

OCTOBER 2024

Drawing a line under poverty with the Minimum Income Guarantee

EXECUTIVE SUMMARY



With one in five people (22%) having their life chances restricted by the injustice of preventable poverty, it is clear that the safety net in the UK is insufficient. Our social security system is failing the people it is intended to support, and we continue to see structural problems in our labour market which means that work is not always a sustainable route out of poverty.

One of the policy solutions that has emerged in response to these issues is the Minimum Income Guarantee (MIG), an idea centred on setting a minimum income level below which nobody would be allowed to fall. The MIG is more than just a social security proposal. It is made up of three complementary parts: changes to our labour market so that more people can access fair work; renewal of our basic and essential services to reduce the cost of living for low-income households, and; strengthening of our social security system, including the creation of a MIG payment.

While the MIG represents a universal Guarantee, which is open to all, it will primarily benefit households living on the lowest incomes. It is also tailored to individual household circumstances taking

into account, for example, disability or the number of children in the household. We believe that the MIG has transformational potential as a practical proposal to progress financial security for all.

The Scottish Government has made a welcome commitment to the MIG and has established a Steering Group and Expert Group to take forward this proposal. While a small number of civil society organisations are engaged in these formal processes, we know that there is a need for broad-ranging civic engagement if we are to ensure implementation of the policy. A barrier to this broader support is the lack of knowledge of, and engagement in, the concept of MIG.

The Poverty Alliance worked with civil society to build awareness and support for the implementation of a MIG among those working to address poverty in Scotland. This report collates the key findings of the initial phase of that project. We held six in-person seminars across Scotland, with 116 attendees, focused on the immediate next steps for delivery over the next three years.

Our Findings

- **Civil society demonstrated widespread enthusiasm for the MIG** and the idea of the Scottish Government adopting a more substantive approach to addressing poverty, believing that continued high rates of poverty cannot be justified in a wealthy country like Scotland, necessitating bold policy proposals like the MIG.
- **In some areas, we were able to establish clear consensus on priority interim steps** and the principles which should underpin the policy. However, **other points of discussion underscored the continued lack of clarity** on how aspects of the policy may work in practice.
- It was therefore **viewed as pivotal that the forthcoming final report of the Expert Group establishes clear parameters for the MIG**, particularly in the realms of the devolution settlement; the role of fair work; and how the Scottish Government will meet the costs associated with the policy.
- In light of the parameters of the devolution settlement, **a critical question related to the scope of our advocacy and the critical role of the UK Government**. If we want to progress this policy, and progress at pace, a key conclusion of our work was the need for civil society to move beyond an insular focus on the Scottish Government alone.
- As a result, **we must consider the actions needed at UK-level, particularly around the strengthening of our social security system** through a focus on adequacy and the removal of policies like the two-child limit.
- **In the aftermath of the general election, we should also consider what can be achieved via renewed intergovernmental relations** – the MIG could function as a laboratory of policy in the manner that devolution was intended to be.
- **Civil society raised questions about the role of employers and fair work in the delivery of the MIG**. This is particularly important as public polling continues to show support for fair work as the best route out of poverty, and early press coverage has raised questions of work incentives within the MIG. A lack of clarity in this space will create a key barrier to public and political support.
- This question extends to the role of conditionality in the MIG. A **majority of organisations engaged in this project supported a system free of conditionality**, informed by evidence relating to the damage associated with the current system. **However, others highlighted that a system entirely free of conditions will likely make it more difficult to gain public support**.
- **Building a strong public narrative framework to support the MIG has been a recurrent theme and top priority in engagement with our members**. Indeed, public awareness of the MIG remains fairly low, in part reflecting the low-levels of civil society and political engagement in the policy. This renders clear, effective communication of particular importance as we enter the period of implementation.



Recommendations

We have found that developing a roadmap to the MIG is an important means of gaining civil society buy-in for the policy. This involves viewing MIG as a destination and recognising that a number of interim steps exist on the road to delivery. The key findings of phase one of this project provide insight into civil society priorities for those potential interim steps. **Civil society called on the Scottish Government to improve the adequacy of pre-existing social security entitlements including Carers Allowance; the Scottish Child Payment; and Adult Disability Payment.** There was also a need to **address the**

high cost of living by strengthening our public services, including increasing the funded childcare entitlement for low-income households; removing social care charging; and expanding concessionary travel. These recommendations can form the basis of a roadmap to the MIG.

In addition to these interim steps for delivery, the findings also give rise to a number of pressing recommendations which relate to the design and development of the policy. These recommendations form a foundation to building public, political, business and civil society support for the policy.

Key recommendations for the next phase of development:

- The Expert Group should consider developing a roadmap to accompany the publication of their final report, and civil society should use this approach in our advocacy on the policy.
- Within the current devolution settlement, the Scottish Government can, and must, make a substantial contribution to the delivery of a MIG in Scotland. Civil society demonstrated consensus for the Scottish Government utilising all of the powers at their disposal across fair work, public services, taxation, and social security to progress the policy.
- We must consider the actions needed at UK-level, particularly in the realm of social security, and what can be achieved via collaborative approaches. Civil society must broaden the focus of our advocacy to cement the critical role of the UK Government in realising the potential of a 'full' MIG. The Expert Group should also be clear in their final report as to the critical role of the UK Government in delivery.

- The Scottish Government and the Expert Group must ensure that the development of the MIG takes active account of equalities considerations, adopting mainstreaming approaches to embed the needs of groups who have increased risk of poverty. In particular, the Expert Group must be clear how the policy will actively embed the needs of disabled people.
- The Scottish Government, alongside think tanks and researchers, must develop strong evidence on the cost of poverty, both in terms of day-to-day costs and the longer-term financial implications of the restrictions poverty places on people's lives. This should include better defining and quantifying the benefits of preventative spend.
- The Scottish Government should work to develop framing for the policy, but civil society must also work together to build a shared narrative. We have found support among civil society for the values of security, community and freedom as building blocks of this narrative framework.
- 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. This necessitates 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.
- The costs associated with the MIG are high but viewed as essential and justified by civil society. The Scottish Government must put forward a positive case for these costs, including clarity as to how they will be met. In this space, taxation is an important tool, but it is time to broaden our focus beyond income tax to include consideration of wealth taxes and Council Tax reform.



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).