

Comparing some scenarios of current benefits support with a basic income element included



GARETH MORGAN
FERRET INFORMATION SYSTEMS

Complexities



- **Legacy benefits and Universal Credit**
 - Some use gross income as resources base
 - Some use net earnings and income
 - ✦ **Increased tax allowances increase net income and reduce means-tested benefits**
 - Different disregards of earnings
 - Complex rules about hours of work needed to access



BI Scheme



- 2017/2018 tax and benefit schemes
- BI Scheme
 - Citizen's Pension per week (existing state pensions remain in payment) £40
 - Working age adult Citizen's Basic Income per week £63
 - Young adult Citizen's Basic Income per week £50
 - Children per week £20
- Basic income treated as earnings
- No tax allowances, 3% added to tax rates
- NI Threshold reduced to zero



Method



Couple one working, £10,000pa - £30,000pa, £120pw Rent, 2 - 6 Children	Couple one working, £10,000pa, £120pw Rent, 2 Children		Couple one working, £20,000pa, £120pw Rent, 2 Children		Couple one working, £30,000pa, £120pw Rent, 2 Children	
	Current System	Universal Credit	Current System	Universal Credit	Current System	Universal Credit
	2017/2018 Weekly	2017/2018 Weekly	2017/2018 Weekly	2017/2018 Weekly	2017/2018 Weekly	2017/2018 Weekly
Gross Earnings / Net Profit	£192.31	£192.31	£384.62	£384.62	£576.92	£576.92
Net Earnings - after Income Tax and N.I.	£188.07	£188.07	£324.61	£324.61	£455.38	£455.38
Benefits & Credits Income						
Working Tax Credit	£63.70		£0.00		£0.00	
Child Tax Credit	£117.40		£102.25		£23.41	
Housing Benefit	£59.28		£21.78		£0.00	
Council Tax Reduction	£5.35	£13.40	£0.00	£3.30	£0.00	£0.00
Income Based JSA	£0.00		£0.00		£0.00	
Pension Credit	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Child Benefit	£34.40	£34.40	£34.40	£34.40	£34.40	£34.40
Other Income	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
Universal Credit		£261.32		£175.31		£92.92
Total Income	£468.20	£497.20	£483.04	£537.61	£513.19	£582.70
Citizens Income Scheme B						
	Current System	Universal Credit	Current System	Universal Credit	Current System	Universal Credit
	2017/2018 Weekly	2017/2018 Weekly	2017/2018 Weekly	2017/2018 Weekly	2017/2018 Weekly	2017/2018 Weekly
Gross Earnings / Net Profit	192.31	192.31	£384.62	£384.62	£576.92	£576.92
Net Earnings - after Income Tax and N.I.	143.84	143.84	£268.84	£268.84	£393.84	£393.84
Citizens Basic Income						
Scheme B	166.00	166.00	£166.00	£166.00	£166.00	£166.00
Benefits & Credits Income						
Working Tax Credit	0.00		£0.00		£0.00	
Child Tax Credit	113.04		£34.19		£0.00	
Housing Benefit	17.87		£0.00		£0.00	
Council Tax Reduction	0.00	1.11	£0.00	£0.00	£0.00	£0.00
Income Based JSA	0.00		£0.00		£0.00	
Pension Credit	0.00	0.00	£0.00	£0.00	£0.00	£0.00
Child Benefit	34.40	34.40	£34.40	£34.40	£34.40	£34.40
Other Income	0.00	0.00	£0.00	£0.00	£0.00	£0.00
Universal Credit		156.70		£77.95		£0.00
Total Income	475.15	502.05	£503.43	£547.19	£594.24	£594.24
Income difference	£6.94	£4.85	£20.39	£9.58	£81.05	£11.54

Ferret's Future Benefits Model (FFBM) is a 5 year rolling tax and benefits model using a wide range of scenarios by family type and size, income and capital ranges and housing types.

For this exercise, using current year only, it incorporates a BI scheme as income within the current schemes and the results can be compared.

Work hours 35 but minimum wage ignored for modelling

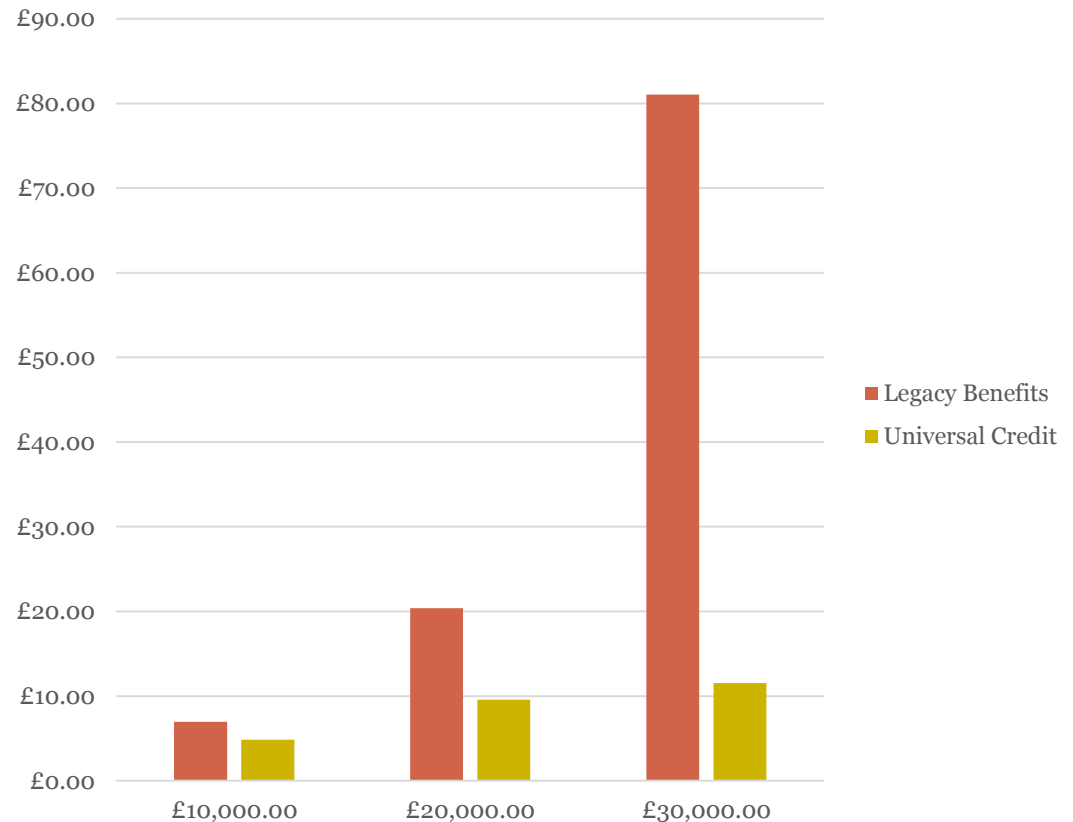


Couple one working, £10,000pa - £30,000pa, £120pw Rent, 2 Children



Couple one working, £10,000pa - £30,000pa, £120pw Rent, 2 - 6 Children		Couple one working, £10,000pa, £120pw Rent, 2 Children	
		Current System	Universal Credit
		2017/2018	2017/2018
		Weekly	Weekly
Gross Earnings / Net Profit		£192.31	£192.31
Net Earnings - after Income Tax and N.I.		£188.07	£188.07
Benefits & Credits Income			
	Working Tax Credit	£63.70	
	Child Tax Credit	£117.40	
	Housing Benefit	£59.28	
	Council Tax Reduction	£5.35	£13.40
	Income Based JSA	£0.00	
	Pension Credit	£0.00	£0.00
	Child Benefit	£34.40	£34.40
Other Income		£0.00	£0.00
Universal Credit			£261.32
Total Income		£468.20	£497.20
Citizens Income Scheme B		Current System	Universal Credit
		2017/2018	2017/2018
		Weekly	Weekly
Gross Earnings / Net Profit		192.31	192.31
Net Earnings - after Income Tax and N.I.		143.84	143.84
Citizens Basic Income			
	Scheme B	166.00	166.00
Benefits & Credits Income			
	Working Tax Credit	0.00	
	Child Tax Credit	113.04	
	Housing Benefit	17.87	
	Council Tax Reduction	0.00	1.11
	Income Based JSA	0.00	
	Pension Credit	0.00	0.00
	Child Benefit	34.40	34.40
Other Income		0.00	0.00
Universal Credit			156.70
Total Income		475.15	502.05
Income difference		£6.94	£4.85

Basic income difference - 2 children

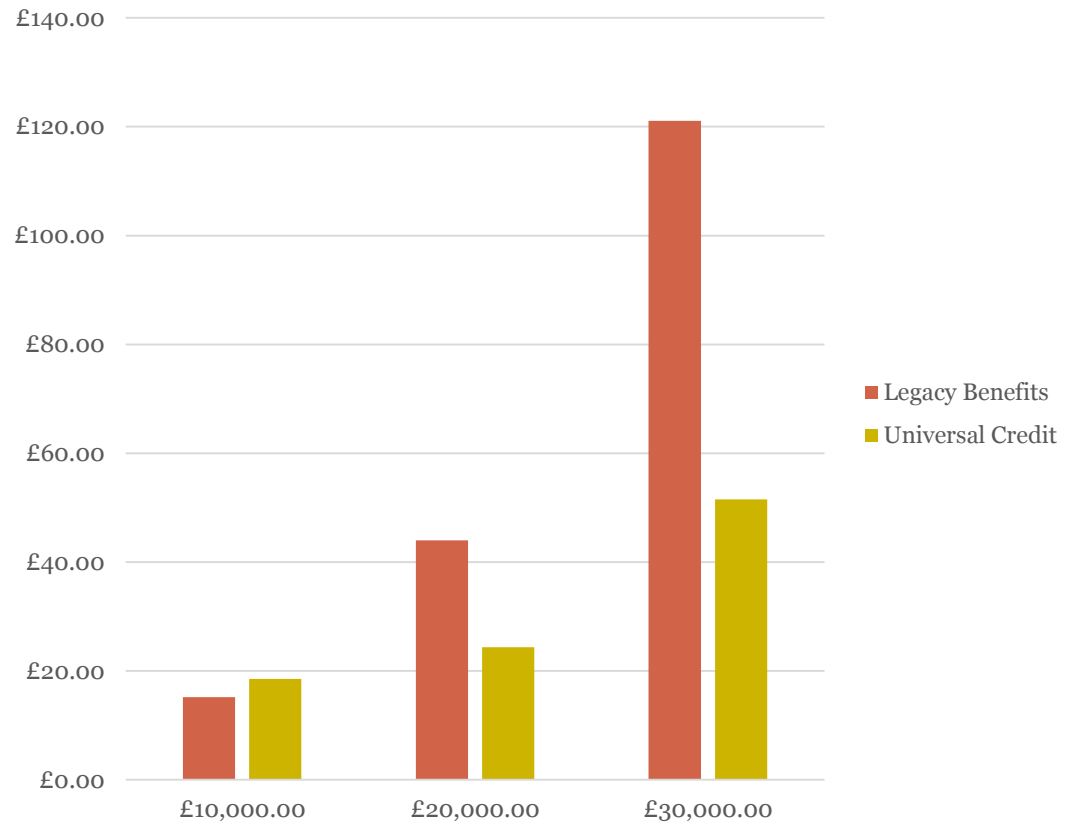


Couple one working, £10,000pa - £30,000pa, £120pw Rent, 4 Children



Couple one working, £10,000pa - £30,000pa, £120pw Rent, 2 - 6 Children		
	Couple one working, £20,000pa, £120pw Rent, 4 Children	
	Current System	Universal Credit
	2017/2018 Weekly	2017/2018 Weekly
Gross Earnings / Net Profit	£384.62	£384.62
Net Earnings - after Income Tax and N.I.	£324.61	£324.61
Benefits & Credits Income		
Working Tax Credit	£0.00	
Child Tax Credit	£102.25	
Housing Benefit	£21.78	
Council Tax Reduction	£0.00	£3.30
Income Based JSA	£0.00	
Pension Credit	£0.00	£0.00
Child Benefit	£61.80	£61.80
Other Income	£0.00	£0.00
Universal Credit		£175.31
Total Income	£510.44	£565.01
Citizens Income Scheme B		
	Current System	Universal Credit
	2017/2018 Weekly	2017/2018 Weekly
Gross Earnings / Net Profit	£384.62	£384.62
Net Earnings - after Income Tax and N.I.	£268.84	£268.84
Citizens Basic Income		
Scheme B	£206.00	£206.00
Benefits & Credits Income		
Working Tax Credit	£0.00	
Child Tax Credit	£17.79	
Housing Benefit	£0.00	
Council Tax Reduction	£0.00	£0.00
Income Based JSA	£0.00	
Pension Credit	£0.00	£0.00
Child Benefit	£61.80	£61.80
Other Income	£0.00	£0.00
Universal Credit		£52.75
Total Income	£554.43	£589.39
Income difference	£43.99	£24.38

Basic income difference - 4 children

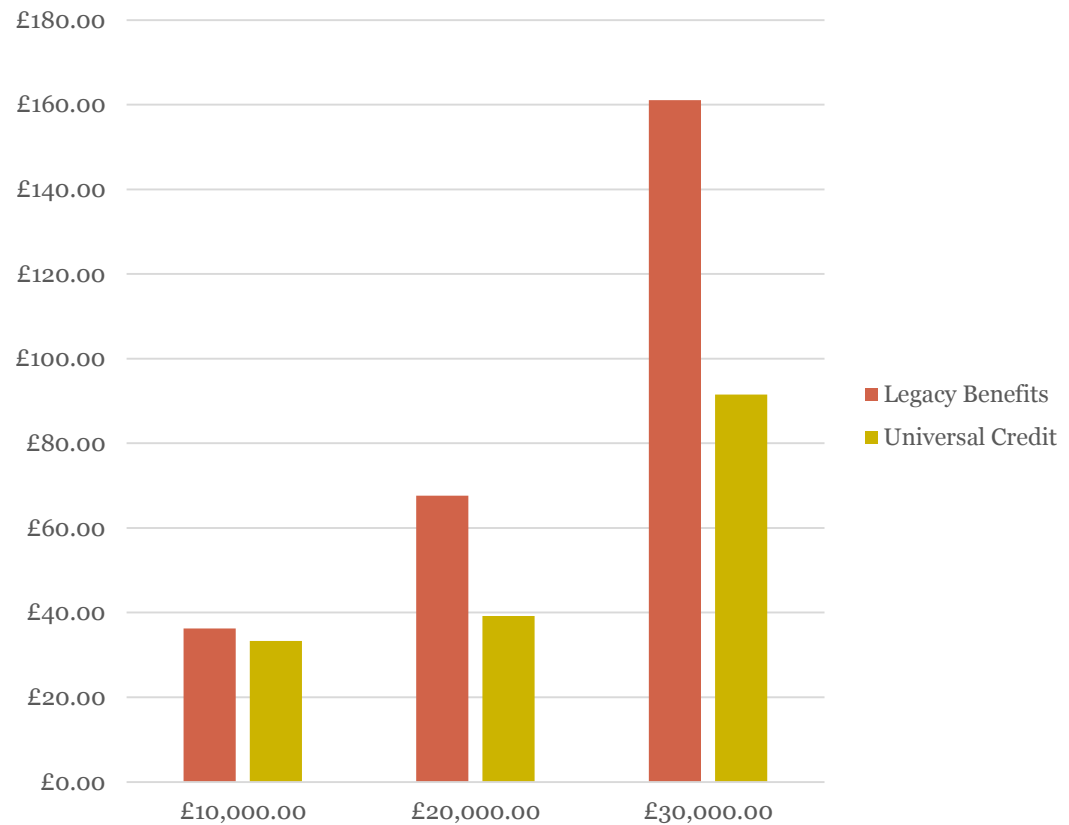


Couple one working, £10,000pa - £30,000pa, £120pw Rent, 6 Children



Couple one working, £10,000pa - £30,000pa, £120pw Rent, 2 - 6 Children		
	Couple one working, £30,000pa, £120pw Rent, 6 Children	
	Current System	Universal Credit
	2017/2018 Weekly	2017/2018 Weekly
Gross Earnings / Net Profit	£576.92	£576.92
Net Earnings - after Income Tax and N.I.	£455.38	£455.38
Benefits & Credits Income		
Working Tax Credit	£0.00	
Child Tax Credit	£23.41	
Housing Benefit	£0.00	
Council Tax Reduction	£0.00	£0.00
Income Based JSA	£0.00	
Pension Credit	£0.00	£0.00
Child Benefit	£89.20	£89.20
Other Income	£0.00	£0.00
Universal Credit		£92.92
Total Income	£567.99	£637.50
	Current System	Universal Credit
	2017/2018 Weekly	2017/2018 Weekly
Gross Earnings / Net Profit	£576.92	£576.92
Net Earnings - after Income Tax and N.I.	£393.84	£393.84
Citizens Basic Income		
Scheme B	£246.00	£246.00
Benefits & Credits Income		
Working Tax Credit	£0.00	
Child Tax Credit	£0.00	
Housing Benefit	£0.00	
Council Tax Reduction	£0.00	£0.00
Income Based JSA	£0.00	
Pension Credit	£0.00	£0.00
Child Benefit	£89.20	£89.20
Other Income	£0.00	£0.00
Universal Credit		£0.00
Total Income	£729.04	£729.04
Income difference	£161.05	£91.54

Basic income difference - 6 children



Single person working, £10,000pa - £30,000pa, £120pw Rent, 0 Children



Single person working, £10,000pa - £30,000pa, £120pw Rent, 0 - 4 Children		Single person working, £10,000pa, £120pw Rent, 0 Children	
		Current System	Universal Credit
		2017/2018	2017/2018
		Weekly	Weekly
Gross Earnings / Net Profit		192.31	192.31
Net Earnings - after Income Tax and N.I.		188.07	188.07
Benefits & Credits Income			
	<i>Working Tax Credit</i>	25.04	
	<i>Child Tax Credit</i>	0.00	
	<i>Housing Benefit</i>	43.36	
	<i>Council Tax Reduction</i>	0.46	10.12
	<i>Income Based JSA</i>	0.00	
	<i>Pension Credit</i>	0.00	0.00
	<i>Child Benefit</i>	0.00	0.00
Other Income		0.00	0.00
	<i>Universal Credit</i>		74.66
Total Income		256.93	272.85
Citizens Income Scheme B		Current System	Universal Credit
		2017/2018	2017/2018
		Weekly	Weekly
Gross Earnings / Net Profit		192.31	192.31
Net Earnings - after Income Tax and N.I.		143.84	143.84
Citizens Basic Income			
	<i>Scheme B</i>	63.00	63.00
Benefits & Credits Income			
	<i>Working Tax Credit</i>	0.00	
	<i>Child Tax Credit</i>	0.00	
	<i>Housing Benefit</i>	44.18	
	<i>Council Tax Reduction</i>	0.71	8.73
	<i>Income Based JSA</i>	0.00	
	<i>Pension Credit</i>	0.00	0.00
	<i>Child Benefit</i>	0.00	0.00
Other Income		0.00	0.00
	<i>Universal Credit</i>		62.83
Total Income		251.73	278.41
Income difference		-£5.19	£5.56

Basic income difference - 0 children

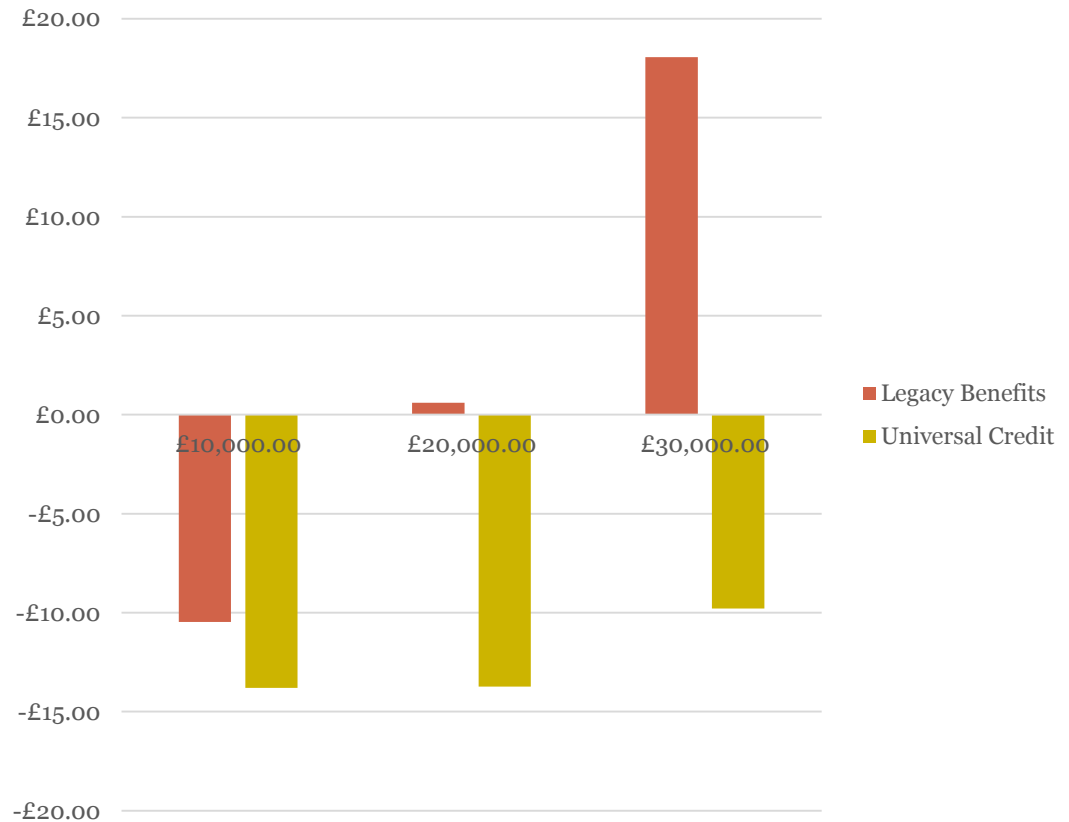


Single person working, £10,000pa - £30,000pa, £120pw Rent, 2 Children



Single person working, £10,000pa - £30,000pa, £120pw Rent, 0 - 4 Children	Single person working, £20,000pa, £120pw Rent, 2 Children	
	Current System	Universal Credit
	2017/2018 Weekly	2017/2018 Weekly
Gross Earnings / Net Profit	384.62	384.62
Net Earnings - after Income Tax and N.I.	324.61	324.61
Benefits & Credits Income		
Working Tax Credit	0.00	
Child Tax Credit	102.25	
Housing Benefit	4.39	
Council Tax Reduction	0.00	3.30
Income Based JSA	0.00	
Pension Credit	0.00	0.00
Child Benefit	34.40	34.40
Other Income	0.00	0.00
Universal Credit		133.63
Total Income	465.65	495.94
	Current System	Universal Credit
	2017/2018 Weekly	2017/2018 Weekly
Gross Earnings / Net Profit	384.62	384.62
Net Earnings - after Income Tax and N.I.	268.84	268.84
Citizens Basic Income		
Scheme B	103.00	103.00
Benefits & Credits Income		
Working Tax Credit	0.00	
Child Tax Credit	60.02	
Housing Benefit	0.00	
Council Tax Reduction	0.00	0.00
Income Based JSA	0.00	
Pension Credit	0.00	0.00
Child Benefit	34.40	34.40
Other Income	0.00	0.00
Universal Credit		75.97
Total Income	466.26	482.21
Income difference	£0.61	-£13.73

Basic income difference - 2 children

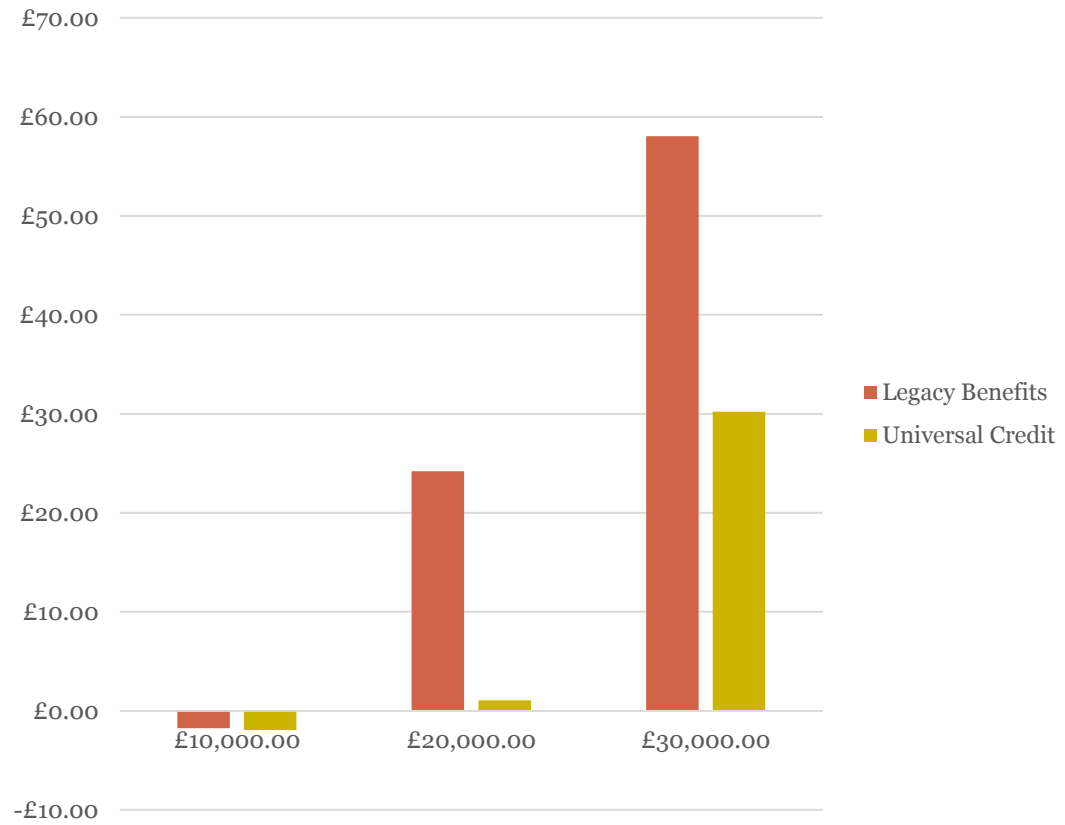


Single person working, £10,000pa - £30,000pa, £120pw Rent, 4 Children



Single person working, £10,000pa - £30,000pa, £120pw Rent, 0 - 4 Children	Single person working, £30,000pa, £120pw Rent, 4 Children	
	Current System	Universal Credit
	2017/2018	2017/2018
	Weekly	Weekly
Gross Earnings / Net Profit	576.92	576.92
Net Earnings - after Income Tax and N.I.	455.38	455.38
Benefits & Credits Income		
Working Tax Credit	0.00	
Child Tax Credit	23.41	
Housing Benefit	0.00	
Council Tax Reduction	0.00	0.00
Income Based JSA	0.00	
Pension Credit	0.00	0.00
Child Benefit	61.80	61.80
Other Income	0.00	0.00
Universal Credit		51.25
Total Income	540.59	568.43
Citizens Income Scheme B	Current System	Universal Credit
	2017/2018	2017/2018
	Weekly	Weekly
Gross Earnings / Net Profit	576.92	576.92
Net Earnings - after Income Tax and N.I.	393.84	393.84
Citizens Basic Income		
Scheme B	143.00	143.00
Benefits & Credits Income		
Working Tax Credit	0.00	
Child Tax Credit	0.00	
Housing Benefit	0.00	
Council Tax Reduction	0.00	0.00
Income Based JSA	0.00	
Pension Credit	0.00	0.00
Child Benefit	61.80	61.80
Other Income	0.00	0.00
Universal Credit		0.00
Total Income	598.64	598.64
Income difference	£58.05	£30.21

Basic income difference - 4 children



Single Pensioner. Gross bSP of £122.30. Additional gross pension of £5,000, 10,000 and £15,000

Single Pensioner. Gross bSP of £122.30. Additional gross pension of £5,000, 10,000 and £15,000	Single pensioner - bSP of £122.30, £0 additional pension, £120pw Rent, 0 Children	Single pensioner - bSP of £122.30, £5,000 additional pension, £120pw Rent, 0 Children	Single pensioner - bSP of £122.30, £10,000 additional pension, £120pw Rent, 0 Children	Single pensioner - bSP of £122.30, £15,000 additional pension, £120pw Rent, 0 Children	Single pensioner - bSP of £122.30, £20,000 additional pension, £120pw Rent, 0 Children
	Current System 2017/2018 Weekly	Current System 2017/2018 Weekly	Current System 2017/2018 Weekly	Current System 2017/2018 Weekly	Current System 2017/2018 Weekly
Gross Earnings / Net Profit	£0.00	£0.00	£0.00	£0.00	£0.00
Net Earnings - after Income Tax and N.I.	£0.00	£0.00	£0.00	£0.00	£0.00
Benefits & Credits Income					
Working Tax Credit	£0.00	£0.00	£0.00	£0.00	£0.00
Child Tax Credit	£0.00	£0.00	£0.00	£0.00	£0.00
Housing Benefit	£120.00	£90.17	£39.82	£0.00	£0.00
Council Tax Reduction	£24.04	£14.86	£0.00	£0.00	£0.00
Income Based JSA	£0.00	£0.00	£0.00	£0.00	£0.00
Pension Credit	£37.05	£0.00	£0.00	£0.00	£0.00
Child Benefit	£0.00	£0.00	£0.00	£0.00	£0.00
Other net Income	£122.30	£218.44	£295.91	£372.83	£449.75
Universal Credit					
Total Income	£303.39	£323.47	£335.73	£372.83	£449.75
Citizens Income Scheme B	Current System 2017/2018 Weekly	Current System 2017/2018 Weekly	Current System 2017/2018 Weekly	Current System 2017/2018 Weekly	Current System 2017/2018 Weekly
Gross Earnings / Net Profit	£0.00	£0.00	£0.00	£0.00	£0.00
Net Earnings - after Income Tax and N.I.	£0.00	£0.00	£0.00	£0.00	£0.00
Citizens Basic Income					
Scheme B	£40.00	£40.00	£40.00	£40.00	£40.00
Benefits & Credits Income					
Working Tax Credit	£0.00	£0.00	£0.00	£0.00	£0.00
Child Tax Credit	£0.00	£0.00	£0.00	£0.00	£0.00
Housing Benefit	£120.00	£96.83	£48.70	£0.58	£0.00
Council Tax Reduction	£24.04	£16.91	£2.10	£0.00	£0.00
Income Based JSA	£0.00	£0.00	£0.00	£0.00	£0.00
Pension Credit	£25.19	£0.00	£0.00	£0.00	£0.00
Child Benefit	£0.00	£0.00	£0.00	£0.00	£0.00
Other net Income	£94.16	£168.20	£242.24	£316.28	£390.32
Universal Credit					
Total Income	£303.39	£321.94	£333.04	£356.85	£430.32
Income difference	£0.00	-\$1.54	-\$2.68	-\$15.98	-\$19.44



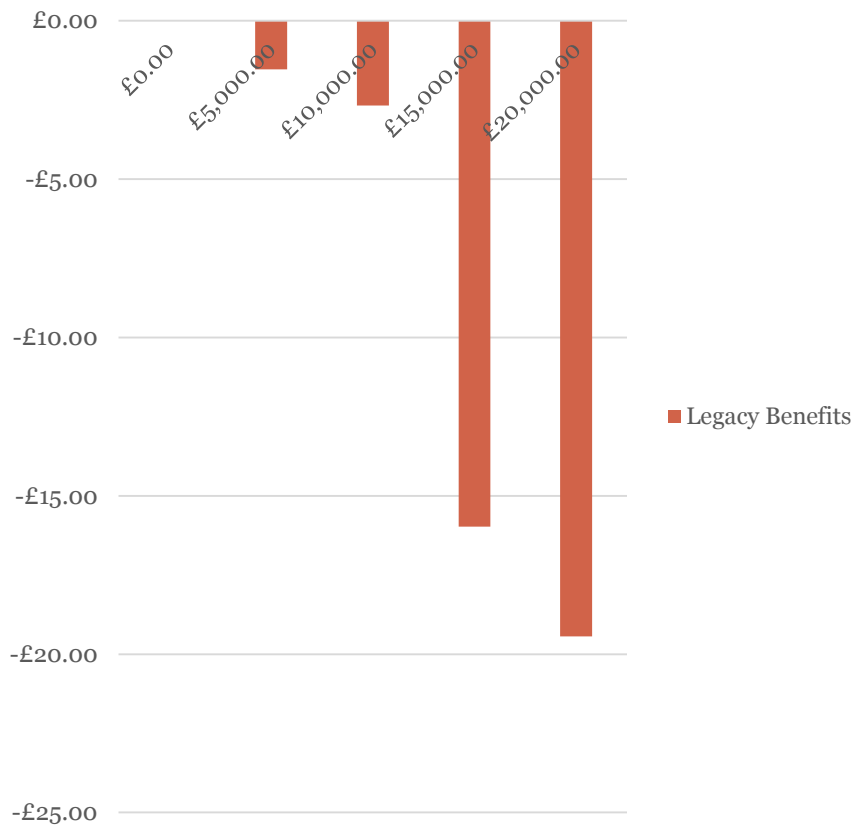
Single Pensioner. Gross bSP of £122.30. Additional gross pension of £5,000, 10,000 and £15,000



bSP & Increasing Pension



Basic income difference - pensioner



bSP and other pensions are taxable. Loss of tax allowances and increase in tax rate is not offset by BI element.



Ferret



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