A Living Income and universal public services go hand in hand. Along with the real living wage, they make up what the New Economics Foundation and others call The Social Guarantee – the things we all need to meet our basic needs.

The Social Guarantee enshrines every person's right to life's essentials: education, health and social care, a decent home, childcare, nutritious food, clean air and water, energy, transport and access to the internet. For this to happen, people must have access to universal services that meet their needs as well as to a Living Income.



How will we pay for a Living Income?

In the short-term, during the recovery from Covid, it is right for the government to borrow to strengthen social security spending. The cost of government borrowing is at record lows, and this spending goes back into the economy and creates new jobs and wages, which in turn increase tax receipts.

In the longer term, permanent increases in social security support can be offset by permanent reforms to taxation. We are working with others to produce fully costed proposals, and any tax increases will be designed to ensure those with higher incomes or greater concentrations of wealth pay more.



Druids Heath is geographically and socially unique. Tucked between a rural green belt and one of Birmingham's busiest high streets, this diverse and characterful community faces adversity with formidable determination and passion. Having been neglected for almost 60 years, the area has developed an individual identity which is fiercely protected and proudly acknowledged.

Now that the estate is experiencing a long awaited regeneration, this community strength and spirit is vital to ensure the best possible outcome for its residents, many of whom are classed as vulnerable.



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