THE SOCIAL GUARANTEE

The Social Guarantee:

How would we pay for it?

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Part of The Social Guarantee Discussion papers series.

With thanks to James Meadway and Anna Coote

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The Social Guarantee is a new project. How best to deliver Universal Basic Services is an ongoing conversation. We would very much welcome your thoughts and ideas.

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Meeting people's needs.

Introduction

The time is ripe for serious reinvestment in the UK's beleaguered public services. Workers are striking across all services, not just for more pay but because they are worn out trying to hold up a collapsing system. After 12 years of austerity, there is "no fat left to trim". ***"People aren't dying because nurses are striking,"*** **a recent placard from the Royal College of Nursing reminds us.** ***"Nurses are striking because people are dying."***

There's widespread support for investment, not just from workers but from the general public. But anyone who champions the cause is bound to be asked *"How would you pay for it?"* Can we afford it? Where will the money come from?

This paper looks first at claims that the UK is too broke to pay for more and better public services, and summarises briefly how costs have been estimated so far. It then sets out possible sources of funding, as identified by a range of experts.

Our analysis is not definitive, because evidence is limited, particularly on costs and benefits. Nevertheless, we think it is useful to bring together these proposals as a resource for anyone making the case for collective service renewal.

Can we afford to invest in more and better public services?

The International Monetary Fund has forecast that the UK economy will contract by 0.6% in 2023. And it is the only "advanced economy" expected to contract this year.[3] But the UK is still counted among the richest countries in the world. Whether it can afford decent public services largely depends on political values, ideology and electoral strategy.

The Government claims the pandemic and war in Ukraine (rather than Brexit or austerity) are to blame for the country's economic woes, and that it is a matter of responsibility rather than ideology to resist increased public spending, for example to cover pay rises for service workers. At the same time, Chancellor Jeremy Hunt has sought to ward off charges of "Austerity 2.0", for example by promising net increases in funding for some areas (education, health and social care). However, these increases are delayed until 2025 and most spending departments will see significant real-terms cuts from 2025 onwards. The Resolution Foundation estimates that these amount to a £22 billion reduction in day-to-day spending on public services, with cuts of about 0.8 % per year between 2024-5 and 2027-28 for unprotected departments such as transport, policing and local government.[4] And while the Chancellor has claimed that "people with the broadest shoulders will bear the heaviest burden",[5] the bulk of increased tax receipts are due to come from a freeze on tax thresholds (a "stealth tax"). This was favoured over more progressive options such as equalising tax rates on income and capital gains or lowering the threshold for additional income tax.[6]

In contrast, Labour's shadow chancellor Rachel Reeves has called for "fairer choices for working people", for example, less reliance on regressive stealth taxes and more attention to closing loopholes for non-doms.[7] Labour also emphasises that major investment (particularly in a green transition) is needed to force the UK onto a higher growth trajectory after 12 years of Tory-led stagnation and chaos.[8] However, that 12-year legacy necessitates "constraints"[9] on spending, according to Reeves, who has pledged that Labour will comply with "strong fiscal rules".[10] Her pledge is neither surprising nor unreasonable. But it begs the question of what those rules will require and why.

For the Government, a crucial justification for restraint has been the *"fiscal black hole"* – a dominant metaphor that emerged in the aftermath of the Truss-Kwarteng fiasco and continues to frame the Sunak-Hunt approach to economic stewardship. Accordingly, fiscal profligacy created a "black hole" of debt, valued at £50 billion by "Government sources"; filling it is crucial to restoring stability and credibility; it is a looming danger that necessitates "difficult choices", likely to include substantial cuts to public services. Labour may not entirely buy into this narrative, but fear of being charged with any degree of fiscal profligacy is bound to exert a strong influence. The "black hole" echoes an older story that equates the national economy with a household budget and warns of a "maxed-out credit card". Politicians and media have used it for decades to justify spending cuts – a thoroughly flawed and misleading analogy, but an alluring one that resonates persuasively with everyday experience.

In any event, the "fiscal hole" analysis is misleading, for at least two reasons. Firstly, in the same period as the Truss-Kwarteng mini-budget, France and Germany set out plans involving similar overall levels of borrowing without provoking such a sharp market reaction. Why? Because borrowing was proposed to fund price caps and social protections.[11] It would appear, then, that the problem with the Truss-Kwarteng budget (from the point of view of financial markets) was not simply that it increased the UK debt-to-GDP ratio, but that it failed credibly to address the economic challenges at hand and generated uncertainty.[12]

The second reason, noted by the Progressive Economy Forum (PEF), is that the £50bn "black hole" is a product of arbitrary government accountancy rules and highly uncertain forecasts rather than an objective statement of economic "fact" (in the way that estimates of inflation or wage rises are).[13] Even small changes to these rules and practices would have important implications for calculations around constraints and possibilities for public borrowing and spending. Indeed, PEF points out that if the government reverted to the accountancy definition for public debt that it used prior to October 2021, then the "fiscal hole" could disappear altogether.[14]

The most urgent challenge for the UK, is therefore not to fill the "black hole", but to tackle the roots of economic decline. It's no secret that the economy depends on people (their skills, knowledge, labour, motivation, creativity, productivity and care).[15] It will prosper only if people's needs are met so that they give of their best.

Put another way, the economy is, in the end, inseparable from society and from the wellbeing of the population. If too many of us are ill, anxious or depressed, if we are poorly educated, under-skilled, overburdened with caring commitments, live in overcrowded or squalid housing; if we are unable to travel; if we are poor and powerless, lacking hope or opportunity - we will not be able to give our best, and the economy will be weaker and less productive as a result. This is borne out by recent analysis commissioned by the NHS Confederation, which found that for every pound of public money invested in the NHS, £4 is recouped through gains in productivity and increased participation in the labour market.[16]

The Office of Budget Responsibility (OBR) has forecast that 2023 will see the largest fall in living standards in a single financial year since ONS records began in 1956.[17] Reversing this trend and improving living standards for all will require bringing inflation under control, but that's only part of the picture.[18] Investing in public services that ensure everyone's needs are met universally and sufficiently – the aim of the Social Guarantee - is a top priority. This is not something to be cut back in the name of fiscal rectitude or delayed until a particular debt-to-GDP ratio is reached. It is an indispensable strategy for achieving a prosperous economy.

What would it cost?

The annual costs of implementing the Social Guarantee will depend, of course, on the quality and scope of the services it includes. There's a wide range of options for all the different areas of need, which calls for new research and modelling in order to attempt any precise estimates. At this stage, all we can do is start to build an indicative picture from existing, partial projections.

In the run-up to the last election, calculations for the Labour Party estimated that the cost of proposed "universal basic services" would amount to £38.8 billion, or £45.2 billion if uprated to January 2023, 2% of GDP.[19] Details of what the money would be spent on are summarised in the table below.

	2019 estimate £(bn)	Uprated to Jan 2023 £(bn)
Education, plus National Youth Service	8.3	9.7
Health	6.9	8
Social care	10.8	12.6
Local government (excluding social care)	6.1	7.1
Other departments	1.4	1.6
Public sector pay catch-up	5.3	6.2
TOTAL	38.8	45.2

Writing in 2020, Coote and Percy made another approximate calculation that the total additional annual expenditure required for a limited suite of "universal basic services", if implemented all at once, would be 4.3% of GDP in a typical OECD country.[20] This sums up estimates, as percentages of GDP, for specified improvements in transport services (0.4%), information and communications (0.6%), childcare (1.4%), adult social care (1.4%) and housing (0.5%). If applied to the UK in 2023, this would amount to approximately £95.8 billion.

More recently, tax expert Richard Murphy estimated that protecting and rebuilding existing public services would cost around £80 billion, while retrofitting housing would cost around £10 billion; an immediate freeze on the price cap for domestic energy proposed by Labour in August 2022 is predicted to cost £29 billion a year for a least two years. Putting all this together, Murphy suggests an annual cost of £144 billion, or approximately 7% of GDP.[21]

These figures cannot be compared, because they relate to widely different proposals. For example, Labour's 2019 figures on education include expanding early years education, free school meals for all primary pupils, maintenance grants for post-school education and abolishing tuition fees, while Coote and Percy estimated costs for childcare alone. Murphy's estimates include retrofitting housing and capping domestic energy bills, costs that are absent from the other calculations. Together, these projections simply suggest that costs could range from 2% to 7% of GDP, depending on what changes are proposed, on what scale and over what period of time.

It is worth noting that these estimates do not account for any potential savings that might be generated by a shift towards more and better public services. These would be achieved not only through economies of scale associated with public provision, reduced transaction costs and little or no profit extraction, but also through early intervention to prevent the widespread (and costly) social harms produced by our current neglectful system.[22] For example, the 2010 Marmot Review, drawing on its own evaluation and other evidence, estimated the economic costs of health inequality per year to include productivity losses of £31–33 billion, lost taxes and higher welfare payments in the range of £20–32 billion, and additional NHS health care costs in England in excess of £5.5 billion.[23] More recently, a detailed analysis for the year 2011/12 of how average NHS costs varied by age, sex and neighbourhood deprivation quintile estimated that the total annual cost associated with inequality was £12.52 billion.[24] In 2014, meanwhile, the Equality Trust calculated that the annual costs associated with some of the more dramatic consequences of social inequality, including reduced life expectancy, worse mental health, higher levels of imprisonment and murder, stood at £39 billion.[25] Another perspective is offered by De Heneau, who has calculated that while investing in high quality free universal childcare would cost 3.1% of GDP annually, the increased maternal employment enabled by this would allow the total cost to be recouped in fewer than ten years.[26]

As these figures suggest, there are substantial benefits that can be derived from an economic system that gives priority to meeting everyone's needs within the limits of the natural environment. In other words, there are handsome social, economic and environmental dividends that can be yielded by investment in the social (and material) infrastructure on which the formal economy depends. These will have to be calculated to arrive at a full understanding of the costs and subsequent benefits of investment.

Where would the money come from?

How, then, could we pay for a Social Guarantee? Here we consider funding options put forward by a range of experts. A full discussion of the mechanisms involved in each of these proposals is beyond the scope of this paper; here they are merely offered for scrutiny, as a starting point for further research and policy development. They are grouped together under three broad headings: monetary policy, borrowing and taxation.

1. Monetary Policy

Monetary policy refers to the action that government or central banks can take to influence the amount of money in circulation and the cost of borrowing. In mainstream macroeconomics, it is understood to have two key goals: to contain inflation and to maintain broader macroeconomic stability (i.e. avoiding recession and mass unemployment). However, the Bank of England's current approach has been criticised as privileging the former at the expense of the latter. The IPPR, for example, has argued that rather than tackling inflation merely through increasing interest rates, which is likely to reduce demand and consequently undermine jobs and pay, the government should step in to support households and businesses *visibly and sufficiently* in response to the energy price increase. This would reduce the need for businesses to increase prices or for workers to demand higher wages to make up for the energy shock, and thus prevent high inflation becoming embedded.[27] Instead of steep and rapid rises, the IPPR argues, the Bank of England should continue to raise interest rates, but more slowly and by less than markets expect, to about 3-4%. This two pronged approach, it is proposed, would help bring down core inflation risks, while avoiding over-tightening and attendant dangers of recession and increased unemployment. Assuming such an approach is pursued, the IPPR estimates that in 2023 there will be fiscal space available to the government for an additional £90-120bn of spending beyond the policy baseline of August 2022 - *without* surpassing the inflation constraint (i.e. the amount beyond which the risk of aggravating inflation is high).[28] The authors note, however, that increased (progressive) taxation will be important to stay within the inflation constraint; options for this are discussed in section three below.

An alternative view put forward by economists including Richard Murphy rejects interest rate rises altogether, given the consequences of widespread destitution and the likelihood of recession. An alternative proposal is Quantitative Easing (QE), i.e. the creation of more fiat money by the Bank of England. Such voices emphasise that crises were averted in 2008 and 2020 thanks to the injection of government-created money through the Bank of England's QE process - even if many of the benefits of these processes were captured by the financial sector.[29] In the current context, it is argued that QE could help in covering the cost of the energy crisis,[30] but it could also support sorely-needed investment. "Green QE" would focus on green infrastructure, both through a National Investment Bank and through funding for local authorities (working in partnership with the private sector).[31] This could include funding important parts of a Social Guarantee, such as transport infrastructure and energy efficient social housing.

However, critics of QE have argued that relying on the central bank to directly finance economic activity would place excessive power in the hands of unelected Bank of England committee members, who, unlike finance ministers, cannot be democratically removed.[32] Notably, Ann Pettifor rejects the idea that expanding the public money supply will kick-start investment and employment, arguing that the critical challenge is rather to increase spending on the employment of labour, goods and services. Here public expenditure, financed by loan issuance, would have a crucial role to play. inequality per year to include productivity losses of £31–33 billion, lost taxes and higher welfare payments in the range of £20–32 billion, and additional NHS health care costs in England in excess of £5.5 billion.[23] More recently, a detailed analysis for the year 2011/12 of how average NHS costs varied by age, sex and neighbourhood deprivation quintile estimated that the total   annual cost associated with inequality was £12.52 billion.[24] In 2014, meanwhile, the Equality Trust calculated that the annual costs associated with some of the more dramatic consequences of social inequality, including reduced life expectancy, worse mental health, higher levels of imprisonment and murder, stood at £39 billion.[25] Another perspective is offered by De Heneau, who has calculated that while investing in high quality free universal childcare would cost 3.1% of GDP annually, the increased maternal employment enabled by this would allow the total cost to be recouped in fewer than ten years.[26]

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2. Borrowing

A second important area to consider is public borrowing. As discussed above, various commentators have noted that the "fiscal back hole" as presented by Chancellor Jeremy Hunt is in fact a product of both a highly uncertain set of forecasts and an arbitrary set of fiscal rules.[33] As the IPPR notes, there are significant drawbacks to this kind of rule, notably the inability to respond to fast-changing macroeconomic conditions. In the current UK context - as in many others where they have been imposed - excessively rigid fiscal rules would have the effect of baking austerity into ongoing economic strategy.

In the event, Hunt's Autumn Statement did contain some loosening of his predecessor's fiscal rules. He extended the period by which the debt-to-GDP ratio needs to fall from the third to the fifth year of the forecast period, and introduced a new rule that total public borrowing in the same period should not exceed 3% of GDP.[34]

However, these changes have important limitations. Hunt's new fiscal rules abolish any distinction between the treatment of capital and current account spending. As a result, the Government now has *less* room to borrow to spend on public services than before, since capital spending will now be competing with current spending inside the rules' limits. Hunt's changes arguably leave space for significantly more loosening, and various proposals have been made. For example, Director of the Progressive Economy Forum (PEF) James Meadway has suggested that the target period could be increased from five to seven years.[35] More ambitiously, European Economics Commentator at the *Financial Times* Martin Sandbu has proposed that rather than seeking to reduce the debt-to-GDP ratio, the government could merely aim for a *stable* ratio, and furthermore adjust *what* that stable ratio is.[36] Both such adjustments would open up significant space for borrowing.

Other changes to arbitrary forecasting and accountancy practices could be similarly significant. As the PEF notes, a one percentage point change in either GDP growth or government borrowing costs sustained over the forecast period is worth tens of billions in public debt (allowable under the fiscal rules) from 2025 onwards.[37]

A further public accounting convention worth rethinking relates to definitions of investment. Currently, only expenditure on physical assets is counted as investment and recorded on the capital account. Meanwhile expenditure on, for example, care work, is treated as an expense and placed on the current account. As a result, as economist Susan Himmelweit has noted, "capital account spending [is] entirely biased towards physical infrastructure, and current account spending on care [is] less than it might be, through having also to cover any investment spending on social infrastructure."[38] Himmelweit points out that this matters even more when governments adopt fiscal rules that treat investment and current account spending differently. Recognising spending on the non-material parts of public services as a form of *investment* (spending with long term benefits) in *social infrastructure* (services with a public good purpose), recorded on the capital account, would thus have important implications for the funding of a Social Guarantee.

3. Progressive taxation

More and better public services cannot be funded through borrowing alone. Developing new forms of progressive taxation which are both technically effective and politically achievable will be crucial. Emerging proposals fall into three categories: new approaches to taxing wealth and passive income, new approaches to taxing corporations, and progressive consumption tax.

Taxing wealth and passively-earned income

Post-2008 economic thinking has drawn attention to the significance of inequalities of wealth, rather than merely income, within contemporary capitalism. Thomas Piketty, for example, has argued that increasing inequality in unregulated capitalism is linked with the fact that the rate of economic growth is usually outpaced by the rate of return to "capital", (here meaning wealth). By implication, tackling inequality depends on a taxation system that adequately targets this wealth (and passively-earned income), rather than merely focusing on actively-earned income (i.e. wages). The OECD has recently argued that "capital income taxes alone will most likely not be enough to address wealth inequality and suggests the need to complement capital income taxes with a form of wealth taxation".[39] This challenge is particularly salient in the UK. The current tax system has the effect of exacerbating inequalities between households: the poorest 10% of households pay 47.6% of their income in direct and indirect taxes, while the richest 10% pay only 33.5%.[40] The UK now has 177 billionaires (a record high), and the gap between the richest 10% and the poorest 40% in the distribution of wealth in the UK is second highest in the OECD, with only the US more unequal.[41]

Proposals recently put forward to address wealth inequality include:

- **An annual net wealth tax**. Martin Sandbu has proposed an annual net wealth tax.[42] An annual tax at 1% on net wealth above the level needed to qualify among the top 10% richest in the UK, for example, would generate **£35bn a year**[43] - the very amount the Government has announced it needs to raise.

- **A one-off wealth tax**. The 2020 Wealth Tax Commission argue for a one-off wealth tax, on the basis that this would be more difficult to avoid, and would generate less administrative costs than an annual tax. The Wealth Tax Commission report estimates that a one-off wealth tax at a rate of 5% over £500,000 per individual would raise a total of **£260 bn**, while a rate of 5% over £2 million per individual would raise £80bn.[44] It could be paid over five years. In addition to this one-off wealth tax, they also recommend "major structural reforms" of existing annual taxes on wealth (but do not specify what these should be).

- **Equalising tax rates on dividends and ordinary (earned) income**. The IPPR and Commonwealth have recently estimated that the government could raise **£6bn a year** by bringing taxes on dividends in line with income tax levels.[45]

- **Reforming Capital Gains Tax**. The Office of Tax Simplification has advocated an increase in Capital Gains to align rates with Income Tax. As well as simplifying the tax system, treating all forms of income in the same way, it could raise (according to the OTS) up to **£14bn a year**.[46]

- **Extending National Insurance (NI) to investment income**. Research by the CAGE Research Centre at Warwick University has proposed that instead of focusing on rates of NI, the government should expand its base, by applying NI to income from investments (e.g. dividends from shares, rent from property, and interest on savings). As well as equalising and simplifying the treatment of different kinds of income, this would raise an additional **£8.6b year**.[47]

Reforming or Scrapping Inheritance Tax Relief. The Resolution Foundation has proposed replacing inheritance tax with a Lifetime

Receipts Tax: a tax levied on the recipient rather than the estate, which captures all lifetime gifts as well as bequests. If a tax-free lifetime allowance of £125K was set, with a basic rate of 20% and a top rate of 30% above a threshold of £500K, a Lifetime Receipts Tax could be expected to raise **£4.8 bn** more than Inheritance Tax in a given year.[48] Alternatively, Tax Justice UK have proposed scrapping Business Relief and Agricultural Property Relief on inheritance tax, which is likely pushing up the price of agricultural land for genuine commercial food production.[49] Scrapping these could raise over £1.4bn a year.[50]

- **Abolish the non-dom regime**. Non domiciled residents in the UK currently receive at least £10.9bn in offshore income and capital gains each year. According to research conducted by LSE/Warwick Professors Andy Summers and Arun Advani, taxing this income would raise more than **£3.2 bn** in additional tax revenue each year, whilst also removing a current disincentive to invest in the UK; the "remittance-basis" treatment, opted for by many non-doms, taxes returns on UK investment, but not on foreign investment.[51]

- **Replacing Income Tax, National Insurance Contributions, Capital Gains Tax and Inheritance Tax with a single National Contributions tax**. While the above-listed proposals push in the direction of reducing disparities between that taxation of actively-earned income on the one hand and "wealth" (and passive income) on the other, Andrew Percy's recent proposal for a unified National Contribution (NC) tax takes this logic further. Broadly speaking, by applying a progressive rate structure to a "flat" definition of incomes, NCs would move the tax source from employment to passive incomes.[52] For anyone earning below a certain threshold, NCs would be voluntary. Percy calculates that NCs, if levied at a base rate of 18%, a top rate of 47% and with a lower threshold of £9,500, would generate enough to fund a suite of Universal Basic Services, costed at £32.93bn per year (1.46% of GDP). He also calculates that setting a base rate of 19% and a top rate of 49% would be sufficient to fund, in addition to a UBS programme, the capital investments needed for the UK to achieve net-zero by 2050.

Taxing corporations

A second option is tax on corporations, and particularly those that have profited from recent crises. While UK households are experiencing a severe cost of living crisis, some large British companies are making record profits. Commodities and energy companies in particular are seeing their profits increase by billions following extreme price increases for gas, oil and certain commodities. For example, mining corporation Rio Tinto increased its profits by £12.9 billion between the start of the pandemic and the end of 2021. Shell doubled its profits from 2021 to 2022, to £32 billion, the highest in its 115-year history.[53] To address this and other problems, several proposals have been advanced:

Increasing the windfall tax. In the Autumn Statement, the chancellor announced an extension of the Energy Profits Levy until March 2028, and an increase in the levy rate from 25% to 35% from January 2023.[54] Months earlier, in August 2022, the New Economics Foundation proposed a higher increase (to 45%), as well as removing loopholes introduced by the government, and calculated that this could raise £14.3bn over the coming year.[55] This is **£5bn** more than £9.3bn projected in the Autumn Statement.[56]

- **Converting windfall taxes into (ongoing) excess profits taxes**. As many have pointed out, returns to firms with significant market power - for example large energy companies and tech firms - do not only come in the form of "windfalls". Without competition, such firms can reap excess profits on a *continuing* basis. These profits are often characterised as "unproductive", as they do not involve any investment in productive capabilities (which could underpin higher wages for workers).[57] Ed Miliband, among others, has argued that these excess profits should be taxed on an ongoing basis, to disincentivise rentier activity and redistribute its unearned gains.[58]
- Such taxes would need to focus on the ways in which economic rents return to shareholders. Share buy-backs, by which firms artificially inflate their own stock market price (rather than investing, for example, in clean renewable energy technologies) are an important example. In a recent report, IPPR and Common Wealth argue for raising taxes on shareholder transfers to ensure that companies are not channelling profits to their shareholders at a time of national economic crisis.[59] They calculate that a 1% tax on the share buy-back schemes of FTSE-listed companies could raise an additional **£0.2bn** in a single year. An emergency "windfall" tax on the buy-backs of FTSE listed companies levied at a higher rate for a defined period of time during the cost of living crisis, could, at a rate of 25%, raise **£11bn in a single year**. Combining this measure with the above-mentioned proposal to bring taxes on dividends in line with income tax levels would ensure that the Exchequer does not lose out on revenues if companies choose to prioritise dividends over buybacks as a means to enrich shareholders. It would also close one of the loopholes allowing asset holders to accrue wealth while paying less tax than earners.

Progressive Consumption Taxes

Consumption taxes have generally been seen as relatively regressive. However, progressive forms of consumption tax, focusing specifically on high-carbon luxuries disproportionately enjoyed by the wealthy, could make a useful contribution to funding a Social Guarantee, whilst helping to reshape consumption practices in a more environmentally sustainable direction.

David Fell and Ian Gough have argued for a “smart VAT” involving deliberate variations on the tax rates applied to different goods and services.[60] While high-carbon goods harmful to well-being would attract the highest VAT rates, low-carbon goods improving wellbeing would be taxed at lower or even negative rates (i.e. they would be subsidised). Smart VAT could also provide a framework for other proposals to tax high carbon non-essentials, such as a Frequent Flyer Levy or a tax on business-class flights.

NEF and climate charity Possible, for example, have proposed a **Frequent Flyer Levy** under which a passenger would be charged no tax on the first leisure flight they take in a year.[61] The second flight would have an extra charge of £25, and the third a charge of £60. Each subsequent flight would have a higher levy rate. For business passengers, the first flight would be levied at £25. This would replace Air Passenger Duty that currently applies to every passenger ticket, thus reducing costs for infrequent flyers. NEF and Possible calculate that such a Frequent Flyer Levy could raise **£5 bn each year**.[62]

Summary Table

Below we set out a table summarising proposals discussed above, including estimates of their respective yields where available.

Proposed tax/reform		Yield	Author/source
Taxing wealth/passively earned income	Annual 1% net wealth tax (on top 10% richest in UK)	£35 bn p.a.	Martin Sandbu Link
	One-off wealth tax (at rate of 5% over £500K per individual)	£260 bn over 5 years	Wealth Tax Commission Link
	Bringing taxes on dividends in line with income tax levels	£6 bn p.a.	IPPR and Common Wealth Link
	Reforming Capital Gains Tax	£14 bn p.a.	Office of Tax Simplification Link
	Extending National Insurance to investment income	£8.6 bn p.a.	CAGE, University of Warwick Link
	Lifetime Receipts Tax (in place of inheritance tax)	£4.8 bn (more than inheritance tax) p.a.	Resolution Foundation Link
	Scrapping Business Relief and Agricultural Property Relief on inheritance tax	£1.4 bn p.a.	Tax Justice UK Link
	Abolishing the non-dom regime	£3.2 bn p.a.	Andy Summers and Arun Advani Link
	Replacing Income Tax, National Insurance Contributions, Capital Gains Tax and Inheritance Tax with a single National Contributions tax	£43.5 bn p.a.	Andrew Percy (Institute for Global Prosperity) Link
Taxing Corporations (notably energy companies)	Increasing the windfall tax to 45% and removing loopholes	£14.4 bn over the coming year (£5 bn more than projected in Autumn statement)	NEF Link
	1% Tax on share buy-back schemes of FTSE-listed companies	0.2 bn p.a.	IPPR and Common Wealth Link
	25% Windfall tax on buy-back schemes of FTSE listed companies	£11 bn in a single year	IPPR and Common Wealth Link
Progressive Consumption Tax.	Smart VAT	No estimate available	Ian Gough Link
	Frequent flyer levy	£5bn p.a.	NEF and Possible Link

Conclusions

The proposed sources that would yield funds on an annual basis and excluding those that overlap or are mutual exclusive (i.e. proposals 2, 7, 9 and 11) add up to a total of £92.6 bn per annum. We should emphasise that this is no more than a combination of various calculations. The margins of error are wide in both directions. The total doesn't include raising income tax for higher earners. Nor does it include funds that could be available through monetary policy or borrowing. It simply highlights money that could be raised to invest in more and better public services, in ways that help to reduce inequalities. Both combine to improve the wellbeing of the population, safeguard the natural environment and build a prosperous economy.

Of course, the Social Guarantee doesn't lay claim to all the funds that can be raised through sources outlined in this paper. Substantial sums must also be invested, for example, in renewable energy, green technologies, sustainable agriculture and wider industrial strategy. But nor can it be regarded as *competing* for funds with environmental and economic policies. That's because it proactively supports and contributes to their goals. Ideally it should be integral to environmental and economic policymaking and collaborative financial planning.

More and better public services will not come cheap - but, as this paper has aimed to show, they are affordable. They can be developed incrementally. Investments are likely to yield savings and benefits across the economy, making more funds available to continue development in future. What is not affordable, as Michael Marmot and others have pointed out, is *inaction*; the costs - both social and economic - are far too great.

End Notes

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About

The Social Guarantee is an approach to managing the economy so that it meets the needs of people and planet. It aims to ensure that everyone has access to life's essentials within the limits of the natural environment. Life's essentials are what we all need to participate in society and flourish. Education, health and care, housing, energy and transport are examples. Universal access can only be achieved though collective action to deliver services that are sufficient and affordable for all who need them. And they must be sustainable so that future generations can meet their needs too. The Social Guarantee offers a framework for service provision. It is a big idea that can start small and local—with a clear vision and practical pathway.

THE SOCIAL GUARANTEE

Meeting people's needs.

THE SOCIAL GUARANTEE