Universal Basic Income and Services

A Just Society Policy Paper

October 2025

Executive Summary

Britain can end poverty by guaranteeing everyone both an income floor and access to essentials. This paper proposes a phased Universal Basic Income delivered through the tax system, paired with guaranteed energy, transport, digital access and housing. The approach is simple: unconditional cash for autonomy, guaranteed services where markets fail.

In 2023-24, 31% of children lived in relative poverty after housing costs. A single adult needs gross earnings of around £30,500 to reach the Minimum Income Standard, yet many full-time workers fall short. Meanwhile, 4.3 million people cannot afford adequate heating, and the legal broadband minimum of 10 Mbps is insufficient for multi-user households.

The programme starts with a Universal Basic Income at 50% of the Minimum Income Standard, rising to full coverage over eight years. Every resident receives it automatically through HMRC, with supplements for disabled people and unpaid carers. Legacy means-tested benefits are gradually consolidated, conditionality removed, and people keep the payment whether they work or not.

Five essential services become guaranteed rights: protected energy tariff covering basic needs, free off-peak bus and light-rail travel nationwide, universal 100 Mbps broadband, expanded social housing through a National Housing Acquisition Fund, and comprehensive childcare from age one.

Financing relies on benefit consolidation, personal allowance redirection, land value taxation, and progressive wealth taxation. The wealth levy provides approximately £18-22 billion annually (one-quarter of net cost), funding child poverty elimination, care guarantee, and green transition. Total net cost is £70-75 billion annually at full implementation, or 3.0-3.2% of GDP.

The target is elimination, not reduction. Relative child poverty falls below 5% within eight years. Employment is protected through safeguards triggering review if prime-age participation falls unexpectedly. Regional cost differences are addressed through expanded social housing and service weights, not cash adjustments that leak into rents.

Implementation is phased over eight years with pilots, dual-running during transition, and shadow testing for vulnerable groups. An independent Basic Income Commission reviews outcomes before Parliament entrenches the scheme.

Evidence from Finland shows unconditional cash reduces administrative burden and improves wellbeing without reducing employment. Alaska's 40-year universal dividend shows no employment fall and a small rise in part-time work, suggesting cash supports local demand.

Funding Universal Opportunity: The Role of Progressive Wealth Taxation

This policy requires **£70-75 billion in net annual funding** at full implementation. Approximately **£18-22 billion (25-30%) comes from the progressive wealth levy** detailed in our Limitarianism policy, specifically funding:

- **Child poverty elimination and early years** (£5-6bn): Universal childcare from 6 months, abolish two-child cap, Child Benefit to £30/week, free school meals
- **National care guarantee** (£4-5bn): Lifetime cap on care costs, free personal care, Living Wage for care workers
- **Green transition and community energy** (£3-4bn): Insulate 1 million homes annually, community energy, expanded transport

The remaining £50-55 billion comes from benefit consolidation (£120bn), personal allowance redirection (£140bn), increased income tax from high earners (£15bn), land value taxation (£20bn phased), and reduced housing benefit as social housing expands (£5bn).

Without progressive wealth taxation, UBI & Services remain unaffordable. With it, we have fiscal foundation for transformative change. The wealth levy provides additional revenue beyond benefit consolidation, while directly addressing wealth concentration that undermines democratic equality.

For full wealth levy details, see www.ajustsociety.uk/policy/limitarianism.

The Case for Change

Aisha, 29, works variable hours in domiciliary care. In thin months, her pay falls below the £30,500 needed for the Minimum Income Standard. Her landlord raised rent 5.9% in line with UK averages. The legal broadband floor is 10 Mbps—insufficient for job portals and video GP consultations simultaneously. When a rota change caused a missed DWP appointment, her benefit was suspended for weeks. She juggles bus fares, energy top-ups and rent to avoid arrears.

Under this package, a Universal Basic Income arrives automatically each month regardless of work patterns. A protected energy block prevents winter spikes. Off-peak free bus travel cuts commuting costs. 100 Mbps broadband ends the single-device bottleneck. If she falls ill or reduces hours to care for a relative, nothing stops. The shift is from precarity to security, from conditional survival to genuine choice.

When basics are unstable, freedom contracts. You cannot train for better work when you cannot afford the bus fare. You cannot apply for jobs when broadband cuts out. You cannot leave an abusive relationship with nowhere to go and no income. Poverty is not personal failing; it is policy choice, maintained by systems designed to ration support and police the poor.

Evidence from Finland's national trial found small employment effects, lower administrative hassle and better wellbeing. Alaska's universal dividend, running since 1982, shows no fall in overall employment and a modest 1.8 percentage-point rise in part-time work. People use unconditional cash to care for children, retrain, start businesses, reduce hours in exploitative jobs. Labour market participation does not collapse; it rebalances.

This package removes conditionality entirely. No sanctions, no compulsory interviews, no suspensions. People are trusted to make decisions about work, care, education and rest. That trust is evidence-based and morally necessary.

Outcomes and Principles

Poverty elimination. Relative child poverty below 5% by year eight, aligning with Limitarianism targets. Material deprivation among disabled adults falls by two-thirds within five years.

Employment safeguards. Prime-age employment remains stable or increases. If employment falls more than two percentage points below baseline for two consecutive quarters, independent commission investigates and Parliament reviews.

Reduced inequality. Gini coefficient falls materially, with bottom quintile income share rising by at least five percentage points within eight years.

Administrative simplicity. Benefit-related enquiries to Citizens Advice fall 60% within three years. DWP fraud and error rates below 1%.

Design follows least restriction: unconditional cash where autonomy matters, guaranteed services where markets fail systematically.

The Solution: Seven Core Reforms

1. Universal Basic Income through the tax system

What: Every UK resident receives automatic monthly payment via HMRC. Starts at 50% of Minimum Income Standard (£15,250 annually for single adults), rising to full MIS by year eight. Unconditional: arrives regardless of work status, earnings, household composition. Initially branded "Starter Dividend" during rollout, becoming Universal Basic Income at full implementation.

Child Benefit and personal tax allowance converted into the dividend. Means-tested benefits gradually consolidated. Disability benefits remain as supplements recognising extra costs. Delivery uses existing HMRC infrastructure; unbanked receive basic-income accounts automatically.

Evidence: Finland's trial (2,000 unemployed, €560 monthly) found no employment reduction, improved wellbeing and reduced administrative burden. Alaska's Permanent Fund Dividend (40+ years, universal) shows no overall employment fall, 1.8 percentage-point rise in part-time work, suggesting local demand support.

Cost: £290bn gross for 50% MIS. Offsetting benefit consolidation and allowance redirection reduces net to £45bn for cash component. Combined with services: £70-75bn total net cost (3.0-3.2% GDP).

2. Protected energy tariff

What: Every household receives basic energy allocation at protected tariff. Allocation covers essential heating, lighting, cooking based on smart-meter data. Consumption above block charged at market rates. Ofgem defines block annually with adjustments for larger households, disabled people, children, elderly. Suppliers reimbursed monthly. Automatic, universal eligibility.

Evidence: 4.3 million households in fuel poverty. Cold homes linked to excess winter deaths, respiratory illness, mental health deterioration. NHS costs from poor housing: £1.4bn annually.

Cost: £8.6bn annually (£300 average subsidy for 28 million households plus £200m smart-meter infrastructure).

3. Free off-peak bus and light-rail travel

What: Free bus/light-rail during off-peak (weekdays after 09:30, before 16:00, plus weekends). Peak fares capped £2 per journey. Contactless infrastructure; off-peak automatically free. Operators reimbursed monthly based on passenger data. Nationwide, integrated with local systems.

Evidence: Scotland's under-22s scheme improved access to education, employment, leisure. 38% made journeys they wouldn't have otherwise, showing latent demand released by removing cost barriers.

Cost: £6bn annually (£4.5bn farebox replacement plus expanded service provision).

4. Universal 100 Mbps broadband

What: Raise legal minimum from 10 Mbps to 100 Mbps download, 20 Mbps upload, reflecting multi-user needs and international best practice. Every household can request connection meeting this standard. Government funds build-out where not commercially viable. Providers must offer tariff at/below £30 monthly meeting the floor.

Note: Hard-to-reach rural/remote areas may use 30 Mbps fixed-wireless as interim (years 1-3), with ongoing investment toward 100 Mbps.

Evidence: 1.5 million homes don't meet current 10 Mbps threshold. Digital exclusion prevents access to Universal Credit, job sites, video GP appointments, remote education. Pandemic demonstrated broadband is essential infrastructure.

Cost: £7.2bn over five years (£1.2bn annually infrastructure, £600m ongoing subsidies for uneconomic areas = £1.44bn annually averaged).

5. National Housing Acquisition and Building Fund

What: £25bn annual capital investment (years 1-5, £125bn total) to acquire private rental stock converting to social rent, and fund new social housebuilding. Two streams: acquisition (50,000 homes annually at £200k average, prioritising properties with Housing Benefit tenants); building (100,000 new homes annually at £150k per unit). Social rent capped 50% of local median market rent. Lifetime tenancies.

Evidence: King's Fund: good housing linked to better health, potential £1.4bn NHS savings. National Housing Federation: 100,000 homes annually creates 140,000 jobs, generates £36bn economic activity.

Cost: £25bn annually capital (years 1-5). Ongoing management offset by rental income and Housing Benefit savings (£5bn annually by year five).

6. Disability supplements and Care Credit

What: Disability supplements continue automatically for everyone receiving PIP, DLA, Attendance Allowance. No new assessments. Amounts remain current levels, indexed annually. Care Credit for unpaid carers (20+ hours weekly): £150/week as cash or convertible to respite/NI credits. Self-certification with sample audits.

Local advisory panels include disabled people, carers, service users. Annual dashboards publish disaggregated data by disability, ethnicity, gender, region.

Evidence: 5 million people provide 20+ hours unpaid care weekly; 600,000 left employment to care full-time. Economic value: £132bn annually. Carers disproportionately in poverty. Disabled people face £583 monthly extra costs average.

Cost: £4.7bn (Care Credit only; disability supplements are existing £40bn spend, not additional).

7. Location factor for high-cost areas

What: Adjusts UBI and services for regional cost differences. Uses Minimum Income Standard datasets (London MIS vs national). If London MIS is 125% of national average, 25% adjustment applies: **20% cash (£3,050 on £15,250 base), 80% services** (expanded social housing, larger energy blocks, enhanced transport, higher broadband subsidy). Prevents landlord capture. Reviewed annually; if rent inflation accelerates, shift more from cash to services.

Social housing expansion concentrated in high-cost areas, directly addressing cost drivers.

Evidence: London single adult needs £33,600 vs £30,500 nationally for MIS. London private rents 70% above UK average. Without adjustment, national rates consign Londoners to deeper poverty or force moves.

Cost: £5bn annually (£3bn cash for 9 million Londoners, £1bn enhanced services, £1bn other high-cost areas).

Financial Analysis

Programme Costs and Offsets (annual, £bn, 2025 prices)

Programme Costs	**Cost**
UBI at 50% MIS (67 million residents)	290.0
Protected energy tariff	8.6
Free off-peak transport	6.0
100 Mbps broadband	1.4
Housing Fund (capital)	25.0
Care Credit	4.7
Location factor	5.0
Gross annual cost	**340.7**
Offsets and Revenue	
Benefit consolidation (UC, HB, PC, CB)	120.0
Personal allowance redirection	140.0
Income tax from higher-rate changes	15.0
Progressive wealth levy (Limitarianism)	**18-22**

Land value taxation (year 5 target)	20.0
Top rate increase (45→50% above £125k)	2.0
Housing benefit savings (social housing expansion)	5.0
Total offsets/revenue	**320-324**
Net annual cost	**70-75**
% of GDP	**3.0-3.2%**

Phased rollout reduces early costs: Starting at 50% MIS year one halves UBI line, bringing net cost to ~1.5% GDP initially, rising to 3.0-3.2% by year eight.

Dynamic effects excluded: Health savings (£2-3bn), crime reduction (£1-2bn), improved educational attainment. Plausible but uncertain; not counted in core costings per Green Book guidance. Recognised in year-five reviews if robust and attributable.

Critical role of wealth levy: Without the £18-22bn from progressive wealth taxation, net cost would be £88-97bn (3.8-4.2% GDP), likely exceeding fiscal capacity. The wealth levy specifically funds child poverty, care and green transition programmes, making UBI & Services affordable.

Sensitivity scenarios: Publish variations for take-up (80-100%), employment responses (0-5% reduction), housing benefit savings, land value tax yield, and wealth levy yield (£14bn pessimistic, £18-22bn central, £25bn optimistic). Green Book optimism bias adds ~15% to central case.

Fiscal guardrails: Statutory ceiling at 4% GDP. If costs breach 3.5% GDP for two consecutive years, independent review triggers automatically.

International Evidence

Finland (2017-18): Randomised trial, 2,000 unemployed, €560 monthly. No employment reduction vs control. Improved wellbeing, stress reduction, confidence. Lower administrative burden.

Alaska (since 1982): Universal dividend (~$1,300 annually). No overall employment fall. 1.8 percentage-point rise in part-time work (retail, hospitality), suggesting local demand support not labour withdrawal.

Kenya (GiveDirectly): Cash transfers increased assets, consumption, wellbeing without reducing work. Investment in livestock, homes, businesses. Improved nutrition, school attendance.

Ontario (2017-19, cancelled): 4,000 participants showed improved mental health, reduced hospitalisation, increased education. Participants used income to leave exploitative jobs, return to education, care for relatives. Cancellation caused harm for those who'd made life decisions based on guarantee.

Switzerland (2016 referendum, defeated 77-23): CHF 2,500 monthly proposal rejected over affordability concerns, work incentives, immigration. Campaign lacked financing detail.

OECD caution: Labour-supply and distributional effects depend on design and financing. Poor design could increase poverty if replacing more generous targeted benefits without adequate compensation.

UK response: Build evaluation in from start. Pilots test effects before scaling. No-detriment guarantee for vulnerable groups during transition.

Implementation and Timeline

Years 0-2: Pilot Phase

Two large-scale randomised pilots (20,000 participants each): one high-cost urban (London/Manchester), one lower-cost region. Test full package: UBI 50% MIS, energy tariff, free transport, 100 Mbps broadband. Control groups receive existing benefits. Evaluate employment, income, wellbeing, administrative burden after 18 months. No-detriment guarantee; voluntary migration.

Years 3-4: National Rollout Phase One

Convert Child Benefit and personal allowance into Starter Dividend via HMRC. Dual-run legacy and new systems 12 months. Migration Ombudsman for disputes. Roll out free off-peak transport and 100 Mbps broadband nationally. Establish Housing Fund, begin acquisitions.

Years 5-6: Full UBI Implementation

Increase to 75% MIS. Consolidate UC, HB, PC. Shadow runs for vulnerable groups until zero payment failures for two consecutive months. Protected energy tariff launches nationally. Land value taxation begins (0.5% rising to 2% over five years). Wealth levy now generating full £18-22bn.

Years 7-8: Full Programme and Entrenchment

Raise to 100% MIS. All working-age means-tested benefits (except disability supplements) replaced. Care Credit launches. Social housing expanded by 500,000 units. Independent Basic Income Commission reviews outcomes. Parliament votes on entrenchment (60% supermajority required to repeal). Fiscal guardrails remain.

Risks and Mitigations

Fiscal risk: Costs may exceed projections. Mitigation: Exclude speculative savings. Publish downside scenarios. Apply Green Book 15% optimism bias. Statutory ceiling at 4% GDP triggers review at 3.5%.

Work incentives: Employment might fall. Mitigation: UBI as floor not ceiling—work always pays (no withdrawal). Employment safeguard: if prime-age participation falls >2 percentage points for two quarters, independent investigation. Finland/Alaska evidence reassuring.

Transition complexity: System failure could harm vulnerable people (cf Universal Credit). Mitigation: Dual-run 12+ months. Shadow testing until zero failures. Migration Ombudsman with emergency payment powers. Human review rights. Delay if testing reveals problems.

Regional equity and rent inflation: Cash adjustments may leak into rents. Mitigation: Location factor weighted 80% services, 20% cash. Concentrate social housing expansion in high-cost areas. Monitor rent inflation quarterly; adjust ratio dynamically.

Political backlash: Opposition will focus on "scroungers," work disincentives, cost. Mitigation: Frame as security for everyone (workers, carers, students, retirees). Publish transparent outcome data. Link to wealth taxation showing fair contribution. Build cross-party support.

Wealth levy dependency: If levy underperforms (£14-16bn not £18-22bn), £4-6bn fiscal gap. Mitigation: Slower UBI phase-in (stay at 75% MIS longer), temporary service reductions, increased land value tax rates, higher top marginal income tax. Multiple revenue levers, not single-source dependency.

Conclusion

Britain can eliminate poverty. The tools are available, evidence strong, fiscal cost manageable **when combined with progressive wealth taxation**. Universal Basic Income paired with guaranteed services would expand real freedom, simplify support, recognise regional differences. It replaces a punitive, complex, failing system with one built on trust, dignity and inclusion.

The current approach is morally indefensible and economically wasteful. We spend billions managing destitution through crisis services, rent subsidies enriching landlords, bureaucratic systems that humiliate while failing to provide adequate support. In-work poverty rises, child poverty remains at 31%, disabled people face material deprivation rates twice the national average. The system is expensive, cruel and ineffective.

This package offers an alternative. Automatic, unconditional cash gives people agency. Guaranteed energy, transport, broadband, housing and childcare ensure essentials are never at risk. Supplements recognise different needs without intrusive assessments. Location factors and expanded social housing address regional cost differences.

The integration with wealth taxation is essential. Without the £18-22 billion annually from the progressive wealth levy, net cost reaches 3.8-4.2% GDP—likely exceeding fiscal capacity. With the wealth levy funding child poverty elimination, care guarantee and green transition, net cost falls to 3.0-3.2% GDP. Tackling extreme wealth concentration and building universal opportunity are not separate projects; they are two sides of the same transformation.

Implementation must be cautious, staged, evidence-led. Pilots test systems before national rollout. Dual-running prevents payment failures. Shadow testing protects vulnerable groups. Independent commission reviews outcomes before entrenchment. Fiscal guardrails and employment safeguards protect against downside risks.

The cost is significant but proportionate. At 3.0-3.2% GDP (with wealth levy), the programme costs approximately annual NHS spending increases, delivering benefits across poverty reduction, public health, crime prevention and economic participation. Financing relies on progressive wealth taxation, benefit consolidation, personal allowance redirection and land value taxation. The wealthiest 10% pay modestly more; the bottom 50% gain substantially. That is investment in a society where everyone has foundations of freedom.

Poverty is not inevitable. It is a political choice, made yearly through budget decisions prioritising tax cuts over security. Child poverty could be eliminated within a decade. Fuel poverty could end. Homelessness could become rare. Disabled people could live without constant financial stress. Unpaid carers could have time to rest without facing destitution. These outcomes are achievable. The question is whether we value them enough to build the systems that deliver them.

A Just Society believes we do. This policy, integrated with our Limitarianism proposal, shows how.

Download the full policy paper: https://ajustsociety.uk/policy/universal-basic-income-and-services
Contact: policy@ajustsociety.uk
Published: October 2025

A Just Society is a UK-based progressive think tank working for freedom, dignity and equality for all.

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Note on Integration: This policy should be read alongside our Limitarianism proposal. The wealth levy provides essential revenue infrastructure (£18-22bn annually) that makes universal basic income and services fiscally viable. Together, they form a coherent programme: tax extreme wealth to fund universal opportunity.