

# BRIEFING

OCTOBER 2024

## A compassionate social security system for unpaid carers: Piloting the Minimum Income Guarantee



### A roadmap to the Minimum Income Guarantee

- Unpaid carers were viewed as a good group with whom to pilot the MIG, given the higher risk of poverty and barriers to adequacy experienced by carers across the three spheres of the MIG – social security, fair work, and public services.
- There were expected challenges as to how to define unpaid carers for the purposes of the pilot. Given issues with tight eligibility criteria minimising access, this cannot be limited to those in receipt of Carers Benefit.
- Piloting the MIG was viewed as an opportunity to test the principles of the policy and approach; generate data; inform policy-making; and create political will for policy outcomes. However, collective understanding needs to be built as to the purpose, objectives and scope of any pilot.
- Targeted small-scale UBI pilots in Ireland, Wales and Jarrow and Grange offer insight as to how the MIG could be piloted with a particular population group or geography. However, feasibility studies for a UBI pilot in Scotland ultimately concluded that such pilots were politically unfeasible within the current devolution settlement. Using the existing legislative and delivery powers would thus place significant restrictions on the MIG pilot model design and potentially compromise learnings.
- The Scottish Government and the Expert Group must provide clarity as to what it is possible to pilot within the current devolution settlement. Any partial pilot (e.g., which only tests one sphere of activity) should not determine the future viability of the policy.
- For a successful pilot with this group, the Scottish Government and wider delivery agencies must build relationships with pre-existing carers organisations and ensure co-production informs the design and delivery of the policy.



# Introduction

In the 2023/4 Programme for Government, the Scottish Government outlined a commitment to work with the Minimum Income Guarantee (MIG) Expert Group “to model a MIG for unpaid carers, the majority of whom are women, and who have been hard hit by the cost of living crisis.”<sup>1</sup> Indeed, the poverty rate for unpaid carers is almost 10 percentage points higher than non-carers, and there has been increasing concerns for the financial security of unpaid carers over the Covid-19 pandemic and ongoing cost of living crisis. The proposed pilot would thus enable the testing of policies intended to alleviate the financial insecurity experienced by unpaid carers. More broadly, piloting the MIG would be an opportunity to: test the principles of the policy and approach; generate data; inform policy-making; and create political will for policy outcomes.

In February 2024, the Poverty Alliance held a seminar focused on this proposed MIG pilot. The session explored why unpaid carers would be a good pilot population group, looking to lessons from Universal Basic Income (UBI) pilots, including the Welsh pilot

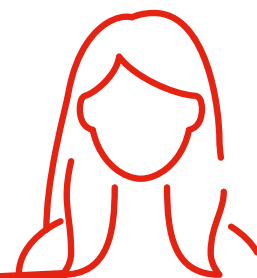
with young care leavers. It also looked at the principles of a pilot approach and the key considerations for unpaid carers’ financial security. The seminar included inputs from Fiona Collie, Head of Policy and Public Affairs: Scotland and Northern Ireland, at Carers UK and Cleo Goodman, Basic Income Lead at Autonomy and Co-founder of The Basic Income Conversation. Focusing on the “route map” to MIG and the necessary interim steps, this session also included interactive activities to identify civil society’s priorities for implementation.

The seminar highlighted enthusiasm for the “huge opportunities” of the MIG and the chance to do things differently. However, attendees were clear that the MIG cannot merely be about getting unpaid carers over the poverty line but should instead provide the financial resources and strong public services that enable carers to live decent, dignified and fulfilling lives. One attendee stated, “this is not just about people being able to heat their homes but considering what amounts to a good life”. This highlights the necessity of a human rights-based approach.

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<sup>1</sup> Scottish Government (2024) Equality, Opportunity, Community: Our Programme for Government. Available at: Programme for Government 2023 to 2024 – [gov.scot](http://gov.scot) ([www.gov.scot](http://www.gov.scot))

## Why unpaid carers?



There are approximately 800,000 people in Scotland providing unpaid care, worth an estimated £13.1 billion to the Scottish economy every year.<sup>2</sup> Despite the importance of unpaid care to our society and economy, carers in Scotland are more likely to be experiencing poverty than non-carers. Research from Joseph Rowntree Foundation highlights that 28% of carers are living in poverty compared to 20% of non-carers.<sup>3</sup> Similarly, those in receipt of Carer's Allowance are nearly three times more likely than the general population to be living with food insecurity. Carers are more likely to be in poverty because of inadequate social security, with over one-third (34%) of carers in receipt of Carer's Allowance experiencing poverty and persistent barriers to entering and progressing in paid work.<sup>4</sup>

Carers are less likely to be in full-time work, which impacts their financial security in the longer-term. This is especially true for female carers who are more likely to be in part-time

work than both male carers, and the wider female population. One in five carers give up work altogether due to caring responsibilities, with long-term implications for people's financial security in terms of ability to save for the future or pay into an occupational pension.<sup>5</sup>

Carer's Allowance remains the lowest income replacement benefit, reflecting the undervaluation of care work, and the role of unpaid carers. Eligibility criteria also results in only one in ten carers qualifying for this limited support, with claimants being required to care for 35 hours a week and to earn no more than £139 per week after deductions. This equates to around 13 hours of paid work per week at the National Living Wage (rather than the real Living Wage, which is calculated on the real cost of living). The failure to uprate this earning threshold in line with inflation means that carers have lost eligibility, or had to reduce working hours to maintain receipt, with increases in the minimum wage.

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<sup>2</sup> Carers Scotland (2023) State of Caring 2023: A health and social care crisis for carers. Available at: <https://www.carersuk.org/reports/state-of-caring-2023-a-health-and-social-care-crisis-for-carers-in-scotland/>

<sup>3</sup> Joseph Rowntree Foundation (2024) UK Poverty 2024: The essential guide to understanding poverty in the UK. Available at: UK Poverty 2024: The essential guide to understanding poverty in the UK | Joseph Rowntree Foundation (jrf.org.uk)

<sup>4</sup> Carers Scotland (2023) State of Caring 2023: A health and social care crisis for carers. Available at: <https://www.carersuk.org/reports/state-of-caring-2023-a-health-and-social-care-crisis-for-carers-in-scotland/>

<sup>5</sup> Ibid.

Every year, Carers Scotland publish The State of Caring<sup>6</sup> report which provides insight into the experiences of providing unpaid care in Scotland. In 2023, the survey received 1700 responses and headline findings included:

- 28% of carers are struggling to make ends meet, rising to 33% of carers who are providing care for 25 hours per week or more;
- 41% of those in receipt of Carers Allowance are struggling to make ends meet;
- 39% of parent carers are struggling to make ends meet; and
- 40% of disabled carers are struggling to make ends meet.

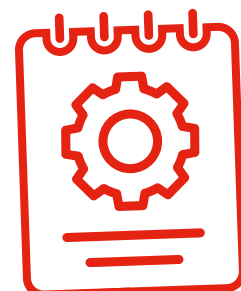
As a result of this financial insecurity, four in ten carer respondents were cutting back on

food and heating and one in ten were using foodbanks. Survey respondents also noted that they were cutting back on care services because they cannot afford them, highlighting the need to remove local authority/private care charges and to strengthen our social care system. Similarly, nearly half of respondents were paying for equipment out of their own income. While the new entitlement to five unpaid care days is welcome, many unpaid carers are unable to work due to inadequate social care, health and transport services. While the potential increase in financial support through the social security system is, of course, a vital aspect of the MIG, these findings also point to the need to increase investment in our critical public services. Only with an approach which encompasses social security, work and public services will we be able to build a secure social safety net that meets the needs of unpaid carers.

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<sup>6</sup> Carers Scotland (2023) State of Caring 2023: A health and social care crisis for carers. Available at <https://www.carersuk.org/reports/state-of-caring-2023-a-health-and-social-care-crisis-for-carers-in-scotland/>

# What does it mean to pilot an income supplementation programme?



The MIG is a relatively new policy proposal which has not been implemented anywhere in the world. A pilot was viewed by seminar attendees as important in understanding the logistics of the policy in practice. However, it was viewed as important to build collective understanding as to the purpose and objectives of any pilot. While the MIG is yet to be trialled, there have been pilots of alternative income supplementation models including the Universal Basic Income (UBI) which provide lessons and insight for those developing the MIG. Numerous pilots of UBI have taken place globally such as:

- A pilot with young care leavers in Wales;
- Unemployed people in Finland;
- Artists in Ireland; and
- A community pilot in Jarrow and Grange.

These targeted small-scale pilots offer insight as to how the MIG could be piloted with a particular population group or geography. While the targeting and tailoring of the MIG arguably renders it a more effective anti-poverty measure than the UBI, the principles of the policy make it more challenging to pilot

because of the multitude of interventions needed across fair work, services and social security. This contrasts with the universal and unconditional nature of the UBI.

Feasibility studies for a UBI pilot in Scotland ultimately concluded that such pilots were politically unfeasible within the current devolution settlement. This work thus noted that the Scottish Parliament does not have the necessary range of social security and tax powers to pilot a UBI scheme. Using the existing legislative and delivery powers would place significant restrictions on the pilot model design and potentially compromise learnings.<sup>7</sup>

The pilot project with young care leavers in Wales built upon the Scottish feasibility studies and compromised elements to ensure political feasibility. For example, the selection of young care leavers as the pilot group minimised the interaction with legacy and reserved benefits. Participants received £1,280 a month after tax for 24 months. Every care leaver that turned 18 between 1 July 2022 and 30 June 2023 was invited to participate, with an uptake rate of 97% (641 young people). Critically, this project provides evidence of viability for this type of pilot – establishing

<sup>7</sup> Scottish Government (2022) Minimum Income Guarantee Steering Group: Background on the minimum income guarantee and basic incomes available at <https://www.gov.scot/publications/minimum-income-guarantee-steering-group-background-on-minimum-income-guarantee-and-basic-incomes/#:~:text=The%20key%20conclusion%20of%20the,the%20Steering%20Group's%20preferred%20model>

fully operational methods for delivery and evaluation. The full evaluation is expected in 2026 which will analyse data relating to mental health wellbeing; physical health; financial literacy and security; community cohesion and engagement; poverty; and access to paid work and education. This report will again provide insight for implementation of a MIG pilot in Scotland.

The annual report of the pilot in February 2024 provided some *“early insights into the complexity of implementing it [UBI] with a geographically dispersed group of young adults facing a range of barriers in comparison to the general population”* alongside methodological challenges in evaluation. Early evaluation shows positive impacts for the young people participating, including access to leisure activities and opportunities to enter good quality work and education opportunities.

This pilot also provides lessons for some of the framing and potential push-back on the MIG, including the level at which the MIG is set. This is a key consideration for the Poverty Alliance’s advocacy on the MIG, covered throughout this project, but also the focus of our sixth engagement session. The amount of basic income provided to young people within the Welsh pilot was calculated as being consistent with the real Living Wage at the point when the scheme was being devised (November 2021), aiming to account for the true cost of living. This was viewed as providing insight for the participants into what it is to manage a ‘realistic’ wage, which was also subject to tax.

Among professionals engaged in the design and delivery of the pilot, there were some concerns relating to the vulnerabilities of the group (including the possibility of exploitation and substance misuse). In several focus groups, Personal Advisors were also critical of recipients receiving what they perceived to be a comparable income to their own income derived from full-time work. One Personal Advisor stated: *“I think, from our point of view, it was quite hurtful, ‘cause these young people are getting paid more than I’m getting paid, and I’m the one that is having to deal with all the stress and the work on it. And then they actually get paid every month when they claim their tax back, more than me. That’s like a bit sour.”* These sentiments are likely to be raised within the context of the MIG, pointing to the need for a narrative that highlights the value that we all gain from a society where everyone has enough for a decent and dignified life.

The pilot report also overlaps with some of the considerations relating to the labour market and conditionality. One of the unanswered questions regarding the MIG is the potential of conditionality being applied to the payment, and what this may mean for the incentives of entering paid work or increasing working hours. The annual report of the Welsh pilot notes *“the unconditional nature of the basic income was largely unsupported by professionals, who criticised this aspect of the scheme”*. For example, one team leader stated: *“At the moment, they are getting that amount for not having to do anything in return. So, I think some form of apprenticeship training, something along those lines, would have been more beneficial,*

*and more productive, because it would have shown them exactly what it would have been like, in reality, to earn money but have to do something in return.”* Comments of this nature were defined as ‘typical’ of the concerns by the authors of the annual report, and likely provide insight into the potential pushbacks of a MIG that has little, or no, conditionality attached.

On the other hand, however, there were concerns regarding the application of any standardised conditions such as like saving a set proportion of the income, undertaking skills and training or entering employment to a diverse group with varying needs. One of the findings related to the participants being able to make choices regarding their career, not being forced into taking insecure and low-paid work in order to make ends meet, and to provide opportunities for individuals to make choices for their future in terms of undertaking education or training. Again, this provides insight into the potential of the MIG in enabling people to have greater freedom in their lives.

Related to notions of increased choice and freedom, professionals reported examples where the basic income had increased the opportunities available to young care leavers. For example, in respect of the opportunities the basic income opened up for young people’s leisure activities, a Head of Service reported: *“some of our kids have gone on holiday for the first time, how beautiful is that? Like, that’s something ... that’s what we want them to be experiencing. Those normal, typical things.”*

While a pilot of the MIG may be more challenging to implement, due to the overlapping policy considerations which go beyond a single payment, lessons regarding the logistics of piloting with a particular group and in providing robust evaluation can be found within the Welsh pilots. There are also valuable insights relating to scope, data collection and measurements of success.

# Discussion points and questions for consideration



Seminar attendees had the opportunity to discuss, in groups, the approach to a potential pilot of the MIG with unpaid carers. Some key considerations included:

**→ Within the context of a pilot, it will not be possible to ‘test’ the entirety of the MIG across work, services and social security**

Within a pilot, regardless of whether it is targeted to a locality or particular population group, it will not be possible to implement the full suite of interventions which underpin the MIG. A MIG pilot is likely, therefore, to be focused on social security interventions as there are significant challenges to making changes to the labour market or public services changes – such as increased funded childcare entitlement, free/discounted travel and removal of social care charges – within the context of a time-limited pilot. This makes it difficult to ‘test’ the expansive policy and instead necessitates piloting part of the MIG. We must therefore be clear about the deliverables, and limitations, of the pilot.

**→ A pilot of the MIG provides useful insight into outcomes and feasibility but should not be used as the sole test of viability**

It is likely that any pilot of the MIG with unpaid carers will provide useful data, insights and deliver the opportunity to test the principles of the policy. However, the pilot

is unlikely to provide a complete picture of the opportunities of MIG. While our seminar indicated fairly strong support for the pilot if it can be utilised to support wider policy changes. It is also the position of the Poverty Alliance that an initial pilot with unpaid carers is welcome. However, it is important that this pilot alone does not dictate the future feasibility of the policy. The outcomes of a MIG which includes interventions across social security, work, and services will be broader than a pilot which covers social security alone. The data emerging from the pilot should not be used to measure the potential impact of a full roll-out.

**→ The evaluation of any pilot should be viewed as an opportunity to push for policy changes that form interim steps towards the MIG**

A pilot will provide some insight into the benefits of increased financial security for unpaid carers. It may function as a lever for other policy changes, with the data and outcomes pointing to the need for policy changes such as increasing the rate of Carers Allowance or changes to eligibility criteria to ensure more carers are able to access financial support. The anti-poverty movement and wider civil society should be clear around the opportunities of a pilot in achieving interim steps towards the ‘full’ MIG and be prepared to advocate on this basis.



**→ We must be clear in how we define ‘unpaid carers’ for the purpose of the pilot**

The pilot should adopt a broad definition of unpaid carers, not limited to those who are in receipt of Carers Benefit and inclusive of those who may not be typically understood as unpaid carers (e.g. those supporting individuals with alcohol or drug dependency). These definitions and approaches must be culturally sensitive and based upon self-assessment, replicating Social Security Scotland’s approach to disability benefits.

Relatedly, there is a need to improve data relating to unpaid carers in Scotland. The low levels of eligibility for Carers Benefit makes this data insufficient in identifying unpaid carers across Scotland. There is also a need for clarity in messaging and approach as to whether unpaid carers across Scotland will be eligible, or whether this is limited to a certain locality. Any Scotland-wide pilot with unpaid carers must reflect the differing access to services and support availability at local authority level within design and evaluation.

**→ Co-production must be a core principle for the design and delivery of the MIG**

The policy design must amplify the voices of unpaid carers, ensuring they are consulted on the design, delivery and promotion of the policy. This should ensure that the MIG is rooted in dignity and respect, utilising language and approaches that align with the needs of unpaid carers.

**→ Emphasis should be placed on building partnerships with pre-existing networks and organisations working with unpaid carers, rather than the creation of new structures**

Building relationships with organisations who have trusted relationships with unpaid carers is essential for buy-in and support. This will encourage take-up; overcome cynicism about the system or changes; and assist in developing accessible communications. Prioritising partnerships with pre-existing networks and organisations was seen as critical to meeting carers and their representatives where they already are. By contrast, the creation of new structures could foster distrust and prevent buy-in.

**→ The majority of unpaid carers are women, and there needs to be consideration of the gendered dimensions of care within the design of the MIG**

Around 60% of unpaid care in Scotland is provided by women,<sup>8</sup> which necessitates a gendered approach to the design and delivery of the pilot with unpaid carers. Gender mainstreaming is a strategy to proactively embed gender analysis in all policy and legislative development. This should include the use of gender-sensitive, sex-disaggregated data to adequately reflect gendered differences and inequalities in the situation of women and men.<sup>9</sup>

<sup>8</sup> Scottish Government (2022) Carers Census, Scotland 2021-22 available at <https://www.gov.scot/publications/carers-census-scotland-2021-22/pages/information-on-carers/#:~:text=Around%20three%2Dquarters%20of%20carers,of%20unpaid%20carers%20were%20female>

<sup>9</sup> An example of gender-sensitive sex-disaggregated data would not only present women’s employment rate but also use data that reflects why women’s experiences of employment are different from men’s including, for instance, women’s greater responsibility for unpaid care.

Addressing the undervaluation of unpaid care is critical to ensuring take-up of a MIG. Many unpaid carers do not recognise themselves as such, with research from Carers Scotland highlighting that over two thirds of adults in Scotland (68%) who currently provide unpaid care or have provided care in the past have never identified or called themselves a carer.<sup>10</sup> Not identifying as a carer means unpaid carers could be unaware of, and not receive, important practical and financial support. Greater value and recognition of care may help with the greater identification of unpaid carers.

More broadly, women are more likely to be living in poverty; are more reliant on social security and public services; and face barriers in the labour market. It is therefore critical

that gender considerations are mainstreamed throughout the design of the policy. There needs to be consideration of intrahousehold resource allocation to learn the lessons of Universal Credit delivery and satisfy the human right to an adequate standard of living. Individual payments are inherent to UBI, but the design of the MIG has considered both household and individual payments. Attendees noted that the adopted model for MIG must provide individual payments by default to mitigate against violence against women, minimising opportunities for financial abuse and coercion. With a wealth of evidence around the negative implications of the household payment model within Universal Credit,<sup>11</sup> it is vital that the MIG responds to these concerns.

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<sup>10</sup> Carers Scotland (2023) 'Millions of unidentified unpaid carers have missed out on support in Scotland' available at <https://www.carersuk.org/press-releases/millions-of-unidentified-unpaid-carers-have-missed-out-on-support-in-scotland/>

<sup>11</sup> See Women's Budget Group (2021) Distribution of Money within the Household and Current Social Security Issues for Couples in the UK available at <https://wbg.org.uk/wp-content/uploads/2021/01/Money-in-the-household-FINAL-with-cover-2.pdf> and End Violence Against Women (2018) Universal Credit and Financial Abuse: Exploring the Links available at <https://www.endviolenceagainstwomen.org.uk/wp-content/uploads/2018/06/FINAL-full-report-financial-abuse-and-uc.pdf>

# Our collective priority areas of action



Attendees were asked to identify priority areas of action across policy changes and the activities needed to build buy-in for the policy. In line with the route map of the MIG, attendees plotted these policies across immediate and intermediate priorities.

## **Immediate priorities for the Scottish Government:**

- Develop a communications strategy for the MIG, and the core interim policy asks, with the aim of building public support. This should include reflecting pre-existing research on the risks and harms of the conditionality that is built into current support.
- Adopt a gendered design of the MIG, embedding primary prevention of violence against women. This should include introducing split, individual payments by default.
- Establish clarity as to who would be included in a MIG pilot with unpaid carers, and what data will be used to identify eligible individuals.
- Build relationships with pre-existing carers organisations (including local carers centres and national carers organisations) to ensure the widest possible reach to unpaid carers across Scotland, and to build trust with this population group.
- Ensure co-production informs the design and delivery of the policy, including how the MIG is promoted to unpaid carers.
- Ensure adequate investment in public services to support unpaid carers, including social care, health and childcare. This should focus not only on meeting basic needs, but also realising rights to social activities and to participate in society (e.g. providing respite care). Without this, the MIG will merely be plugging holes.
- Signpost to pre-existing support and encourage greater take-up of the support to which unpaid carers are already entitled. This may also require changes to eligibility criteria to ensure more people get access to financial support (e.g. widening thresholds for Council Tax Reduction).
- Ensure that entitlement and application to the pilot, or roll-out, of the MIG is simple to prevent barriers to uptake and ensure accessibility to the most marginalized.

## **Intermediate priorities for the Scottish Government:**

- Monitor the results of the pilot, and ensure robust evaluation of the policy including:
  - Collecting robust data on who is benefitting from the MIG, and who is missing out on the policy. Within this, there is a need to improve data collection relating to unpaid carers;
  - Detailed evaluation of any conditions and means testing regarding uptake and experience of the MIG;
  - Evaluating the capacity of services relevant to the MIG: how they are used and what changes or investment are required;
  - Establish data partnerships to ensure robust data is gathered on impact and evaluation, including developing baseline measurements; and
  - Recording impacts for unpaid carers, and the people they support, including the impacts on health, wellbeing and employment, as well as broader economic benefits.
- Ensure the MIG is placed within a wider social security system that is based on trust, freedom and dignity, and that MIG does not threaten eligibility to wider social security support.
- Make changes to the earnings threshold and caring hours requirements for Carers Allowance, including uprating the earnings threshold in line with inflation as a minimum; consider reducing the number of caring hours required; and addressing the impact of hospital stays on entitlement.
- Ensure that any pilot, or roll-out, of the MIG is not undermined by public body debt recovery.



The Poverty Alliance is Scotland's anti-poverty network. Together with our members, we influence policy and practice, support communities to challenge poverty, provide evidence through research and build public support for the solutions to tackle poverty. Our members include grassroots community groups, academics, large national NGOs, voluntary organisations, statutory organisations, trade unions, and faith groups



abrdn Financial Fairness Trust has supported this project as part of its mission to contribute towards strategic change which improves financial well-being in the UK. The Trust funds research, policy work and campaigning activities to tackle financial problems and improve living standards for people on low-to-middle incomes in the UK. It is an independent charitable foundation registered in Scotland (SC040877).