

## Opportunity fund is 'obvious answer' to UK employment issues

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*A report published by the Royal Society for the encouragement of Arts, Manufacturers and Commerce (RSA) proposes a £10,000 universal basic opportunity fund, subsidised by government savings, to be given to all citizens under 55. Qualifying individuals would have access to £5,000 dividends over two years to finance constructive projects, such as starting a business, combining work with care and improving skills. Experts from Allen & Overy and Lewis Silkin LLP welcome the support for people in a time where technology is transforming the working environment and explore the potential of a future universal basic income (UBI) system in the UK.*

The RSA intends to provide help to everyone under the age of 55 with some of the impending challenges of the 2020s, such as the uncertainty of Brexit.

Recipients would have to claim for the fund through a local authority, union or other accredited representative.

The RSA calculated the cost of the scheme at £14.5bn per year, mainly funded by a British sovereign wealth fund, with tax allowances being disabled on the dividends, to discourage wealthy earners taking unfair advantage.

### Why stop at 55?

The RSA plans for the fund to aid workers whose jobs and skill-sets are challenged by the ways jobs are changing, due to modern technologies and work processes.

Rachel Reeves, Employment Counsel at Allen & Overy, welcomes this initiative as a chance to 'tackle homelessness and present opportunity for many who may feel currently that their options are limited'.

The age limit of 55, however, 'seems age discriminatory' to Reeves, who emphasises that the future is equally 'uncertain' to those in later life.

'Workers in their 50s and 60s find it difficult to obtain work', according to Reeves, therefore the fund would give older people a means of starting up something new.

With no clear idea of what jobs and skills will be required in the future, as technology continues to advance and change the nature of the workplace, Reeves says the more people a fund opens opportunity to the more it 'can leverage the entrepreneurial spirit of some and the collective application of many' to 'overcome some of the economic obstacles we are facing today'.

### A step towards universal basic income?

The RSA report refers to an UBI as a future potential for the UK, in light of a similar trial in Finland, in the hope of reducing the strain on the present benefits system and increasing support for individuals with care responsibilities and the wish to advance their skills.

James Davies, divisional managing partner and joint head of Lewis Silkin LLP's employment, immigration and reward team, calls the UBI 'an idea whose time has come' in an era where technology and economic changes are transforming the employment market.

He calls UBI 'one obvious answer' to fast-paced role replacing as a result of technological advances:

'For the optimists, technological revolution is sorely needed to stimulate growth. For the pessimists, technological developments are not actually having that effect and, without growth, new jobs will not replace those being made redundant by machines. If the pessimists risk being correct we need to adapt before the problems are too great.'

## LexisNexis

Funding the UBI is the key issue identified by Davies, who doubts the validity of taxation for work income in a world where increasingly work is conducted by machines. He suggests a 'shift to taxing wealth and taxing corporations more effectively (which would require international co-operation) so that the work undertaken by the machines generated tax income' where the accumulated wealth could then fund the UBI.

Reeves sees implementing UBI more of a slow process, calling it 'naive' to expect an 'overnight' replacement of the current welfare state.

### **Impact of a UBI**

Davies explains that the UBI would improve upon one of the present welfare state pressing issues — disincentive to work in the benefits system. Citing 'positive' reports from the Finland trial, Davies predicts that the UBI would address 'the cost, bureaucracy and unfairness' of the benefits system in the welfare state.

Reeves agrees that encouraging more people to engage in work where they feel a sense of purpose, will 'inevitably contribute to a healthier and more thriving economy'.

Source: [Report: Pathways to Universal Basic Income: The case for a Universal Basic Opportunity Fund](#)

*Interviewed by Samantha Gilbert.*

*The views expressed by our Legal Analysis interviewees are not necessarily those of the proprietor.*

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