VINCENTIAN MESL RESEARCH CENTRE

MESL 2024

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MESL 2024

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Executive Summary

The Minimum Essential Standard of Living (MESL) seeks to answer a simple question:

"What do people need to live with dignity?"

This answer comes from the public, who, through deliberative focus groups, agree on the essentials for a decent life in Irish society.

This research involves multiple phases of detailed discussions, working to establish a social consensus on the goods and services necessary for a minimum acceptable standard of living. The MESL outlines the weekly cost of these essential items, which are required to ensure people can meet their basic needs and live with dignity.

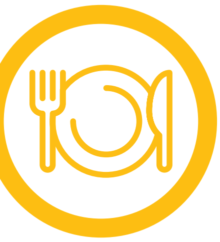
The MESL provides a grounded measure, based on lived experience and social consensus, of what is needed for participation, dignity, and to avoid poverty. It serves as a needs-based indicator of the income required for individuals and households to live with dignity and acts as an evidence-based benchmark for assessing income adequacy.

Change in MESL costs

Over the past year, there has been a relative stabilisation in costs, with a moderate decline for most household types relative to 2023. The core MESL cost decreased by an average of 1.9% from March 2023 to March 2024. Despite this reduction, there has been a cumulative increase of **16.8%** in core MESL costs from 2020 to 2024, indicating ongoing living cost challenges for households.

The 2020 MESL reflected the minimum costs in the first quarter of the year, and can serve as a reference point to measure the impact of the pandemic and subsequent inflation shocks. Compared to 2020, the cost of the MESL food basket has increased by 21.2% and the MESL household energy basket has increased by 64.5%. Although declines in other areas of expenditure have offset some of these increases, the overall impact is a 16.8% increase cost of the goods and services needed for a MESL.

Food



From 2023 to 2024 the MESL food basket has increased by an average of 1.4% for urban households, and 1.6% for rural households. The cumulative change in the cost of food from 2020 to 2024 is an average increase of 23.1% for urban households and 17.8% for rural households.

Infant food costs showed the greatest increase in the past year, across the individual MESL food budgets, rising by 7.2% in the twelve months to March 2024. The infant budget has also seen the largest individual change from 2020 to 2024, increasing by 27.3% in this period.

The analysis finds that despite considerable nominal increases in social welfare rates from 2020 to 2024, the percentage of household income needed to meet food costs has increased for working age households, by between 0.2 – 3.2 percentage points. It has also increased for older co-habiting couples, by between 0.1 and 0.3 percentage points, and has fallen slightly for older single adults, by between 0.4 and 0.5 percentage points.

Energy

Rising energy prices had driven much of the previous increases in MESL costs. However, 2024 saw a decrease in the MESL household energy basket by 24.9% for urban households and 12.2% for rural households. This represented the most significant rate of change in the MESL basket for all households examined.

Despite the significant reduction in energy prices over the past year, they remain much higher than previous living cost price levels. From March 2020 to March 2024, the cost of Household Energy in the MESL increased by 62.7% for urban households and 54.0% for rural households.

An analysis of minimum energy expenditure for four household types in social welfare dependent scenarios, based on Building Energy Rating (BER) and payment method (Direct Debit versus Pay-As-You-Go), found that out of the 48 cases examined, 40 demonstrated some level of energy poverty. Purchasing the same basket of Household Energy by pay-as-you-go, increases weekly energy expenditure by approximately one third for the four household types included in the analysis.

Cost of a child's MESL needs

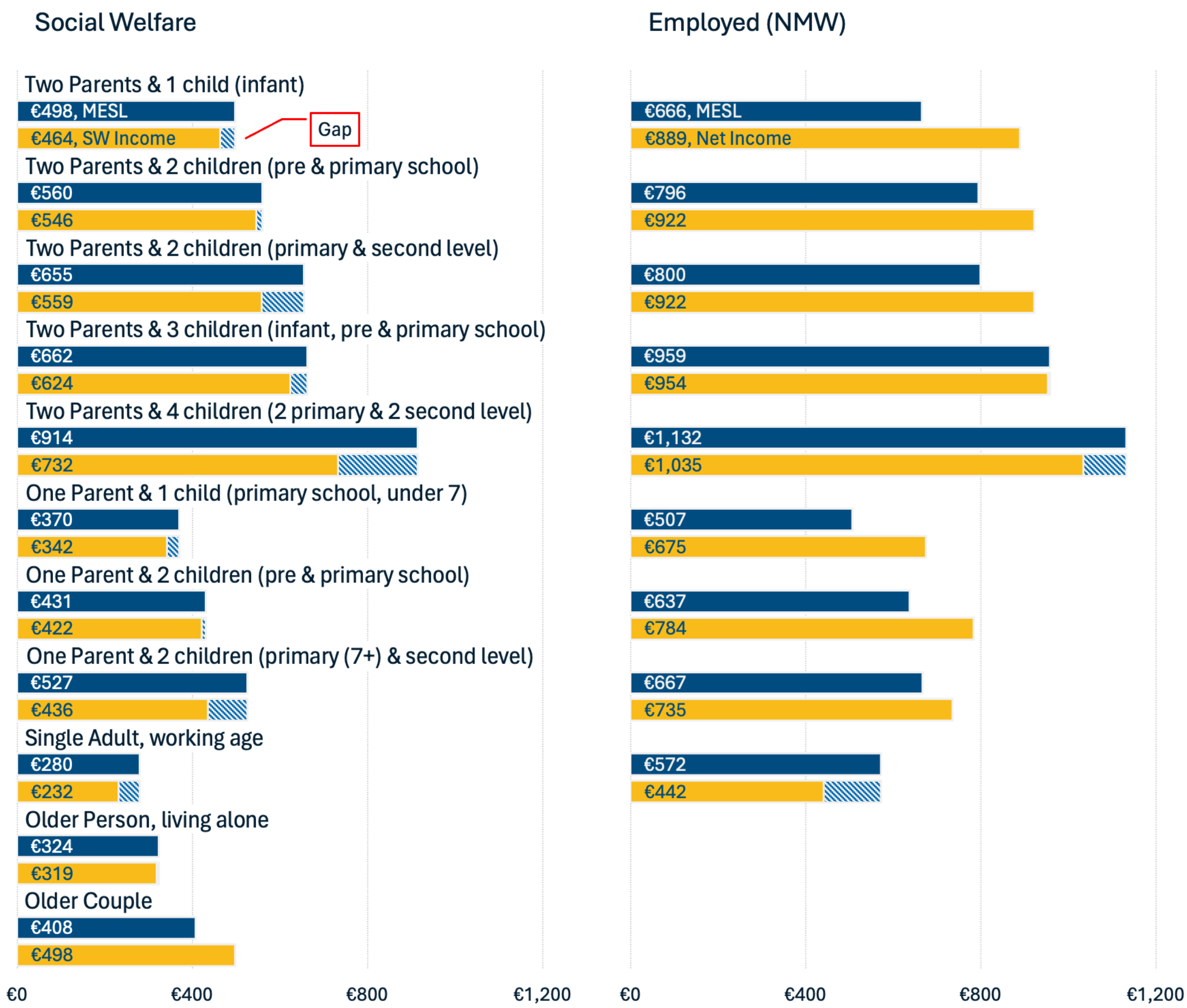
The Cost of a child section details the direct MESL expenditure needs for four stages of childhood. The core MESL costs remain highest for children of second level age (12 and over) at €149 per week – approximately 60% higher than the minimum needs of younger children, with social welfare supports meeting 63% of MESL needs.

The change found in the MESL costs for an infant's needs are considerable. The cost for an infant has shown the largest increase of all age-groups, rising by 22.4% from 2020 to 2024. This increase was primarily driven by a 37% rise in baby milk formula and an 84% increase in the cost of nappies. These two items now account for over a quarter (29%) of an infant's MESL costs.

Income adequacy

MESL research establishes the costs of the goods and services required for a dignified life at a minimally acceptable level. This report benchmarks the adequacy of both social welfare supports and minimum wage employment for a range of household compositions. The extent and breadth of any shortfalls are monitored, and factors contributing to changes in income inadequacy are identified.

Graph 1: **Social Welfare & National Minimum Wage adequacy, urban 2024**

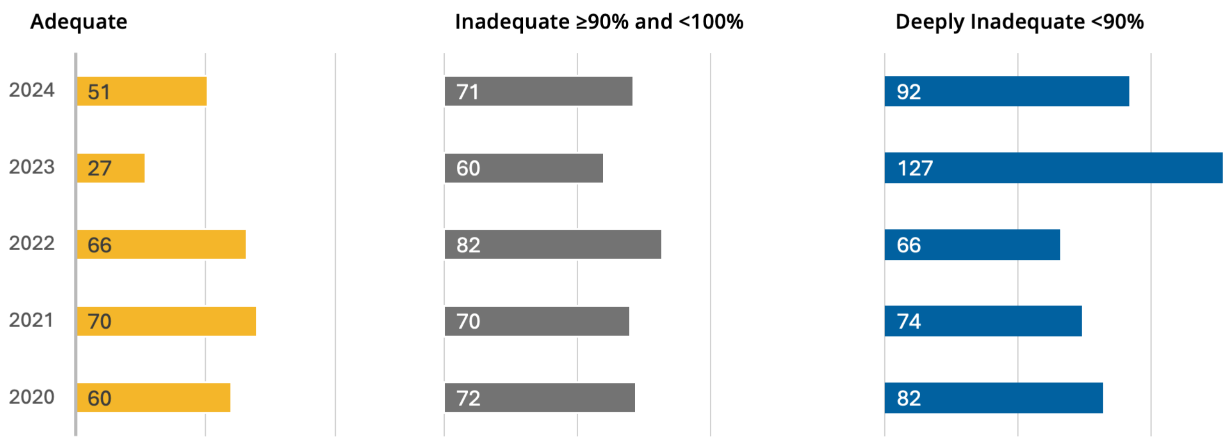


Social welfare

The real value of standard social protection rates for adults and children are evaluated from 2020 to 2024. This assessment encompasses both the period of the pandemic and the recent inflationary shock. The analysis finds that despite core rates now being at their highest nominal value in 2024, the real value (relative to MESL) remains below the previous peaks.

The MESL analysis provides an evaluation of social welfare income adequacy for 214 test household cases. In 2024, all 214 test cases showed an improvement in social welfare income as a percentage of MESL expenditure need compared to 2023. The incidence of deep income inadequacy has reduced from 59% of cases in 2023 to 43% in 2024. A total of 76% of cases demonstrate an inadequate income in 2024, compared to 87% in 2023.

Graph 2: Benchmarking Social Welfare Adequacy, 214 test cases



While the incidence and severity of deep inadequacy have improved since 2023, they remain elevated compared to the declining trend from 2020 to 2022. Households with older children (aged 12 and over) and single adult headed households are at a greater risk of deep income inadequacy when dependent on social welfare.

The analysis also examines the effect of 'Cost of Living' supports in 2024, including the January double payment to eligible recipients and two electricity credits. Without these supports, the incidence of inadequate income would be four percentage points higher, reaching 80%, with 48% of cases experiencing deep income inadequacy.

Employment and minimum wage adequacy

Employment generally improves household income compared to social welfare alone, provided there are secure and stable working hours available. Effective in-work supports and access to services such as affordable childcare and housing, are vital to enabling minimum adequacy at a salary level at or near the minimum wage.

The report also examines MESL need and income adequacy in employed scenarios, assessing the adequacy of the National Minimum Wage (NMW) and relevant in-work social welfare supports. The cost of a MESL basket for an urban single adult in full-time minimum wage employment increased by 2.8% in the year to March 2024, as the reduction in energy costs limited the impact of rising rents for this household situation. The 2024 increase to the NMW exceeded this change in MESL costs, resulting in the inadequacy of a full-time minimum wage salary lessening to an income shortfall of €130 per week, meeting 77.3% of MESL needs.

For households with children 21 NMW employment cases are examined, in various full and part-time single and dual income scenarios. These cases are based on reliable and adequate hours of minimum wage employment, combined with in-work social welfare supports and services that effectively reduce MESL costs. 17 cases demonstrated adequate income, when in a social housing scenario. In Housing Assistance Payment (HAP) scenarios higher housing costs result in 12 cases demonstrating adequate income. Effective supports, such as the Working Family Payment and the National Childcare Scheme, play a crucial role in achieving income adequacy for low-paid workers.

The range of supports that either supplement income from employment or reduce potential expenses play a pivotal role in supporting income adequacy for the low paid cases examined. These supports operating in conjunction with an appropriate earnings floor, can enable income adequacy for many households with children when in lower paid employment. Analysis finds that increased employment intensity does not automatically improve the household's adequacy position. This is due to the tapering of direct income supports and secondary supports.

Multiple instances are found where direct supports (Working Family Payment, One-Parent Family Payment & Jobseeker's Transitional) and indirect support (National Childcare Scheme, Medical Card) provided a lower support in 2024 compared to 2023. With the exception of WFP, this is due to income eligibility criteria not being adjusted in line with the NMW.

'Cost of Living' supports

This report focuses on MESL and income adequacy in 2024. However, a further tranche of 'once-off' supplementary payments were announced in Budget 2024 and paid to households in the last quarter of 2023. The impact of these supports is also examined. The analysis finds that the set of once-off supports supplemented the reduced purchasing power of core rates. These supports helped reduce deep income inadequacy from 59% of cases in the first half of 2023 to 50% of cases in the last quarter.

The analysis also examined the counterfactual scenario, without any supplemental Cost of Living supports in 2023. Here the impact of rising living costs on the real value of the base social welfare rates is evident, with income inadequacy found in 93% of cases.

Conclusion

This report provides an update of the MESL baskets to reflect prices in 2024, specifying the average weekly cost of the goods and services agreed as necessary for a socially acceptable minimum standard of living with dignity.

The 2024 MESL comes after a period of severe increases in living costs. The research finds a relative stabilisation in costs, with a slight decline compared to 2023. However, the cumulative impact of inflation to date has resulted in a significant increase of 16.8% in core MESL costs from 2020 to 2024. By comparison, the standard core working-age social welfare rate has increased by 14.3% over the same period. Consequently, the incidence and depth of inadequate income continues to be at a higher rate than that found prior to 2023.

Contents

Introduction

The Minimum Essential Standard of Living (MESL) offers a publicly determined benchmark for household minimum needs, providing a needs-based indicator of the income required for individuals and households to live with dignity. The annual MESL update captures changes in the cost of the minimum basket of goods and services. For the 2024 update, the MESL basket items have been repriced to current costs.

Recent stabilisation, but cumulative increase

In the last year, there has been a relative stabilisation in costs with a moderate decline for most household types relative to 2023. In the 12 months to March 2024 the core MESL cost decreased by an average of 1.9%. Despite this recent reduction, the cumulative change in core MESL costs from 2020 to 2024 is significant, indicating ongoing challenges for households.

The 2020 MESL reflected the minimum costs as of March of that year. It serves as a reference point to measure the impact of the pandemic and subsequent inflation shocks. Compared to 2020, the cost of the MESL food basket has increased by 21.2% and the MESL household energy basket has increased by 64.5%. Although declines in other areas of expenditure have offset some of these increases, the overall impact is a 16.8% increase cost of the goods and services needed for a MESL. Detailed examination of these changes begins on page 11.

Rising food costs

The cost of the MESL food basket increased by an average of 1.5% nationally in the past year, with a cumulative change of 21.2% from 2020 to 2024. Factors contributing to this are discussed further on page 20, and food affordability is examined on page 58.

…, the overall impact is a **16.8% increase** cost of the goods and services needed for a MESL. …

Impact of energy costs

In recent updates rising energy prices drove much of the increase in MESL costs, the recent price reductions are now primarily responsible for the current fall in MESL costs. The change in energy costs is discussed further on page 24. The cumulative impact of the 64.5% increase in energy costs on affordability is examined on page 54.

In 2023 the research centre published a paper identifying the cost of the energy needed to adequately heat the home, and the variation by the efficiency of the home. An update of this analysis for 2024 prices is available from page 55, demonstrating the range of potential energy costs and vulnerabilities to energy poverty for four household types.

The cost of a child's MESL

The 'Cost of a child' section details the direct MESL expenditure needs for four stages of childhood, see page 49. MESL costs remain highest for children of second level age (12 and over) at €149 per week – approximately 60% higher than the minimum needs of younger children, with social welfare supports meeting 63% of MESL needs.

The change found in the MESL costs for an infant's needs are considerable. The cost for an infant has shown the largest increase of all age-groups, rising by 22.4% from 2020 to 2024. This increase was primarily driven by a 37% rise in baby milk formula and an 84% increase in the cost of nappies. These two items now account for over a quarter (28.8%) of an infant's MESL costs.

While the incidence and severity of deep inadequacy have improved since 2023, they remain elevated compared to the declining trend from 2020 to 2022. **Households with older children (aged 12 and over) and single adult headed households are at a greater risk of deep income inadequacy when dependent on social welfare**.

Social welfare income adequacy

MESL research establishes the costs of the goods and services required for a dignified life at a minimally acceptable level. This report benchmarks the adequacy of both social welfare supports and minimum wage employment for a range of household compositions. The extent and breadth of any shortfalls are monitored, and factors contributing to changes in income inadequacy are identified.

The real value of standard social protection rates for adults and children are evaluated from 2020 to 2024, on page 32. Despite core rates now being at their highest nominal value in 2024, the real value (relative to MESL) remains below the previous peaks.

In 2024, all 214 test cases showed an improvement in social welfare income as a percentage of MESL expenditure need compared to 2023. Nevertheless, 76% demonstrated an inadequate income, with 43% showing deeply inadequate income, where social welfare supports meet less than 90% of MESL expenditure needs, see page 36.

While the incidence and severity of deep inadequacy have improved since 2023, they remain elevated compared to the declining trend from 2020 to 2022. Households with older children (aged 12 and over) and single adult headed households are at a greater risk of deep income inadequacy when dependent on social welfare.

The analysis also examines the effect of 'Cost of Living' supports in 2024, including the January double payment to eligible recipients and two electricity credits. Without these supports, the incidence of inadequate income would be 4 percentage points higher, reaching 80%, with 48% of cases experiencing deep income inadequacy.

Employment and income adequacy

The analysis also examines MESL need and income adequacy in employed scenarios, assessing the adequacy of the National Minimum Wage (NMW) and relevant in-work social welfare supports. The increase to NMW has exceeded the change in MESL costs for an urban single adult (on page 66), resulting in an improvement in the proportion of MESL needs met. The inadequacy of a full-time minimum wage salary lessened to an income shortfall of €130 per week, with the NMW meeting 77.3% of this household's MESL expenditure need.

For households with children (from page 67) 21 NMW employment cases are examined, in various full and part-time single and dual income scenarios. These cases are based on reliable and adequate hours of minimum wage employment, combined with in-work social welfare supports and services that effectively reduce MESL costs. Where these household cases have access to social housing paying a differential rent, 17 demonstrate adequate income. In a Housing Assistance Payment (HAP) scenario, higher housing costs result in 12 cases demonstrating adequate income.

The range of supports that either supplement income from employment or reduce potential expenses play a pivotal role in supporting income adequacy for low paid cases examined. These supports operating in conjunction with an appropriate earnings floor, can enable income adequacy for many households with children when in lower paid employment. Analysis finds that increased employment intensity does not automatically improve the household's adequacy position. This is due to the tapering of direct income supports and secondary supports.

Multiple instances are found where direct supports (Working Family Payment, One-Parent Family Payment & Jobseeker's Transitional) and indirect support (National Childcare Scheme, Medical Card) provided a lower support in 2024 compared to 2023. With the exception of WFP, this is due to income eligibility criteria not being adjusted in line with the NMW changes (see page 74).

'Cost of Living' supports

This report focuses on MESL and income adequacy in 2024. A further tranche of 'once-off' supplementary payments was announced in Budget 2024 and paid to households in the last quarter of 2023. The impact of these supports, which fall between the points in time examined in the annual MESL series, is discussed in Box 1, on page 40, 41.

Living with inadequate income

The MESL baskets describe the minimum standard that members of the public have agreed people should be able to live at. To provide context, this year's MESL report also reviews other research which illuminates the reality of living below this standard, from page 59.

Evidence from the 2023 Survey on Income and Living Conditions (SILC) shows the extent to which households are going without MESL components, such as 24% of one parent households going without heating at some point in the year, and 15% of people unable to participate in leisure activities that cost money. Recent research from Barnardos (2023) demonstrates the trade-offs parents are forced to make, cutting back on children's activities, to pay for food and energy. With a quarter of parents indicating insufficient food for their children at some point in the last year (Barnardos et al., 2024). Similarly, Whelan et al. (2023) explored the difficult decisions people face in prioritising food and energy over essential hygiene products, impacting on their health and dignity (Whelan et al., 2023).

Table 1: Summary of MESL Income Adequacy Assessment[1], 2024

Household		Urban		Rural	
		Social Welfare	Employed (NMW)	Social Welfare	Employed (NMW)
Two Parents & 1 child (infant)					
	MESL	€498	€666	€595	€805
	Income	€464	€889	€464	€889
	Adequacy	**-€34**	**€223**	**-€131**	**€84**
Two Parents & 2 children (pre & primary school)					
	MESL	€560	€796	€660	€927
	Income	€546	€922	€546	€922
	Adequacy	**-€14**	**€126**	**-€114**	**-€5**
Two Parents & 2 children (primary & second level)					
	MESL	€655	€800	€755	€973
	Income	€559	€922	€559	€922
	Adequacy	**-€96**	**€122**	**-€196**	**-€51**
Two Parents & 3 children (infant, pre & primary school)					
	MESL	€662	€959	€763	€1,053
	Income	€624	€954	€624	€954
	Adequacy	**-€38**	**-€5**	**-€139**	**-€99**
Two Parents & 4 children (2 primary & 2 second level)					
	MESL	€914	€1,132	€1,030	€1,308
	Income	€732	€1,035	€732	€1,036
	Adequacy	**-€182**	**-€97**	**-€298**	**-€271**
One Parent & 1 child (primary school, under 7)					
	MESL	€370	€507	€478	€612
	Income	€342	€675	€342	€673
	Adequacy	**-€28**	**€168**	**-€136**	**€61**
One Parent & 2 children (pre & primary school)					
	MESL	€431	€637	€542	€717
	Income	€422	€784	€422	€781
	Adequacy	**-€9**	**€147**	**-€120**	**€64**
One Parent & 2 children (primary (7+) & second level)					
	MESL	€527	€667	€637	€779
	Income	€436	€735	€436	€732
	Adequacy	**-€91**	**€68**	**-€201**	**-€47**
Single Adult, working age					
	MESL	€280	€572	€344	€522
	Income	€232	€442	€232	€443
	Adequacy	**-€48**	**-€130**	**-€112**	**-€79**
Older Person, living alone					
	MESL	€324	...	€394	...
	Income	€319	...	€319	...
	Adequacy	**-€5**	**...**	**-€74**	**...**
Older Couple					
	MESL	€408	...	€486	...
	Income	€498	...	€498	...
	Adequacy	**€90**	**...**	**€12**	**...**

MESL research background

The Minimum Essential Standard of Living (MESL) budget standards research collaborates with members of the public in deliberative focus groups to reach consensus on the minimum people need to live and partake in Irish society, at a standard of living which people agree no one should be expected to live below. It represents the minimum required to meet physical, social, and psychological needs, and enable a life with dignity.

The research is iterative, working through multiple phases of deliberative focus groups, to establish a negotiated social consensus on what people regard as essential for households to have a minimum, but socially acceptable standard of living. In this way the MESL is a tangible measure, grounded in lived experience and derived from social consensus, of what is required for participation, dignity and avoiding poverty.

The MESL research operationalises the concepts which underpin the Irish Government's definition of poverty and social inclusion, the human right to an adequate standard of living, and the key principle set out in the European Pillar of Social Rights that all have a right to an adequate minimum income which enables a life with dignity.

The MESL translates these concepts and ideals into a practical indicator, as it specifies the average weekly cost of the goods and services deemed necessary to enable a socially acceptable minimum standard of living. In practical terms, the MESL operationalises a direct measure of poverty, providing a unique benchmark of what is required to enable participation, inclusion, and a life with dignity, i.e., what is required to avoid poverty.

The MESL provides an alternative, and complementary, measure for assessing relative poverty. It also provides a vital evidence-based benchmark for assessing the adequacy of social welfare supports and minimum rates of pay.

A Minimum Essential Standard of Living:

- is a standard of living which no one should be expected to live below,
- is decided by members of the public, agreeing on what is needed to live at an acceptable, dignified standard and take part in the day-to-day life of Irish society,
- is the minimum needed to meet the physical, psychological, and social needs of individuals and households,
- is a minimum standard for everyone, not just those in poverty,
- counts the actual weekly cost of the goods and services needed to enable a socially acceptable life with dignity,
- is a unique benchmark, grounded in the lived experience of people, which complements other poverty measures. It shines a light on the extent to which individuals and households can afford a minimum standard of living.

Extent of the MESL dataset

The MESL research has been ongoing since 2004, establishing the budget standards data for a broad range of household types and compositions in urban and rural areas, over the course of multiple research projects.

The data is updated annually to reflect current prices, and the contents of the expenditure budgets are periodically reviewed to ensure the MESL continues to reflect a social consensus on what is required for a minimum socially acceptable standard of living.

The MESL dataset establishes the minimum needs of 85% of households across Ireland, differentiating by household type and four child age-groups[2]. It provides a unique and current resource defining the expenditure and income required for a socially acceptable minimum standard of living in Ireland today.

Table 2: Household types in MESL and proportion of all households[3]

Household type	Proportion of households
Two Parent household, 1 to 4 children	**33%**
One Parent household, 1 to 4 children	**10%**
Single Adult, working age	**13%**
Couple, working age	**10%**
Older Single Adult, living alone	**10%**
Older Couple	**9%**

This report focuses on a subset of representative household compositions, presenting the minimum expenditure need for the households in both urban and rural areas. The household types and compositions presented in this report are only a small sample of the full range of households covered by the MESL expenditure needs data.

The appendix, available online, includes detailed income calculation tables for each of the household compositions in all the scenarios presented throughout this report. Further information on the household budgets, including the core MESL expenditure need for the full range of urban and rural household compositions, is available on the Vincentian MESL Research Centre website, **budgeting.ie**.

Updating the MESL data

The MESL expenditure needs dataset is updated annually for all household types, to reflect changes in the prices of the goods and services included in the MESL baskets. The income calculations used in the MESL analysis are updated each year, incorporating all relevant changes to social welfare and taxation announced in the annual Budget.

MESL updating schedule

2018 / 19	2020	2021	2022	2023	2024	2025	2026
Review & reprice	Adjust	Adjust *Reprice*	Adjust *Reprice*	Adjust *Reprice Food & Energy*	Reprice full basket	Review contents *Households with children*	Review contents *Households no children*

Re-pricing the MESL basket

Regular repricing of the MESL basket items is also necessary to ensure the accuracy of the annual MESL series through limiting the reliance on inflation adjusted prices (Thornton & Boylan, 2021). The standard annual update is based on inflation adjustments of unit prices and selective repricing. As part of the rolling update schedule, a full re-price of the basket items is due every third year.

In 2021 a reprice of the majority of MESL basket items was due. Due to the challenges and restrictions created by COVID-19, it was not possible to reprice the full range of basket contents. All outstanding items that were due to be repriced in 2021 but could not be due to COVID-19 restrictions, were repriced in the 2022 MESL update process.

According to the MESL updating schedule, the 2023 update was due to apply inflation adjustments only. However, due to the exceptional inflationary pressure it was deemed prudent to undertake a partial reprice of the MESL baskets, focusing on Energy and Food – the categories which contributed most of the inflationary pressure.

The 2024 MESL is based on a full reprice of all basket items.

Adjusting the MESL costs

In years when repricing is not due the costs are adjusted for inflation. A refined adjustment method has been introduced from 2020, adjusting the basket costs by applying the most specific CPI sub-rate available at an item level. This approach makes use of 128 separate rates to adjust the unit price of each basket item at the most granular level possible, excluding the effect of price changes in the rest of the CPI basket. This approach refines the accuracy of the estimated MESL cost in the years between re-pricing the baskets.

Reviewing MESL basket contents

To ensure the MESL data continues to reflect lived experience, remaining relevant and grounded in social consensus, it is necessary to engage with members of the public through deliberative focus groups, to review what is required for a MESL.

This process was last conducted by the MESL research team over the course of 2018/19, with the finalised data published in 2020.

MESL needs for households with children are due to be reviewed as part of the 2025 update, with deliberative focus groups commencing in the second half of 2024. The MESL needs of households without dependent children will then be reviewed for 2026.

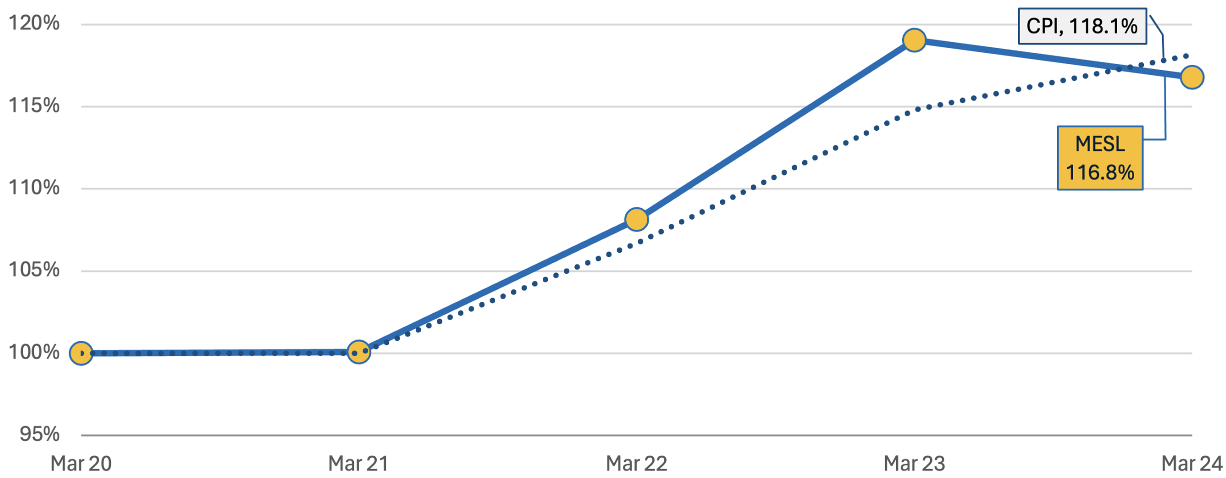
Cost of a MESL in 2024

2024 brings a relative stabilisation in the rate of change in the cost of the MESL, with a moderate decline in MESL expenditure need for most household types. The core MESL cost (excluding housing, childcare, and the effect of secondary benefits) has decreased by an average of 1.9% nationally (-2.3% for urban based households, -1.2% for rural households) in the twelve months to March 2024.

Following the significant upward pressure on minimum living costs over the course of 2021/22 and 2022/23, this slight reduction leaves the MESL costs significantly higher than the pre inflation shock period. There has been a cumulative increase in the core MESL costs from 2020 to 2024 of 16.8% (15.0% for urban households, 19.8% for rural households).

While the overall trend in the twelve months to March 2024 has been one of stabilisation, with living costs reaching a relative plateau, there have been significant fluctuations in the cost of various basket areas. These are discussed in detail below, but of note are the 20.9% decline in MESL household energy costs and the continuing increase (1.5%) in the cost of the MESL food basket.

Graph 3: Change in MESL & CPI, 2020 to 2024



Fluctuations in home energy prices have a disproportionate impact on the MESL, given energy's significant share of overall expenditure. Just as rising energy prices drove a large share of the increase in MESL costs in previous years, the decline is now primarily responsible for the current fall in MESL costs. It is notable that when energy is excluded, the core MESL basket cost increased by 0.7%. The change in energy costs is discussed further on page 24.

The 2020 MESL reflected the minimum costs as of March of that year and can act as a reference point against which to measure the impact of the pandemic and subsequent cost of living inflation shock. Compared to 2020, the cost of the MESL food basket has increased by 21.2% and the MESL household energy basket has increased by 64.5%. While these increases have been partially offset by declines in other expenditure categories (e.g. education and insurance), the cumulative impact has led to a 16.8% increase cost of the goods and services needed for a MESL, as clearly illustrated in Graph 3.

Compared to 2020, the cost of the MESL food basket has increased by **21.2%** and the MESL household energy basket has increased by **64.5%**.

Graph 4: **Change in weekly core MESL expenditure, 12 representative household compositions (Excludes housing, childcare, and effect of secondary benefits)**

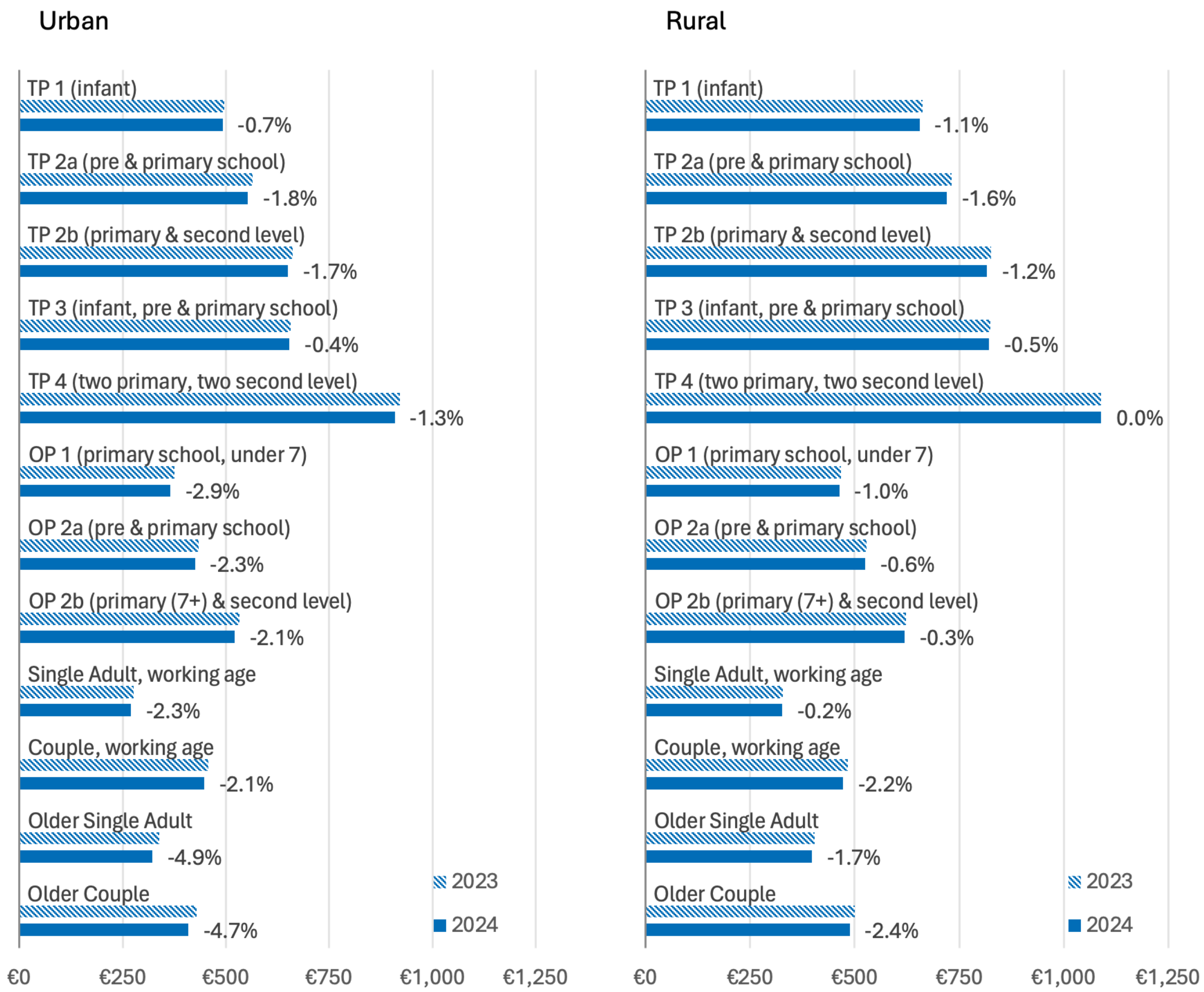


Figure 1: **Household composition legend**

Abbreviation	Household Composition	
TP 1	Two Parents with One Child	an infant (aged under 1)
TP 2a	Two Parents with Two Children	one in pre-school & one in primary school (ages 3 & 6)
TP 2b	Two Parents with Two Children	one in primary school & one in secondary school (ages 10 & 15)
TP 3	Two Parents with Three Children	an infant, one in pre-school & one in primary school (ages under 1, 3 & 6)
TP 4	Two Parents with Four Children	two in primary school & two in secondary school (ages 8, 11, 14 & 17)
OP 1	One Parent with One Child	in primary school (aged 6)
OP 2a	One Parent with Two Children	one in pre-school & one in primary school (ages 3 & 6)
OP 2b	One Parent with Two Children	one in primary school & one in secondary school (ages 10 & 15)
SA	Single Adult, of Working Age	living alone, no dependent children
CP	Couple, of Working Age	co-habiting, no dependent children
SA Older	Older Person	living alone
CP Older	Older Couple	

Differences between CPI and MESL

Inflation, as measured by the CPI, remained at or above 5.0% from November 2021 to October 2023, a period of 24 months. The 12-month rate of inflation peaked at 9.3% in October 2022. While the rate of inflation has been below 5.0% since November 2023, this period of so called 'disinflation' (a slowdown in the rate of price increases) has seen price pressure easing but nevertheless continuing to increase and doing so from an already elevated position.

The rate of change measured by the CPI (2.9%) for the last 12 months shows a notable difference from the change in MESL (-1.9%) for the same period. However, cumulative inflation measured by CPI from March 2020 to March 2024 shows an increase in average prices of 17.9%. This rate of change is 0.9 percentage points above the rate of change in the MESL for the same period.

The CPI measures the average change in prices for all households, however different circumstances and household compositions result in differences in how price changes are experienced.

This is exemplified by the factors driving the 2.9% increase measured by the CPI over the last 12 months. The largest contributors to the rate of change were higher costs for food and alcohol in restaurants etc., a rise in the cost of hotel accommodation in Ireland, and higher prices for package holidays. These areas contributed approximately half of the increase (1.5 percentage points of the 2.9% rate). (CSO, 2024e)

Basics such as food and household energy make up **a larger share of the minimum basket**.

Restaurants, cafes and take-aways account for 16.5% of the CPI basket and package holidays represent 1.4% of average household spending. In contrast, the MESL basket has a minimal allowance for purchasing a take-away and restaurant food, for example a take-away once a month in working-age households and a family trip to a fast-food restaurant four times a year. There is no package holiday, but there is an allowance for a one week holiday in Ireland, for families with children this a self-catering stay in a mobile home. These areas represent approximately 6% of the MESL basket costs for a family with two children.

This demonstrates that the composition of the MESL basket is different from the average consumption basket used to measure CPI inflation. In 2023, the MESL increased at a greater rate than that measured by CPI. This was due to the greater sensitivity of the MESL basket to rising energy and food prices. The minimum basket is more exposed to price increases in these essential areas of core expenditure than the CPI basket used to measure average price changes.

Basics such as food and household energy make up a larger share of the minimum basket. Food accounts for a significantly greater proportion of the MESL basket (23.9% urban; 20.9% rural) than in the CPI (CSO, 2024e) basket (9.9%). Household energy also comprises a notably greater proportion of the MESL basket (9.1% urban; 7.9% rural) compared to the proportion of the CPI basket (6.2%).

As energy costs in the MESL basket have declined by a quarter (24.9%) in the last 12 months, the disproportionate sensitivity of the MESL basket to energy fluctuations is evident compared to the CPI basket. Falling energy prices have had significantly more influence on the change in MESL costs, due to the larger proportion of expenditure allocated to energy. This is reflected in the narrower range of expenditure in the MESL basket, as illustrated by the significantly smaller allocation towards food not prepared in the home and holidays (two areas of cost which contributed significantly to the increase in the CPI and offset reductions in energy costs).

Urban

0.9% increase
in Social Inclusion and Participation

6.7% increase
in Education

6.5% increase
in Personal Care

5.4% increase
in Health Insurance

1.4% increase
in Food

3.0% increase
in Household Goods
0.9% increase
in Household Services

-1.5% decrease
in Clothing

-3.6% decrease
in Communications

-8.9% decrease
in Home Insurance

-24.9% decrease
in Household Energy

Rural

4.4% increase
in Social Inclusion and Participation

7.9% increase
in Education

6.5% increase
in Personal Care

7.5% increase
in Health Insurance

1.6% increase
in Food

3.6% increase
in Household Goods
0.4% increase
in Household Services

-1.3% decrease
in Clothing

-5.8% decrease
in Transport

-7.6% decrease
in Home Insurance

-12.2% decrease
in Household Energy

Change in the cost of the MESL basket

In previous years, the MESL tended to demonstrate minor fluctuations in cost, with price increases in some budget areas being largely offset by decreases in others. This year follows on from an exceptional increase in the cost of a MESL in 2023, primarily driven by the rising cost of food and energy.

The 2024 MESL differs slightly from recent years, demonstrating significant fluctuations in cost, with price increases in some expenditure areas being offset by significant decreases in others.

Urban household's MESL budget cost grew in several budget areas, with increases ranging from 0.9% in Social Inclusion and Participation to 6.7% in Education. Personal Care notably increased by 6.5%, while Health Insurance increased by 5.4%. Other price rises include Food (1.4%), Household Goods (3.0%) and Household Services (0.9%).

Average costs decreased in other budget areas such as Clothing (-1.5%) and Communications (-3.6%). Average decreases in Home Insurance (-8.9%), and Household Energy (-24.9%) are notable.

Similarly, there have been increases in several areas of expenditure for rural households, with price growth ranging from 0.4% in Household Services to 7.9% in Education. There were also increases in Personal Care (6.5%), Household Goods (3.6%), Social Inclusion and Participation (4.4%) and Health Insurance (7.5%).

Average costs decreased in Clothing (-1.3%) and Transport (-5.8%). One strong outlier was Household Energy (-12.2%). The average cost of Home Insurance and Funeral Insurance each showed decreases of 7.6% and 3.6% respectively.

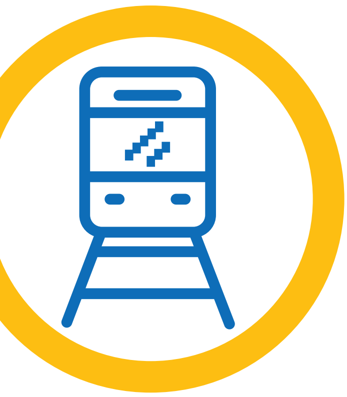
The core MESL basket cost (excluding housing, childcare and the effect of secondary benefits) has decreased by an average of 2.3% for urban based households and 1.2% for rural based households in the 12 months to March 2024. This gives a national decrease of 1.9%.

The decrease in minimum living costs from 2023 to 2024 is primarily driven by a large decrease in Household Energy costs, following on from a period of exceptionally high energy price inflation, which consequently had a disproportionate impact on the MESL baskets. Excluding Household Energy and Food, the core MESL increased by 1.2% for urban based households and decreased by 0.5% for rural based households. The impact of current energy price fluctuations on the MESL basket is examined in further detail below.

Despite there being a decline in minimum living costs overall from 2023 to 2024, the cumulative change in the cost of a core MESL, from the four years to March 2024, is **15.0%** for urban based households and **19.8%** for rural based households. This gives a national average of approximately **16.8%**.

Transport

The MESL Transport basket demonstrates a clear difference between urban and rural household costs. There was no change in the cost of Transport for urban household types relying on public transport. This is a result of the continuation of the 20% fare discount on public transport keeping transport costs at an affordable level.



In the rural MESL basket a private car is used for transportation and the basket does not include the use of public transport. Rural households saw an average decrease of 5.8% in their Transport budget, which is primarily caused by the improved uel efficiency of the used car in the MESL baskets.

As part of the repricing for this year's MESL update, a more recent model of car has been incorporated into the Transport budget. Increases in the cost of used vehicles have been ongoing since 2020 and has been widely reported in Ireland. While the significant rise in the cost of the second-hand vehicle within the MESL baskets is considerable, the improved fuel efficiency of the car seems to have mitigated the impact of rising petrol and diesel prices, leading to an overall average decrease of 5.8% in rural household's Transport budget.[4]

The deliberative group participants came to the consensus that when a car is needed a second-hand vehicle that is approximately four years old would be purchased, on the basis that households on the minimum should not be excluded from improvements to safety, fuel efficiency, etc. The MESL findings suggest that having a newer car comes with the cost-benefit of improved fuel efficiency. In reality, households on low-income or dependent on social welfare may not be able to afford a more recent model of car and will consequently have higher running costs for an older and less efficient car.

Car Insurance

Car Insurance increased by an average of 7.4% for household compositions in a rural area. The CPI also measured an increase in the cost of motor insurance policies from March 2023 to March 2024 of 5.0%.

Rural households saw an average decrease of **5.8%** in their Transport budget, which is primarily caused by the improved fuel efficiency of the used car in the MESL baskets.

Education

In 2024, the MESL Education basket increased significantly for **both urban and rural households by 6.7% and 7.9%**, respectively.

The Education basket is made up of school-age children's school related costs including uniforms, schoolbooks, and materials. Other school-related costs such as resource fees for photocopying, IT, etc., are included, as is the Voluntary Contribution. Computer equipment and related costs, as well as stationery, are included to meet household's educational needs.

An increase in the cost of an online training course, alongside rising prices for stationery and computer equipment, have increased Education costs for working-age households without children by up to 6.6%. Increases in Education budgets was particularly notable in household compositions with children, caused by increases in the cost of schoolbooks, stationery, school uniforms and other school-related costs.

For primary school age children education costs are the fourth largest area of expenditure. The primary school age child saw an average increase of 3.4% in their MESL Education basket when living in an urban area, and 6.0% when living in a rural area. The rural Education basket for this child age-group increased at a greater rate than the urban, as it had a larger increase in the weekly cost of other education costs (7.5%), which includes school trips, school fees and the Voluntary Contribution, and school uniforms (2.7%) in the 2024 MESL baskets.

This follows on from a decrease in the 2023 Education costs for this child-age group, mainly due to the introduction of the Free Primary Schoolbooks Scheme, which significantly reduced their education costs. The scheme removed 30% of the MESL education cost for primary school age children from September 2023.

For secondary school age children, education costs are the third largest area of expenditure. The Government announced the introduction of free schoolbooks and classroom resources for Junior Cycle students, to be implemented for the 2024/2025 school year. In 2024, the cost of schoolbooks, copies, workbooks, and core classroom resources included in the MESL baskets for second level students amounts to an estimated €4.21 per week or €218.92 annually, making up approximately 22% of their overall Education budget. The introduction of the scheme in September 2024 will considerably reduce the Education costs for families with teenagers at Junior Cycle level. However, MESL costs for children in Senior Cycle will not currently benefit from this reduction in cost.

Health Insurance

The MESL Health Insurance basket increased by an average of 5.4% for urban households and 7.5% for rural households. The CPI also reported a significant increase in the cost of health insurance policies in the 12-months to March 2024 of 11.1%.

Food

From 2023 to 2024, the MESL food budget increased by an average of **1.4%** for urban households, and **1.6%** for rural households. This is a considerably smaller increase than that seen in 2023, where the food budget represented one of the largest cost increases for households, increasing by an average of 21.3% for urban households, and 19.6% for rural households.

Although food inflation has slowed in the past year, prices have not fallen or returned to where they were prior to the significant cost increases seen in the past number of years. **From 2020 to 2024, the cumulative change in the cost of the MESL food basket is an average increase of 23.1% for urban households and 17.8% for rural households.**

The food budget makes up one of the largest shares of the overall MESL basket, on average, 23.7% for households living in an urban area, and 20.9% for households living in a rural area. Therefore, any increase in the cost of the food basket has a significant impact on the overall MESL budget costs of households. The 23.1% cumulative increase in the cost of food for urban households and 17.8% cumulative increase for rural households has had a substantial effect on the overall MESL cost experienced by households in Ireland over the past four years.

The household made up of two parents and an infant child shows the greatest increase in the MESL food budget in an urban setting of 2.81%, while the working-age cohabiting couple shows the greatest increase in a rural setting of 2.76%, from March 2023 to March 2024. The household made up of one parent with two children, of pre-school and primary school age, shows the smallest change in the MESL food budget in an urban setting of 0.49%, while the two parent and two children, of pre-school and primary school age, show the smallest change in a rural setting of 0.45%, in the twelve months to March 2024.

The MESL food baskets are comprised of an array of items, which vary in type, quantity, and rate of consumption between household types. This leads to differences in the proportional change of the cost of the MESL food basket between household types. This section will look at some of the specific factors and trends which have contributed to the changes in the MESL food costs from 2023 to 2024, as well as from 2020 to 2024.

Infant Child – Individual MESL Food Budget

From 2023 to 2024, the individual MESL food budget for the Infant Child increased by 7.2% for an infant in both an urban and rural household. This is the greatest increase across all individual MESL food budgets over the past 12 months and is significantly higher than the average increase in the MESL food costs outlined above.

From 2020 to 2024, the cost of the Infant Child's food budget has increased by 27.3% in both urban and rural households. This is also the highest increase across all individual MESL food budgets over the four year period to March 2024.

This notable increase is caused by the food inflation experienced across all MESL food budgets over the past number of years, alongside increases in the cost of specific infant-related items, such as baby food jars, Liga biscuits and baby formula. Table 3 shows that in the past 12 months, the cost of these items has increased by between 6–21%. When compiled with the previous cost increases seen over the past number of years, this has led to the cost of these three specific infant-related items increasing by between 30–37%, in the four years to March 2024.

Table 3: Infant food item prices, 2020 to 2024

Item	Unit Price 2020	Unit Price 2023	Unit Price 2024	% change 2023-2024	% change 2020-2024
Baby Food Jars	€1.02	€1.15	**€1.39**	21%	**36%**
Liga Biscuits	€2.42	€2.67	**€3.15**	18%	**30%**
Baby Formula	€12.73	€16.49	**€17.49**	6%	**37%**

From 2020 to 2024, the cost of the Infant Child's food budget has **increased by 27.3% in both urban and rural households**. This is also the highest increase across all individual MESL food budgets over the four year period to March 2024.

Changes in food item prices, 2020–2024

Vegetables

The price of many of the vegetable items included in the MESL food budget have increased from 2023 to 2024. Table 4 gives examples of four vegetable items from the MESL food budget, cauliflower, cucumber, parsnips, and tomatoes, that show between a 9–13% price increase in the twelve months to March 2024. Analysing the price changes from 2020 to 2024 shows that these price increases have further built on the already considerable increases from the past number of years. These items have had between a 20–36% price increase in the four years from March 2020 to March 2024.

Table 4: Vegetable prices, 2020 to 2024

Item	Size	Unit Price 2020	Unit Price 2023	Unit Price 2024	% change 2023–2024	% change 2020–2024
Cauliflower	Loose	€1.29	€1.49	**€1.69**	13%	**31%**
Cucumber	Loose	€0.59	€0.69	**€0.75**	9%	**27%**
Parsnips	500g	€0.99	€1.19	**€1.35**	13%	**36%**
Tomatoes	6 pack	€0.99	€1.09	**€1.19**	9%	**20%**

Meat

The price of many of the meat items included in the MESL food budget have decreased from March 2023 to 2024. Table 5 gives examples of four meat items from the MESL food budget, cooked ham, chicken fillets, mince, and sausages, which show between a 5–14% price decrease from March 2023 to March 2024.

Despite these price decreases, when the price changes from 2020 to 2024 are examined, these items show an increase of between 4–14%. This demonstrates that although food inflation has slowed, and prices have even decreased in the case of these items, prices have not returned to what they were prior to the exceptional levels of inflation experienced over the past number of years.

Table 5: Meat prices, 2020 to 2024

Item	Size	Unit Price 2020	Unit Price 2023	Unit Price 2024	% change 2023–2024	% change 2020–2024
Cooked Ham	200g	€2.29	€2.79	**€2.39**	-14%	**4%**
Chicken Fillets	2 pack	€3.13	€3.89	**€3.49**	-10%	**12%**
Mince	500g	€3.49	€4.19	**€3.99**	-5%	**14%**
Sausages	454g	€1.39	€1.69	**€1.59**	-6%	**14%**

Staples

Tables 6 and 7 shows the price changes in the cost of some staple items, white bread and milk, separated into urban and rural areas. The MESL food budget allows for some use of local shops by rural households to purchase these staple items, as it was deemed necessary by focus group participants due to the distance from larger supermarkets.

The price change from 2023 to 2024 shows that the cost of these items has reduced by between 9 – 13% for urban households, while the cost of bread has reduced by 5% for rural households and the cost of milk has remained unchanged.

The price change from 2020 to 2024 shows a considerable cumulative increase in the cost of staples experienced by urban households, with the price of white bread increasing by 87%, and milk increasing by 40%, over the four year period. In comparison, the cost of bread has remained unchanged for rural households, while the cost of milk has increased by 6% from March 2020 to March 2024.

As is shown in Table 7, the unit price of these staple items is higher when purchased in local shops by rural households, as has always been the case in previous MESL research. However, urban households have seen a much larger increase in the cost of these staples over the past number of years, which has led to the gap between the cost of the urban and rural food budgets reducing over this period.

Table 6: Urban, bread and milk prices, 2020 to 2024

Item	Size	Unit Price 2020	Unit Price 2023	Unit Price 2024	% change 2023–2024	% change 2020–2024
White Bread	800g	€0.69	€1.49	**€1.29**	-13%	**87%**
Milk, full fat	2 litre	€1.49	€2.29	**€2.09**	-9%	**40%**
Milk, low fat	2 litre	€1.49	€2.29	**€2.09**	-9%	**40%**

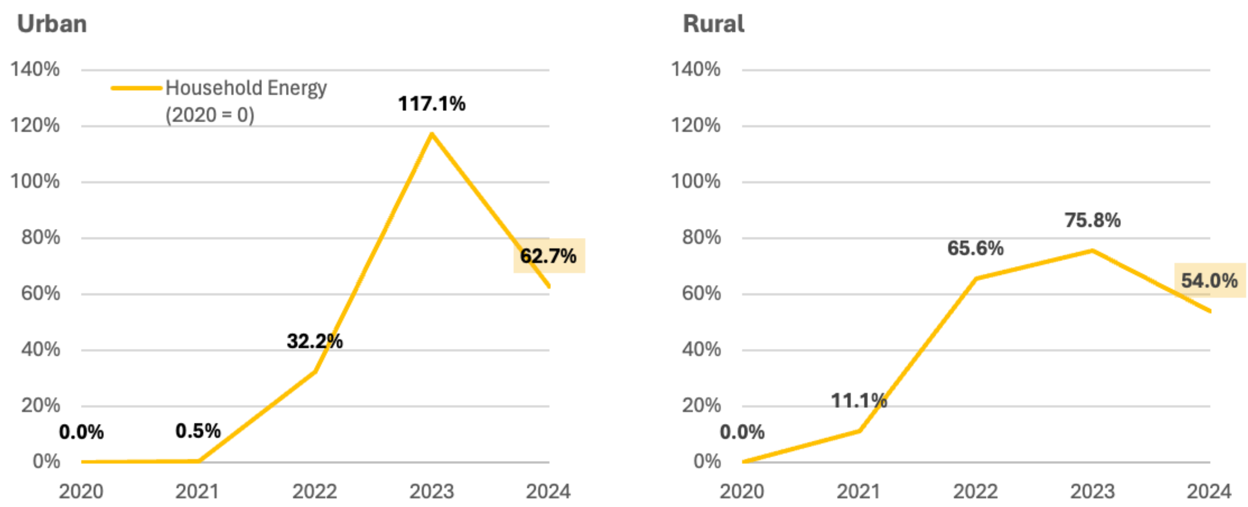
Table 7: Rural, bread and milk prices, 2020 to 2024

Item	Size	Unit Price 2020	Unit Price 2023	Unit Price 2024	% change 2023–2024	% change 2020–2024
White Bread	800g	€1.99	€2.10	**€1.99**	-5%	**0%**
Milk, full fat	2 litre	€2.35	€2.49	**€2.49**	0%	**6%**
Milk, low fat	2 litre	€2.35	€2.49	**€2.49**	0%	**6%**

Energy

In 2024, the MESL Household Energy basket decreased on average by **24.9%** for urban households, and by **12.2%** for rural households, compared to 12 months earlier. This represents the greatest rate of change in the MESL basket for both urban and rural households.

Graph 5: MESL Household Energy Cumulative Change



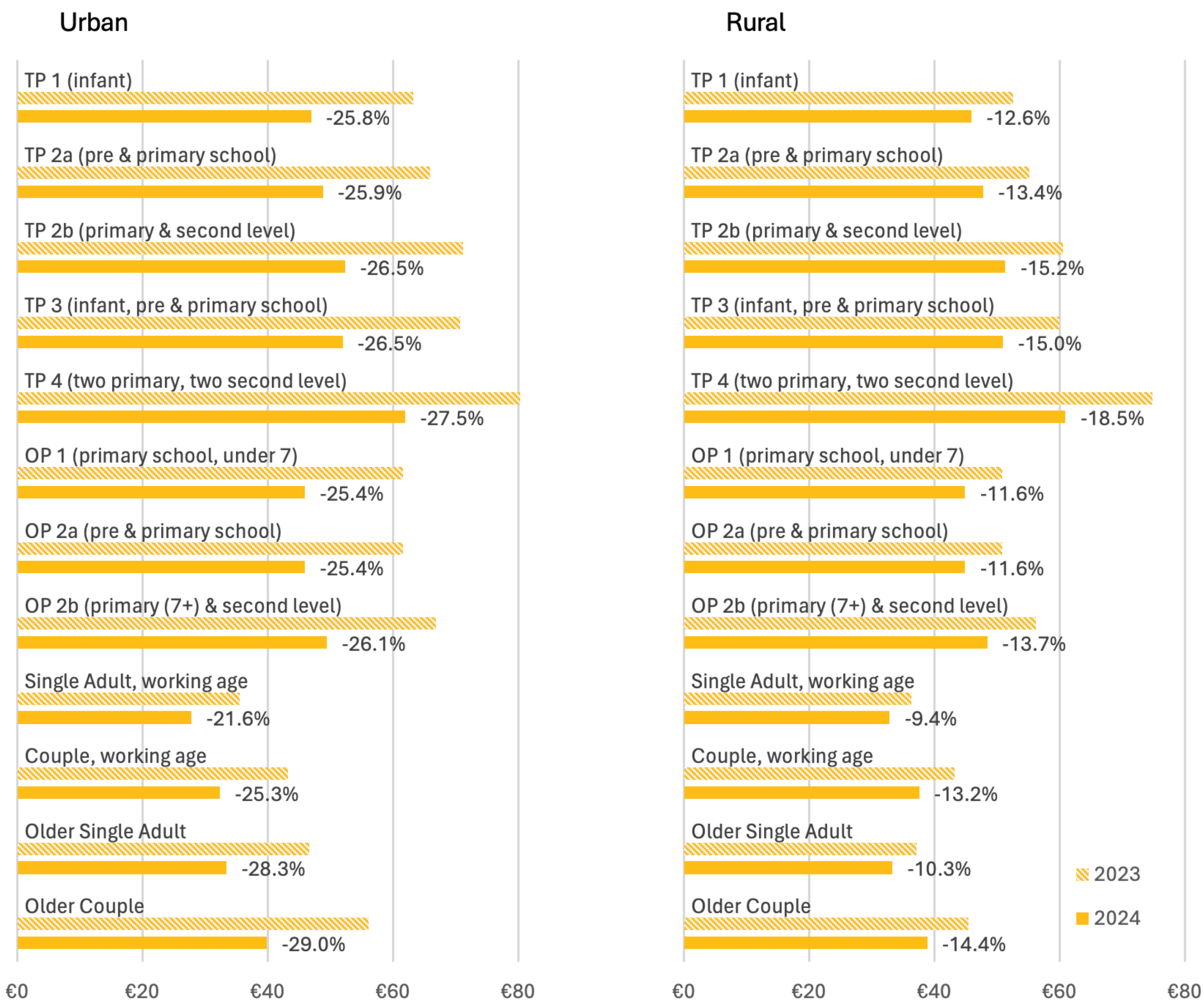
There has been exceptional volatility in electricity and fuel prices over the past three years, increasing household energy costs to unprecedented levels. While there has been a significant reduction in energy prices over the course of the past 12 months as inflation eases, they remain significantly higher than previous living cost price levels. Cumulatively, from March 2020 to March 2024, the cost of Household Energy in the MESL has increased by 62.7% for urban based households and 54.0% for rural based households.

...from March 2020 to March 2024, the cost of Household Energy in the MESL has increased by **62.7% for urban based households** and **54.0% for rural based households**.

In 2023, the exceptional rise in energy prices had a disproportionate effect on the MESL basket, with energy expenditure accounting for 12.0% of the urban basket and 9.0% of the rural basket. To a lesser extent, in 2024, energy expenditure continues to account for a large share of the minimum basket (9.1% urban; 7.9% rural) compared to 6.2% of the CPI basket.

The graph below illustrates the significant decrease in the weekly cost of Household Energy from 2023 to 2024.

Graph 6: Change in weekly MESL Household Energy, 2023–2024



Household types with older people living in an urban area show the greatest level of change in Household Energy costs. **For the older couple household, total energy expenditure has fallen by 29.0%** from €56.13 in 2023 to €39.85 in 2024. For an older single adult, household energy costs have decreased from €46.60 to €33.41 (-28.3%).

In 2024, Household Energy has contributed to a large decrease in overall minimum living costs for households when compared to the year prior. Household types with older people living in an urban area show the greatest level of change in Household Energy costs. For the older couple household, total energy expenditure has fallen by 29.0% from €56.13 in 2023 to €39.85 in 2024. For an older single adult, household energy costs have decreased from €46.60 to €33.41 (-28.3%).

Urban households with children also show a significant decrease in energy expenditure, at an average decrease of approximately 26.2% in the 12-month period to March 2024. While the working-age single adult had the lowest rate of decrease in the urban energy basket at approximately 21.6%.

When repricing Household Energy, the most cost-effective option for each household type is identified by 'shopping around' and is included in the MESL budget. The volatility in energy prices has had a great impact on the cost of the Household Energy basket, as well as the overall MESL. Given the variation of minimum energy needs across household types, the exact impact of the overall effect of these changes can vary.

Historically, the MESL research has found that heating the home using oil is more expensive than using natural gas. However, last year's MESL observed a break in this trend, with the cost of the urban energy basket exceeding the rural. This was the result of an exceptional increase in gas prices, paired with a slight decrease in the price of home heating oil.

The 2024 MESL findings has seen the differential shrink significantly. This finding is largely a result of the steep decline in gas prices, with urban based households demonstrating a greater level of change in Household Energy than rural households. Although, urban based gas costs continue to be higher than for the equivalent rural household using home heating oil.

The volatility in energy prices has had a great impact on the cost of the Household Energy basket, as well as the overall MESL.

For urban working-age households without children, the total cost of gas per week has fallen from €18.74 in 2023 to €13.83 in 2024, a 26.2% decrease. When compared to 2020 price levels, weekly urban fuel costs have increased by 93.7%, from €7.14 per week in 2020 to €13.83 in 2024. For the same household type in a rural area, the weekly cost of home heating oil Is €17.74 in 2024, an estimated 79.9% increase from 2020 when oil was €9.87 per week.

Urban heating costs, where the use of natural gas is assumed, have decreased by an average of 25.4% in the MESL baskets. The price of gas per unit has fallen in all cases by at least a quarter in the 12-month period to March 2024. Additionally, the standing charge has fallen in all cases, by as much as almost 37.0% in some instances. However, while urban home heating costs have fallen significantly in the 12-month period to March 2024, there has been a 103.3% increase since March 2020, in the MESL baskets.

For rural households, where the use of home heating oil is assumed, heating costs have increased by an average of 3.1%. However, because the cost of electricity has fallen significantly (-24.8% for rural households), this results in an overall decrease in the cost of the rural home energy basket.

The unit price of electricity has fallen by at least a third for all households in the 2024 MESL basket. The electricity standing charge has increased in some cases and decreased in others, depending on the price plan which best aligns with a household type's energy needs. On average, electricity costs have decreased by 24.5% for urban households and 24.8% for rural households in the MESL baskets. Cumulatively, electricity costs have increased by 31.1% and 32.4% respectively since March 2020.

Budget 2024 announced three electricity credits of €150 each to be paid to all households. The first payment was made in December 2023 and therefore is not included in the 2024 MESL Household Energy cost calculations. The second payment was issued in January 2024, followed by the third and final payment made in March 2024. The MESL Household Energy basket includes the effect of the electricity credits made in 2024 in its calculations. The credits reduce electricity costs by €5.77 per week. Without the credits, the overall MESL Household Energy would have decreased by 15.1% for urban based households and by 1.0% for rural based households. The PSO levy, another element of the Household Energy basket, was set to €0 for 2024.[5]

Social Welfare

The MESL consensual budget standards research contributes an indicator to the debate on what constitutes a socially acceptable minimum level for a life with dignity. It provides a unique body of evidence to shine a light on what is needed to avoid poverty, enable participation and inclusion, and live with dignity. The MESL informs debate on where the appropriate level of a minimally adequate income is, and in this way serves as a benchmark to assess the adequacy of social welfare supports.

This section presents the MESL assessment of social welfare income adequacy for 2024. Firstly, the impact of the recent inflationary shock on the real value of core social welfare rates relative to the MESL is examined. The analysis then presents a broad evaluation of 214 test household cases identifying trends of income inadequacy. Subsequently, specific household cases are discussed in more detail to illustrate characteristics which contribute to the incidences of household income inadequacy found.

The analysis assesses social welfare supports against the total MESL cost (including housing) adjusted for the effect of secondary benefits (primarily the medical card) for each of the household compositions. The discussion focuses primarily on urban based households. The housing costs included are based on differential rent (and the Rent Supplement tenant contribution for working age household without children). Households not in traditional social housing, e.g., receiving Housing Assistance Payment while in private rented accommodation, would likely face additional costs in the form of rent top-ups.

Changes to supports and social protection rates in 2024

Adjustments to core social welfare rates, announced in Budget 2024, came into effect from the start of the year. These included a €12 adjustment in core weekly social welfare rates including Jobseekers payments and the One-Parent Family Payment, with proportionate adjustments to the Qualified Adult (€8), and a €4 adjustment to Increase for a Qualified Child rate for both younger and older children. The State Pension rates were also adjusted by €12, with associated increases to the Qualified Adult, aged 66 or over (€10.80). However, the Living Alone Allowance and Fuel Allowance remain at the previous rate of payment.

The temporary 'Cost of Living' €100 uplift to the Back to School Clothing and Footwear Allowance was not retained for 2024. Under Budget 2024, Fuel Allowance recipients received a lump sum top-up of €300 in late 2023, but there are currently no Fuel Allowance top-ups to be provided in 2024 and the core rate and season remain unchanged. However, there has been an adjustment to the Working Family Payment (WFP) weekly earnings thresholds of €54 per child, in line with the change to the National Minimum Wage.

Other supports

The extension of the free schoolbooks scheme to the Junior Cycle of second level schools was announced in Budget 2024. It is due to come into effect for the 2024/25 school year. At the time of compiling the 2024 MESL budgets, the available information on the scheme was insufficient to calculate its effect on the education costs for second level age children. It is the intention to include it in the MESL from 2025.

The increased income thresholds for the GP Visit Card were introduced from November 2023, to bring eligibility to those below median incomes. The revised thresholds have increased for adults and retained the previous allowances for children. These are incorporated into the 2024 MESL analysis.

Budget 2024 'Cost of Living' measures

Budget 2024 has introduced a further suite of supplementary 'Cost of Living' once-off payments. The majority of these were paid in the latter part of 2023, as such they are not applicable to the analysis for 2024. However, the effect of these additional supports in the last quarter of 2023 are considered in Box 1 on page 40.

Budget 2024 'Cost of Living' measures, paid in 2023

- Fuel Allowance, €300 lump sum
- Living Alone Allowance, €200 lump sum
- Working Family Payment, €400 lump sum per recipient family[6]
- Child Benefit, once-off double payment to all recipients
- Increase for Qualified Child, €100 lump sum paid for each qualified child
- The first of three €150 domestic electricity credits was provided in December.

The once-off 'Cost of Living' supports paid in 2023 are not included in the 2024 income scenarios.

Budget 2024 'Cost of Living' measures, paid in 2024

- January 'Cost of Living' bonus, a once-off double week payment to all recipients of qualifying long-term social welfare supports.
  In the scenarios examined in the MESL analysis, this will apply to recipients of the State Pension, One-Parent Family Payment and Jobseeker's Transitional (it is also included in supplementary scenarios of long-term (12 months +) Jobseeker's payment recipients).
- Two €150 domestic electricity credits were provided over the first half of 2024.
  The effect of these is reflected in the net household energy cost in the household MESL budgets for 2024.
- The reduced 9% VAT rate for gas and electricity was extended to the end of October 2024.
- The temporary excise rate reductions on petrol, diesel and marked gas oil were extended to the end of March 2024. The full rate of excise is to be restored in two steps, in April and August of 2024.
  As the restoration of the full excise rate commenced in April, it is after the reference point for the 2024 MESL, and therefore is not reflected in the current baskets.

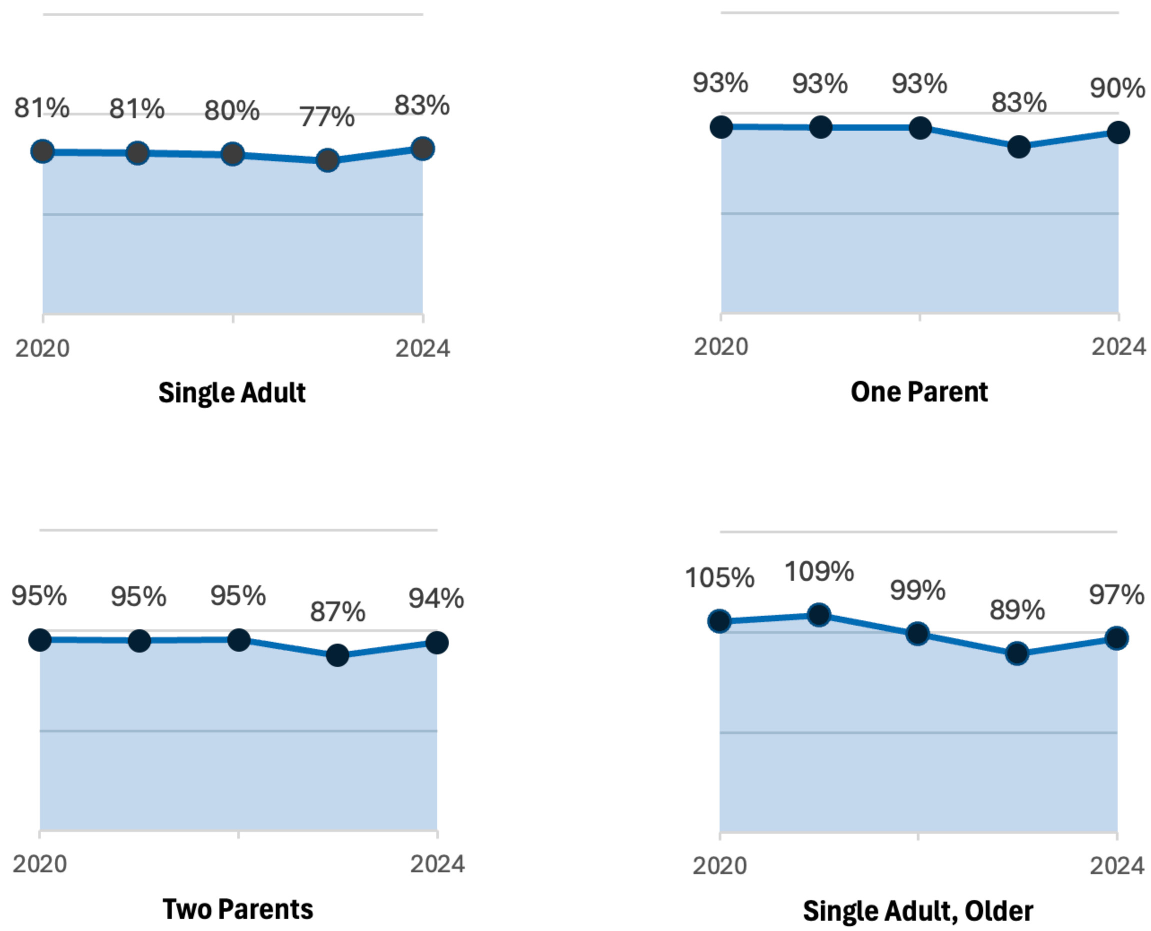
These additional 'Cost of Living' supports are included, as applicable, in the 2024 calculations.

Real value of core social welfare rates

The standard social protection rates are assessed relative to MESL costs for adults and children. In this way the change in the real value of the relevant social protection supports is evaluated from 2020 to 2024, encompassing both the period of the pandemic and the recent inflationary shock.

The analysis finds that the real value of social welfare rates relative to MESL costs reached a low point in 2023, but as the extreme pressure of high home energy costs recedes their real value is beginning to recover. In 2024, it is notable that despite core rates now being at their highest nominal value, their real value has yet to recover to 2020 levels both for parents and for older single adults. While the Cost of Living supports offset at least some of this declining value, their temporary nature mean it is important to examine the real value of the underlying core rates. The overall position of households, inclusive of applicable 2024 Cost of Living supports is examined in subsequent sections.

Graph 7: Adult core social welfare rates, % of urban MESL met



Single Adult, working age

As illustrated in Graph 7 for an urban based working-age single adult (SA), the core personal rate fell from meeting 81% of MESL need in 2020 to a low point of 77% in 2023. In 2024, the Jobseeker's (JS) personal rate, €232 per week, meets 83% of estimated MESL needs when in Rent Supplement accommodation.

In a Housing Assistance Payment scenario (HAP), the core JS rate would meet 73% of estimated MESL costs in 2024. This is seven percentage points lower than 2022, when JS met 80% of MESL costs. 2022 is the earliest comparison point available due to a change in HAP rent thresholds at that time.

One Parent

For the single adult in a one parent household (OP), the core value of the One-Parent Family Payment (OFP) or Jobseeker's Transitional (JST) personal rate is assessed. As these are long term social welfare supports the Fuel Allowance and Christmas Bonus are also included.

In 2020, the combination of these supports met 93% of the MESL needs of the adult in a One Parent household in urban social housing, falling to a low point of 83% in 2023. In 2024, the adjustment to the personal rate has partially restored the real value, to 90% of MESL need. This remains three percentage points below the 2020 level.

Two Parents

For the two adults in a two parent household (TP) in an urban area, the combination of the personal rate and increase for qualified adult, fell from meeting 95% of MESL need in 2020 to a low point of 87% in 2023.

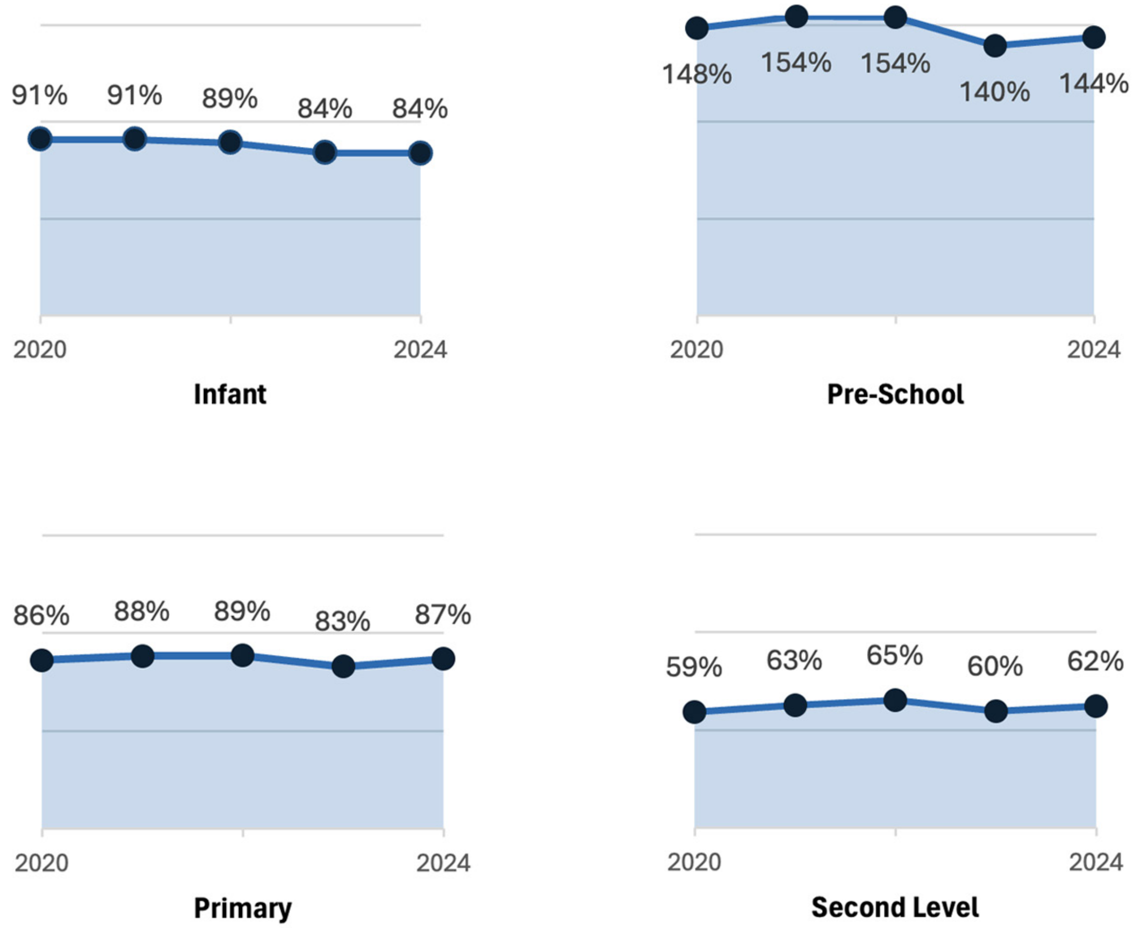
In 2024 the nominally increased rates would meet an estimated 94% of MESL needs when paying a differential rent in urban social housing. This represents a significant improvement from 2023 but is a one percentage point reduction in the real value compared to 2020.

Single Adult, Older

In the case of an older single adult (SA Older), the Non-Contributory State Pension and secondary supports (including Fuel Allowance and Living Alone Allowance) met 105% of MESL need in 2020, when living in urban social housing.

The core supports have fallen to an inadequate level, meeting only 89% of MESL need in 2023. In 2024 the real value of the core supports has been partially restored due to the adjustment to the personal rate but remain inadequate meeting 97% of MESL need.

Graph 8: Child related social welfare supports, % of urban MESL met



The real value of core child related social welfare supports is assessed against the direct MESL costs for each child age-group, as illustrated in Graph 8 above. The assessment examines the Increase for a Qualified Child (IQC), Back to School Clothing & Footwear Allowance (BSCFA) where applicable, Child Benefit, and the Christmas Bonus. The MESL costs for children, and the factors influencing the change in these, are discussed in more detail in the special topic 'Cost of a child' on page 49.

Infant

MESL costs for infants have grown at the greatest rate of all child-age groups since 2020, with a cumulative increase of 22.4% to 2024. This exceptional increase has been driven by significant price rises in food, particularly milk formula, and personal care including nappies (see page 50). This has resulted in the real value of the Increase for Qualified Child (IQC) and Child Benefit falling from meeting 91% of MESL needs in 2020, to meeting only 84% of needs in 2024.

Pre-School

For pre-school age children, child-related supports have continued to provide for above MESL needs. However, it is notable that the real value has fallen relative to 2020 and is 10 percentage points below the previous high point reached in 2021.

MESL costs are lowest at pre-school age. The adequacy gap for household compositions that include a pre-school age child tends to be lowest, as the support above the MESL need for pre-school children subsidises the inadequate support for others in the household. Consequently, a pre-school age child's MESL needs will not be adequately met if they are part of a household which faces income inadequacy

Primary School

At primary school age, the real value of the supports had declined from a high point of meeting 89% of MESL need in 2022 to a low point of 83% in 2023. However, adjustments to the IQC and roll-out of free schoolbooks has seen a recovery in the real value of the supports relative to 2020.

Second Level

For second level age children, the real value of supports had improved from meeting only 59% of MESL need in 2020, reaching 65% in 2022. After declining to meeting 60% of MESL need in 2023, there is a recovery in real value relative to 2020, with core supports meeting 62% of MESL need in 2024. However, it is notable that in the case of both school age children the real value in 2024 is below the previous high point reached in 2022.

Social welfare adequacy trends

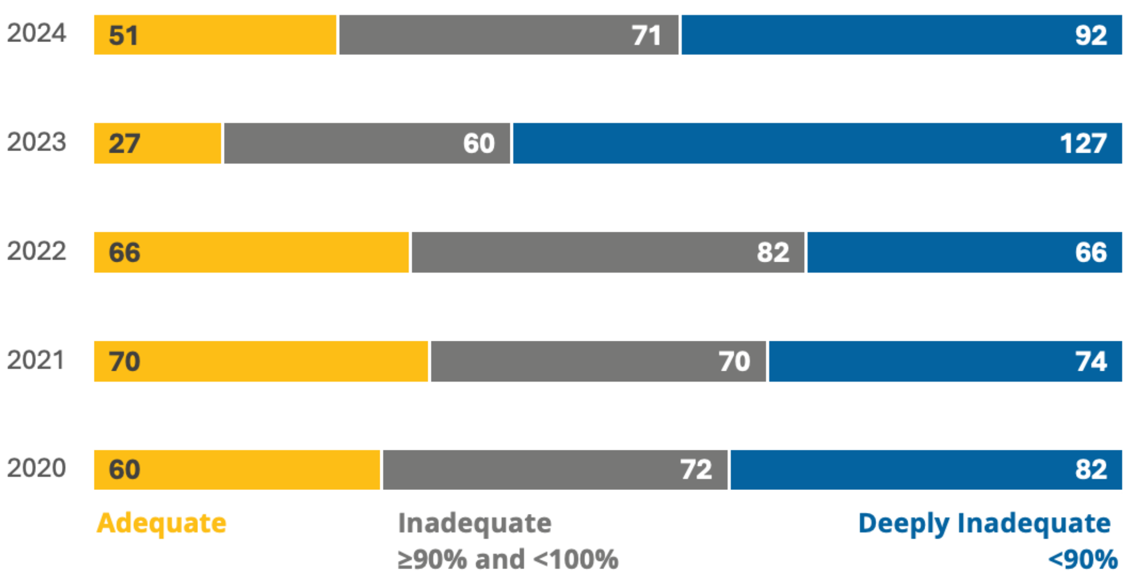
The MESL analysis examines trends in social welfare adequacy for a set of 214 test household cases[7]. Patterns of income inadequacy are highlighted, establishing the depth of income inadequacy, and the household characteristics and needs which are not adequately supported by the structures of the current social protection system. The analysis also identifies trends in income adequacy over time and examines the depth of income inadequacy with a focus on deep income inadequacy (income <90% MESL need).

In 2024, a quarter of cases (24%) demonstrate income adequacy, where social welfare supports meet minimum needs. In the majority of cases (76%) the income supports provided by social welfare are inadequate to meet minimum needs. Of the 163 cases of inadequate income, 71 (33%) have an inadequate income which is meeting at least 90% of MESL needs. A further 92 cases (43%) demonstrate deep income inadequacy, where social welfare supports provide for less than 90% of MESL expenditure needs.

Compared to the MESL 2023 analysis 2024 shows an improvement, with 24 cases moving to a position of income adequacy. A further 35 cases moved from deep inadequacy where income meets less than 90% of MESL need, to inadequate income but with at least 90% of needs met. This results in a net increase of 11 cases with inadequate income which is meeting at least 90% of MESL needs.

Of the 214 cases examined, all show an improvement with social welfare income representing a greater percentage of MESL expenditure need in 2024 compared to 2023. While the decline in the incidence of deep inadequacy is notable, it remains above the levels recorded from 2020 to 2022. In this period there was a steady decline in deep income inadequacy from 82 to 66 cases. Overall, while the position relative to 2023 has improved, 2024 social protection supports are not ensuring the level of adequacy that was seen from 2020 to 2022.

Graph 9: Benchmarking Social Welfare Adequacy, 214 test cases[8]



Overall, while the position relative to 2023 has improved, 2024 social protection supports are not ensuring the level of adequacy that was seen from 2020 to 2022.

Deep income inadequacy

Deep income inadequacy means household income meets less than 90% of a household composition's MESL expenditure need. The MESL standard represents a socially negotiated consensus on the necessities and essentials which people have agreed everyone needs to have for a socially acceptable minimum standard of living. Having a consistently inadequate income means doing without what is required to meet basic needs and to take part in normal day-to-day activities and participate in society.

The trend of previous years found deep income inadequacy was concentrated in households with older children (aged 12 and over) and one adult headed households, i.e., one parent households and single working-age adult households. Deep income inadequacy in family household compositions was primarily limited to households with older children. For example, in 2022 there were 5 cases of household compositions with only younger children demonstrating deep inadequacy, and these were all one parent compositions.

Older children

Older children have additional and different needs distinct from children in younger age groups. The cost of a MESL is highest for older children, aged 12 and over. The direct MESL needs of older children are an average of €149 per week, approximately 60% more than the minimum needs of younger children. Social welfare supports meet 63% of the MESL costs for an older child, compared to meeting at least 85% of MESL costs of children under 12.* Consequently, deep income inadequacy is found more frequently in household compositions with older children.

Single adult headed households

Deep income inadequacy is found to be associated with single adult headed households, when dependent on social welfare. The MESL analysis finds that one adult headed households have tended to demonstrate a greater rate of income inadequacy and deep income inadequacy than two adult headed households. This trend is also reflected in SILC data, showing that the household compositions headed by one adult have the highest at-risk-of-poverty, deprivation, and consistent poverty rates.[9]

Social welfare supports for a working-age single adult household have consistently been found to be deeply inadequate, and that continues to be the case in 2024. Also, in 2023 an older single adult household in receipt of the Non-Contributory State Pension was found to be on the threshold of deep income inadequacy, with income meeting 90.0% of MESL need. In 2024, income for this household situation remains inadequate, but now meets 98.6% of MESL need.

Analysis of the MESL data finds that the minimum needs** of a couple headed household cost approximately 1½ times that of a one adult headed household. This is not because the second adult consumes less than the first, it is due to the economies of scale available to two adult households which reduce the relative cost of the second adult in the household. Two adult households see notable savings relative to one adult households in the costs of running a home, for instance in home energy, household services and household goods, the costs for two adults are similar to the costs faced by one adult. This finding has been observed not only in Ireland but also in other countries with developed minimum budget standards research (Hirsch, et al., 2020).

* See 'Cost of a Child' on page 49 for further discussion, and Table 8 on page 52.

** Based on urban MESL expenditure need, adjusted for Medical Card, and housing based on differential rent.

Pattern of deep inadequacy

From 2020 to 2022 the incidence of deep income inadequacy was declining. There was a significant worsening of deep income inadequacy in 2023, both in terms of the depth of inadequacy and incidence spreading to a wider range of household types and compositions. In 2024 the incidence of deep income inadequacy cases has decreased relative to 2023, but remains elevated compared to the trend from 2020 to 2022.

Of the 214 test cases examined, 207 are household compositions with children. Deep income inadequacy was in decline amongst households with children, falling from 80 cases in 2020 to 64 in 2022. This increased to 125 in 2023 and has now fallen back to 91 in 2024.

One parent households

One parent household compositions have consistently demonstrated the highest incidence of deep income inadequacy, in the analysis. In 2024, deep income inadequacy is found in 61% of one parent cases, of the 69 test cases 42 demonstrate deep income inadequacy. Within these 42 cases, 31 include at least one older child. This is an improvement from 2023, but remains above the incidence found in the earlier period.

One parent household cases continue to tend to demonstrate the greatest depth of income adequacy compared to equivalent two parent household cases. However, the depth of inadequacy has improved compared to 2023. 12 one parent cases now show income meeting less than 80% of MESL need (compared to 24 in 2023), with 1 case showing income meeting less than 70% of MESL needs (compared to 3 cases in 2023).

Two parent households

For two parent household compositions, where social welfare income is based on one Jobseeker and a Qualified Adult, deep inadequacy has reduced compared to 2023 but remains significantly above 2022 levels. 57% of cases show deep income inadequacy in 2024, of the 69 cases examined in this scenario 39 demonstrate deep income inadequacy. This is compared to 75% of cases in 2023, but 38% of cases in 2022.

Furthermore, in 2022 deep income inadequacy for two parent household compositions was only found when there was an older child in the household. As of 2023, this was no longer the case. For two parent household compositions, where social welfare income is based on one Jobseeker and a Qualified Adult, deep income inadequacy continues to be found both in households with older children and in compositions with younger children only. In 2024, of the 39 deep inadequacy cases 9 are compositions which do not include an older child.

While this is a retrenchment from 2022, it is an improvement from the severity of the situation found in 2023. In 2023, for this household situation there were 18 cases of deep inadequacy where compositions did not include an older child. The depth of inadequacy has also reduced, there are 8 cases in 2024 which show an income meeting less than 80% of MESL need (compared to 11 in 2023).

For two parent household compositions, where social welfare income is based on two full Jobseeker Benefit payments, the incidence of deep income inadequacy is comparatively lower (14%). This is a significant increase compared to 2022 (7%) but a marked reduction from 2023 (26%). In the 10 deep inadequacy cases found in this scenario, all compositions include an older child. There are no cases found where income meets less than 80% of MESL need.

Effect of 'Cost of Living' supports in 2024

Over the course of 2022 and 2023 there were several tranches of exceptional 'Cost of Living' once-off supplementary payments and supports. Budget 2024 included a further package of once-off measures, most of this set of direct payments and supports were made in the last quarter of 2023.

In 2024, the additional supports include a once-off double week payment to qualifying social welfare payments in January, this applied to all long-term recipients which would qualify for the Christmas Bonus. Budget 2024 also announced three further electricity credits of €150 each, the first was paid in December 2023, the subsequent credits were paid in January and March 2024.[10]

Without either of these supports 171 of the test cases examined would demonstrate income inadequacy, with deep income inadequacy in 102 cases. Therefore, these supports have kept eight cases in a position of income adequacy and prevented 10 cases from being pulled into deep income inadequacy.

The January double payment provided a supplementary income support to qualifying long-term recipients, e.g. those in receipt of the State Pension, One-Parent Family Payment or Jobseeker's Transitional. This additional income was sufficient to move two marginal household cases from income inadequacy to adequacy, and six cases from deep inadequacy to having an income marginally above the 90% deep inadequacy threshold.

The two Electricity Credits paid in 2024 have reduced the potential MESL costs, by an average of €5.77 per week. This measure also contributed to moving six cases from income inadequacy to adequacy, and eight cases from deep inadequacy to having an inadequate income which meets at least 90% of MESL needs.

Combined, the Cost of Living supports in 2024 prevented eight cases from being pulled into income inadequacy and reduced deep income inadequacy by 10 cases. In two cases, the combined effect of the two measures was required to move the household to a position of income adequacy, but neither measure would have been sufficient alone. For example, for an urban older person living alone and in receipt of the Contributory State Pension, either the Electricity Credits or January double payment would bring net income to 99.9% of MESL need, but the two measures are required to bring income to 101.6% of MESL need.

…, these support have kept **eight cases** in a position of income adequacy and prevented **10 cases** from being pulled into deep income inadequacy.

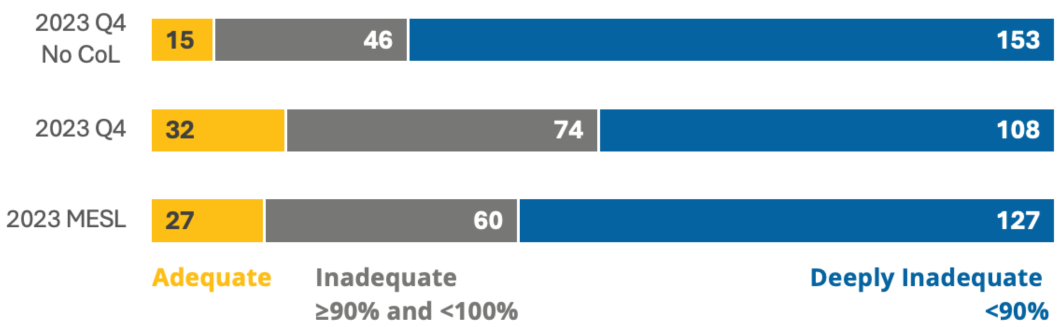
Box 1: Cost of Living Measures in 2023

There have been several tranches of exceptional Cost of Living 'once-off' supplementary payments and supports made in response to the extreme inflationary pressure of recent years. The most recent of these included a package of measures announced in Budget 2024 which were paid to households in the last quarter of 2023.

The 2023 MESL analysis presented the position in the first quarter of 2023, and incorporated the standard social welfare rates and supplementary supports that were in place at that time. That analysis presents the position of minimum living costs and income adequacy at that point in time and remains part of the annual series of MESL data and analysis.

The MESL analysis of Budget 2024 included an estimate of the social welfare adequacy trends in the fourth quarter of 2023. In the six months from the point of the 2023 MESL annual update (March) to September, the cost of the MESL basket had increased by an average of 1.4%. Increases in food costs, of 3.1% in the six months from March to September, were partially offset by reductions in energy costs. Applying the €150 electricity credit for 2023 Q4, announced in Budget 2024, brought the net change in MESL costs to 0.7% above the March levels.

Graph 10: Effect of 2023 'Cost of Living' measures



The effect of the suite of Cost-of-Living supplementary payments and supports provided over the course of 2023, are examined here against the adjusted MESL costs for 2023 Q4. A counterfactual scenario is also examined (No CoL), based on the standard 2023 social welfare rates only with no Cost-of-Living payments or electricity credits included. These are illustrated in Graph 10.

The annualised value of all relevant 'Cost of Living' measures provided in 2023, including those announced in Budget 2024, are assessed for 2023 Q4.

The analysis finds that the set of once-off supports have supplemented the reduced purchasing power of core rates. As such the trend of income adequacy and inadequacy improved between the first and last quarter of the year.

In 2023 Q4 the estimated 1.4% increase in MESL costs from March 2023, was reduced to 0.7% due to the €150 electricity credit paid in December 2023.

The once-off lump-sum payments, including the double Child Benefit, €100 payment for each Qualified Child, the €300 Fuel Allowance lump sum and the €200 for Living Alone Allowance recipients, provided significant support to recipient households.

The additional income supports result in a reduction of deep income inadequacy cases, from 59% of cases in the first half of 2023 to 50% of cases in 2023 Q4. There is a slight increase (5) in the number of cases demonstrating adequacy, these cases all include pre-school age children where the relative adequacy of income supports for this age-group can supplement the inadequacy for other age-groups. 19 cases move from deep inadequacy to having an inadequate income which meets at least 90% of MESL needs. The 19 cases include 10 one parent household compositions and 9 two parent compositions. In each of the cases, income supports in the first half of 2023 met at least 87% of MESL needs, hence the increased support in 2024 Q4 were sufficient to bring incomes above the deep inadequacy threshold.

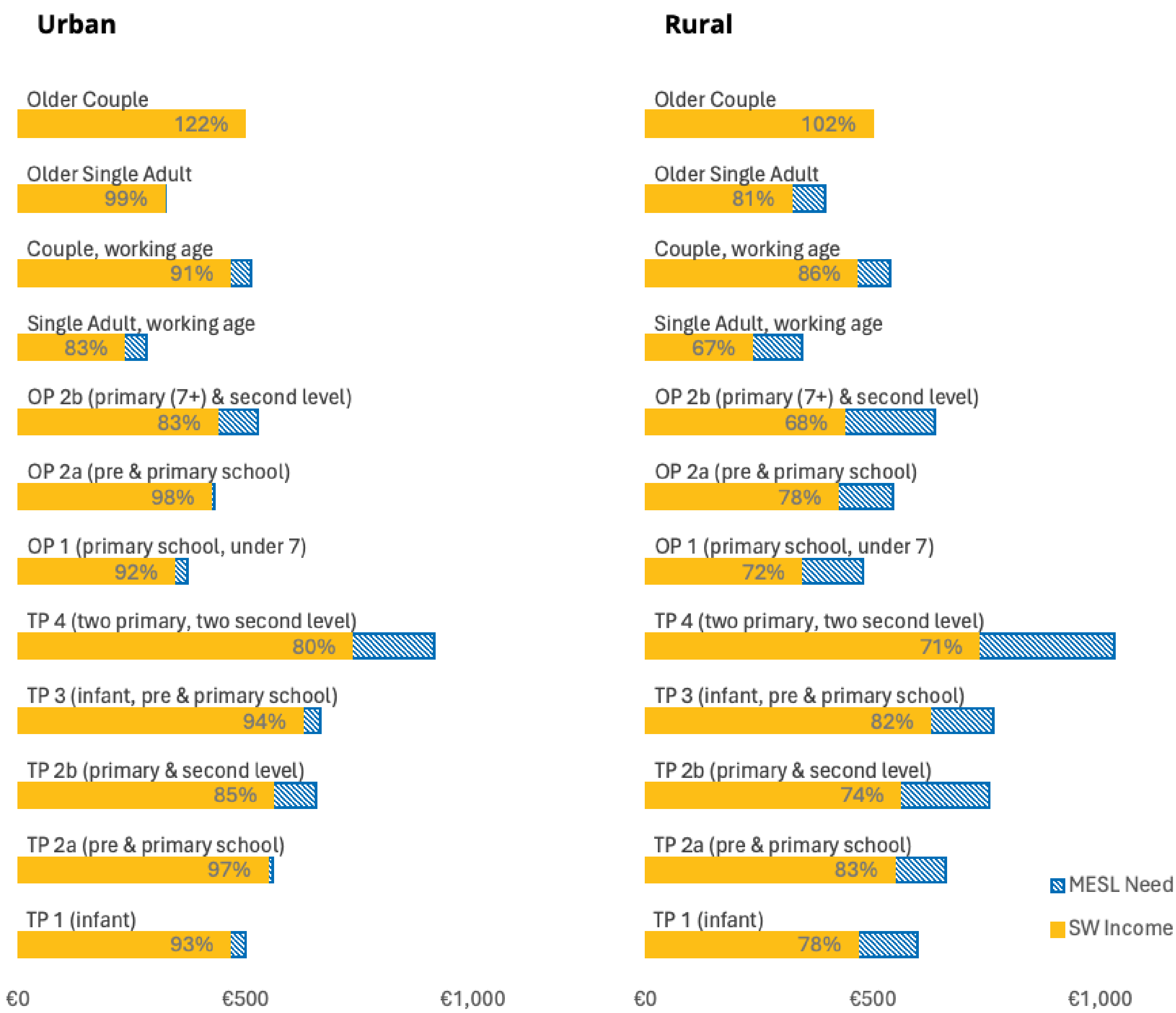
One adult headed households and households with older children continued to show significant rates of deep income inadequacy, for example in two cases of One Parent household compositions with only older children income supports met only two-thirds of MESL needs. Income inadequacy also continued to be found in the case of an older person living alone in an urban area. The Non-Contributory State Pension and secondary supports met 93% of MESL needs.

In the counterfactual scenario, the impact of rising living costs on the real value of the base social welfare rates is evident. Without the supplemental Cost of Living supports income adequacy would be found in only 15 cases. Deep income inadequacy would also have widened to 153 cases, to include household compositions with younger children only and a greater incidence in two parent household compositions.

Income adequacy case studies

The position of a set of twelve representative household compositions is illustrated in Graph 11, to demonstrate specific instances of the issues outlined above. These compositions are representative of typical household make-ups and illustrate various aspects of the income adequacy and inadequacy found in the analysis.

Graph 11: MESL expenditure need, € per week, and percentage met by social welfare supports, 12 representative household compositions

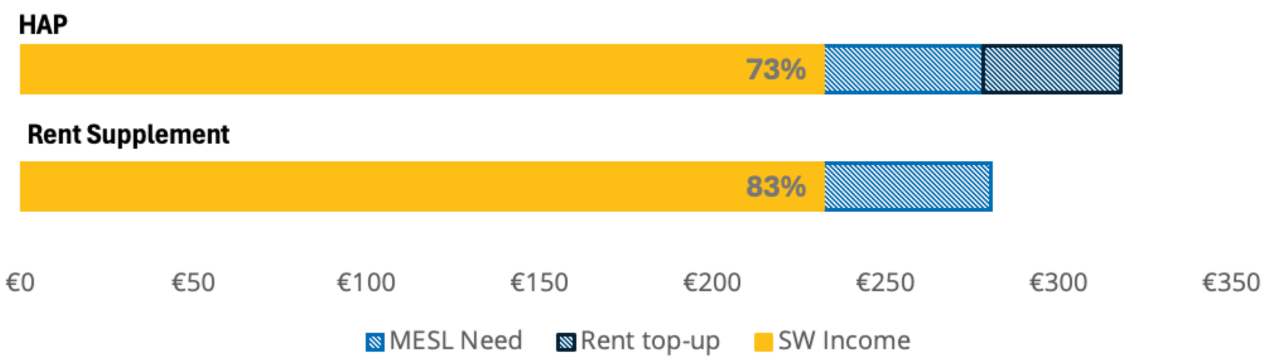


Single adult, working-age

Working age households and individuals without children, show income inadequacy when dependent on social welfare. A working-age single adult household type demonstrates deep income inadequacy, with a full Jobseekers payment meeting 82.9% of MESL expenditure need*, when living alone in an urban area. This represents a nominal income shortfall of €48 per week.

When in receipt of a Jobseekers payment for over 12 months, the Single Adult household may be eligible for the Christmas Bonus and the Fuel Allowance. These payments would contribute an additional €22.23[11] average weekly income, over the year. This would bring household income to 90.7% of MESL need. Long-term social welfare recipients also received an additional 'Cost of Living' double week payment in January. The addition of this payment would see household income meet 92.6% of MESL expenditure needs.

Graph 12: Single adult, working age, urban, MESL need and income adequacy by housing support



Housing costs

Housing costs in the scenario above are based on the tenant contribution required when in receipt of Rent Supplement[12]. If the household is in a HAP (Housing Assistance Payment) tenancy and required to pay a rent top-up in addition to the differential rent component, the depth of inadequacy would be greater.

The HAP rent limit in Dublin for a single person is €660 per month but may be increased to the couple limit, €900, on a case-by-case basis. The rent limit may also be increased by up to 35% on a case-by-case basis. This gives a maximum possible rent limit of €1,215.

Under HAP the tenant pays a differential rent, calculated based on income. Additionally, the tenant must pay the difference between the HAP rent limit and actual market rent payable for their accommodation.

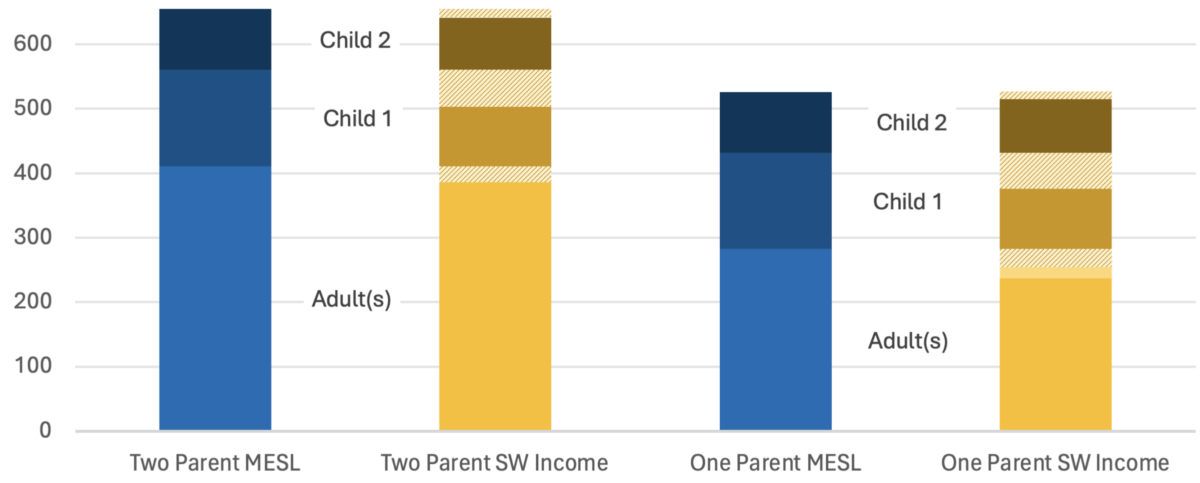
The average rent for a one-bedroom dwelling in Dublin is €1,540 per month[13] taking 90% of this as an indicative housing cost gives a monthly rent of €1,387. This exceeds maximum rent limit by €172 per month.

In the Dublin City Council area, the rent payable by a single person in receipt of the full rate of Jobseekers is €30.00 per week. The combination of top-up and differential rent brings total housing costs, to the household, to €70 per week. Based on these housing costs a full rate of Jobseeker's would provide for 73.0% of MESL expenditure need.

* Based on urban MESL costs (adjusted to reflect secondary benefits) and net housing costs when in receipt of Rent Supplement.

Households with children

Graph 13: MESL expenditure need and Social Welfare income, per week Two Parent & One Parent household with two children (primary school & second-level age)



The inadequacy of social welfare supports for households with children is demonstrated in each of the eight household compositions included in Graph 11. Depending on household composition, social welfare supports met 80% to 97% of the MESL costs for two parent households and 83% to 98% for one parent households.

The examples in Graph 13 examine the contribution of social welfare supports towards the minimum costs of the two households with children, comparing the MESL costs associated with the adult(s) and children to the related level of social welfare support. The inadequacy of social welfare supports at each level is illustrated, by the shaded area.

Comparing the two parent and one parent household types with a primary school and second level age child (labelled TP 2b and OP 2b), social welfare supports provide for 85.3% and 82.8% of household MESL need, respectively. Graph 13 illustrates the situation of these two cases, the MESL costs for the head of household (adults) including differential rent, and the expenditure required to meet the direct needs of the second level (child 1) and primary level (child 2) children are outlined in the MESL column. These are compared to the social welfare income[14] distinguishing the child related income supports from the adult rates (and Fuel Allowance in the case of the one parent household).

The graph demonstrates that the social welfare supports fall short at each level. This is the case for the child related supports, as detailed in the 'Cost of a child' section on page 49. The social welfare supports also fall short of meeting the minimum needs of the adult(s) and adequately providing for household related costs such as rent and energy. In the two parent household, the Jobseeker's Allowance, and the Qualified Adult rates, meet 93.9% of the minimum needs. In the one parent household, One-Parent Family Payment / Jobseeker's Transitional, Fuel Allowance, and Christmas Bonus, and the January 'Cost of Living' bonus meet 90.0% of minimum needs.

The inadequacy of current social welfare supports to meet each aspect of minimum needs is apparent, with the cumulative result of deep income inadequacy in both cases. The inadequacy of adult rates is compounded by the inadequacy of the child rates. The further inadequacy of supports for one adult headed households and older children results in a deeper level of inadequacy for the one parent household composition, despite this household receiving the additional supports of Fuel Allowance, Christmas Bonus, and the January 'Cost of Living' bonus.

If the two parent household were a long-term social welfare recipient, and thereby in receipt of Fuel Allowance, the Christmas Bonus, and the January 'Cost of Living' bonus, this would increase net household income. These additional supports would bring household income to a point where average weekly social welfare supports meet 90.3% of MESL need.

Older single adult, living alone

The older single adult household type has demonstrated greater vulnerability to income inadequacy. In 2017, an older person living alone in an urban area moved to income adequacy when reliant on the Non-Contributory State Pension and living in social housing.

After demonstrating only marginal income adequacy in 2022, the Non-Contributory State Pension and secondary supports provided an income that was only 0.6% above the MESL expenditure need, this household type moved to inadequacy in 2023. The nominal adjustments to the State Pension rate and 'cost of living' supports did not keep pace with the rate of change in minimum living costs. This household type demonstrated income inadequacy in 2023, with net household income when in receipt of the Non-Contributory State Pension meeting 90.4% of MESL needs.

The MESL costs for this household type are especially sensitive to fluctuations in household energy costs. In 2022 household energy accounted for 8.5% of urban MESL costs, this rose to 13.8% in 2023. Consequently, rising energy prices drove half of the increase in MESL costs for this household type.

This year the decline in energy prices has also had a significant impact. This has seen energy fall back to 10.3% of urban MESL costs for this household type (8.5% in a rural area). The combination of this significant decline in costs, relative to 2023, the €12 adjustment to the State Pension rates and additionally the 2024 'Cost of Living' supports, have brought this household type close to income adequacy. When in urban social housing, and in receipt of the Non-Contributory State Pension net household income meets 98.6% of MESL needs (101.6% with the Contributory State Pension).

As discussed above, on page 33, the standard social protection supports would meet 97% of the 2024 MESL need of this household type. If the two €150 electricity credits paid in 2024 are also excluded from the consideration, the standard social protection supports would meet 95% of MESL needs. In all cases this represents an improvement from the position in 2023, but also indicates that the real value of the standard supports has fallen relative to MESL expenditure needs.

Deep income inadequacy continues for the older single adult household type when in a rural area. Due to additional needs in a rural area, primarily transport, the Non-Contributory State Pension and secondary supports meet 81.1% of MESL costs for a rural older person living alone. In the case of the Contributory State Pension, net household income meets 83.9% of rural MESL need.

Older couple

The older couple household type is the only example illustrated above to demonstrate income adequacy. In the case illustrated, household income is based on receiving the full rate of Contributory State Pension and Increase for a Qualified Adult (under 66), combined with secondary supports of Fuel Allowance, Christmas Bonus, and the January 'Cost of Living' bonus. For this household, when living in urban social housing and paying a differential rent, net income is adequate and exceeds minimum needs by an average of 22% per week. In a rural area, additional transport related costs reduce the adequacy buffer to income exceeding minimum needs by 2%.

The MESL represents the costs of the goods and services people have agreed everyone should be able to access, to live with dignity and have an acceptable minimum standard of living. It is a minimum threshold, a baseline, and in defining the needs to reach this threshold it is necessary to make assumptions about a household's circumstances. For example, about how well insulated a home is, that people are in good health, or do not have additional needs due to disability or health conditions. Individual situations can vary greatly, and as a result a household's MESL costs may be higher than those indicated here.

Rural difference

Households in rural areas have different and additional needs to meet the same socially acceptable minimum standard of living as households based in urban areas. Core MESL costs (before housing) are generally higher in rural areas, this is almost entirely due to additional transport costs.

The core urban MESL costs include transport related costs based on the use of public transport. For rural households, private transport is a minimum need, as public transport options are limited and do not tend to offer an adequate level of service to rely on to meet all transport needs.

The free travel pass removes the need for private transport related costs for urban based older adult households in the MESL expenditure budgets. Meeting the transport needs of rural older adult households requires a car. Consequently, car related costs (fuel, maintenance, insurance, etc.) add an additional €80 per week to the MESL budget for older people living in a rural area.

Household energy costs for rural household types assume the use of home heating oil, for urban household types it is assumed that natural gas is used for home heating. The MESL analysis has previously found that heating the home using oil was more expensive than using natural gas[15].

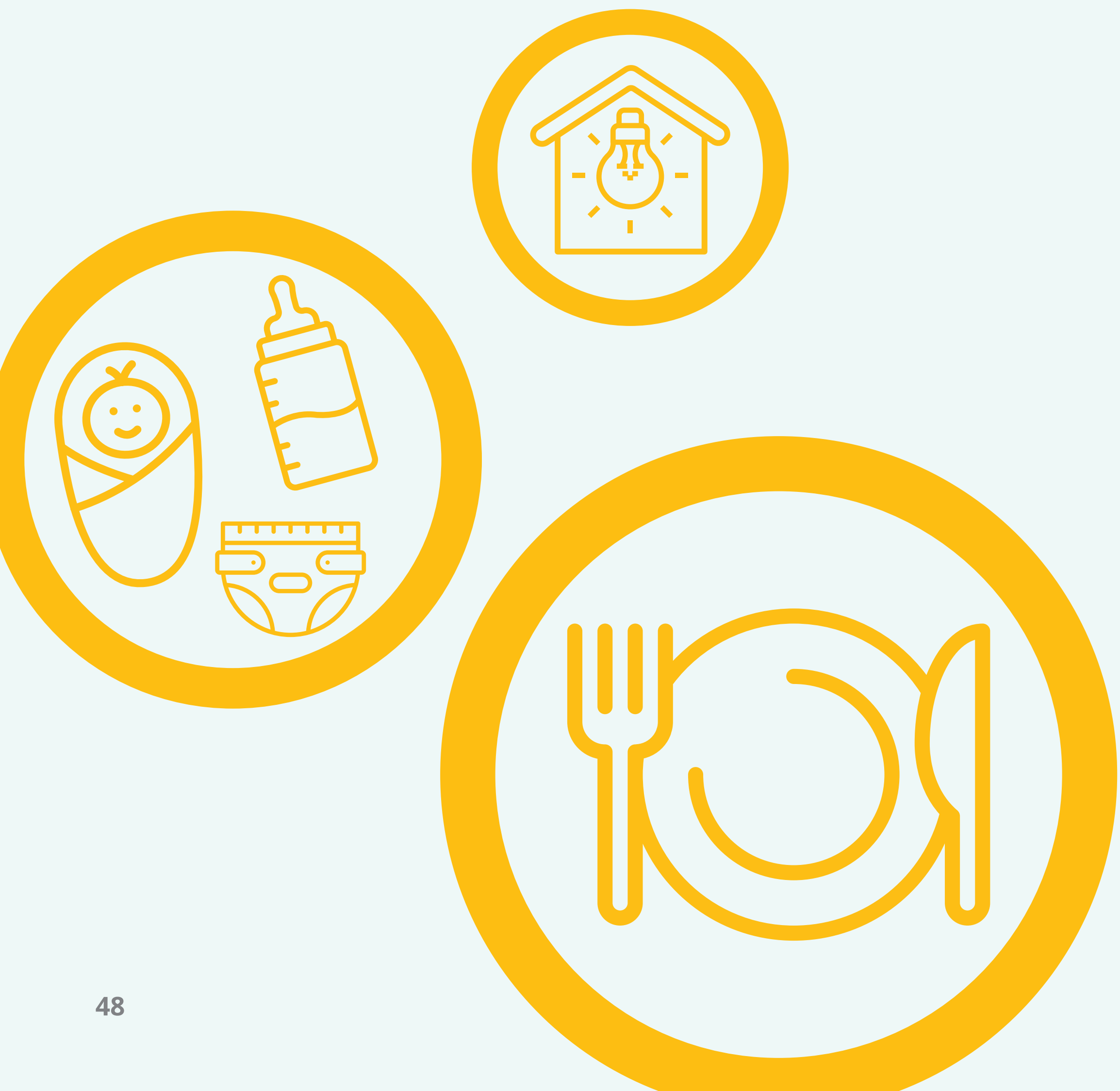
The change in the cost of natural gas relative to change in the cost home heating oil has seen this differential change, with urban energy costs notably above rural costs in 2023. The decline in energy costs in 2024 has seen the differential shrink significantly, but urban gas based costs continue to be higher than for the equivalent rural household utilising home heating oil.

Other areas of additional difference for rural based MESL household budgets, include additional food costs due to less proximity to large supermarkets, requiring greater use of small local shops (in addition to supermarkets) in comparison to urban household budgets. Conversely, it should be noted, that basic health costs (e.g. GP visits) and childcare costs are lower in the rural MESL household budgets.

..., car related costs (fuel, maintenance, insurance, etc.) add an additional **€80 per week** to the MESL budget for older people living in a rural area.

Special Topics

This section presents detailed discussion of topics and aspects of the MESL analysis. This includes the 'Cost of a child' which details the direct MESL expenditure need for each of four stages of childhood. There are also examinations of the change in food and energy costs, and the resulting impact on 'Food affordability' on page 58 and 'Energy poverty' on page 54. Finally, to provide context a review of research which illuminates the reality of living below a minimum standard is presented from page 59.



Cost of a child

A child's needs vary with age, to reflect this the MESL data defines four child age-groups and identifies the direct MESL cost at each stage of childhood.

The direct MESL cost of a child is based on expenditure needs which can be attributed solely to a child and excludes wider household costs. A family household has different minimum requirements compared to a household without children, due to various needs associated with family life. These wider costs which are not specific to a particular child or age-group but instead are applicable to households with children independent of age-groups, are included in the parental head of household MESL baskets.

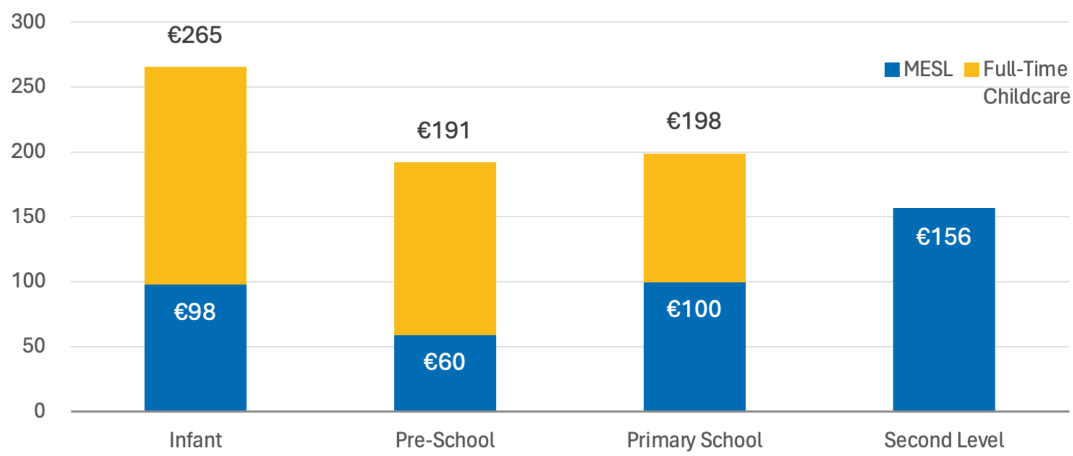
The cost of a child's core MESL expenditure (excluding the effect of secondary benefits) ranges from €60 at pre-school age to €156 for children at second level school age.

The MESL analysis has consistently identified older children as having additional and different needs distinct from younger children. The core MESL cost is highest for older children, aged 12 and over, at €156 per week. In 2024, this is at least 55.4% more than the minimum needs of younger children. The cost of a child's core MESL needs, before childcare, are lowest for pre-school age children with an average expenditure need of €60 per week.

When eligible for a full Medical Card, the core MESL cost is lower. This reduction has the most significant impact on the MESL costs for the child of second level school age, reducing the MESL expenditure need by €7 to €149 per week.

Within the core MESL costs food is the largest category of expenditure for each age-group. This is followed by clothing costs for infants and pre-school aged children, while social inclusion costs are the second largest area for school age children.

Graph 14: Direct Cost of a Child's MESL by child age group, € per week
(Excludes the effect of secondary benefits)



Infant

The core MESL costs (excluding childcare) for an infant have shown the largest increase of all child age-groups from 2020 to 2024. The cost of a MESL for an infant has increased by 9.7% in the last year, with a cumulative increase of 22.4% (€18) since 2020. This is the largest increase in both nominal terms and proportionately. MESL costs for other age-groups increased by between 11% (Second Level) and 13% (Pre-School).

Increase in the cost of Food and Personal Care account for over two-thirds (69%) of the increase in MESL costs for an infant.

The MESL food costs increased by an average of 1.5% nationally in the twelve months to March 2024. Cumulatively, MESL food prices increased by 21.4% nationally between 2020 and 2024. The food costs for an infant have increased by 27.3% from 2020 to 2024. The price of baby milk formula, which accounts for half the cost of the infant MESL food basket, has increased by 37% in the four years to March 2024*. Milk formula now accounts for almost a fifth (17.9%) of the core MESL costs for an infant.

The Personal Care category for an infant has also increased significantly, rising by 24.7% in the year to March 2024 and with a cumulative increase of 52.8% since 2024. Nappies have increased in price by 48% in the last year, and cumulatively by 84% (€4.86) since 2020. The change in the cost of nappies has driven most of the increase in Personal Care costs for an infant. Nappies now account for over a tenth (10.8%) of the core MESL costs for an infant.

Education

For school age children, the Education basket is comprised of school related costs including uniforms, schoolbooks and materials, school trips, and other costs such as resource fees for photocopying, IT, etc., and the Voluntary Contribution. A laptop computer, printer, and associated consumables are included as an educational cost at the household level, and as such are incorporated into the parent's MESL baskets.

For primary school age children education costs are the fourth largest area of expenditure. The introduction of the Free Primary Schoolbooks Scheme removed 30% of the MESL education cost from September 2023. Under the scheme households do not have to meet the cost of schoolbooks, workbooks, copybooks, and where funding permits, some related classroom resources.

For second level age children education costs are the third largest area of expenditure. In 2024, the cost of schoolbooks, copies, workbooks, and core classroom resources included in the MESL baskets for second level students amounts to an estimated €4.21 per week or €218.92 annually, making up approximately 22% of their overall Education budget.

The extension of the schoolbooks scheme to Junior Cycle has the potential to make a notable contribution toward education costs for this age-group, when introduced. However, children in the Senior Cycle will not benefit from this support.

The extension of the free schoolbooks scheme to the Junior Cycle of second level schools was announced in Budget 2024. It is due to come into effect for the 2024/25 school year. At the time of compiling the 2024 MESL budgets, the available information on the scheme was insufficient to calculate its effect on the education costs for second level age children. It is the intention to include it in the MESL from 2025.

There are no school related education costs in the baskets for the younger age-groups, although toys, books and activities which are educational are included in the social inclusion category.

* See page 20 for more detail on the change in food prices, and Table 3 for the change in food costs for the infant.

Childcare

The cost of childcare has a great impact on the cost of a MESL. When childcare is required, the overall MESL can be significantly higher for younger children than older children. While the core MESL (before childcare) is highest for an older child, the MESL costs are highest for an infant when full-time childcare is required, with a weekly expenditure need of €265.

The net average weekly full-time childcare costs for an infant total at €166 after the reduction from the universal element of the National Childcare Scheme (NCS). In 2023 the minimum universal rate of subvention from the NCS was increased from €0.50 to €1.40 per hour[16]. Budget 2024 has built on the 2023 NCS adjustments, announcing that the minimum hourly subvention will increase from the current €1.40 to €2.14 per hour, in September 2024. When this improved rate comes into effect net childcare costs for an infant would be €133 per week.

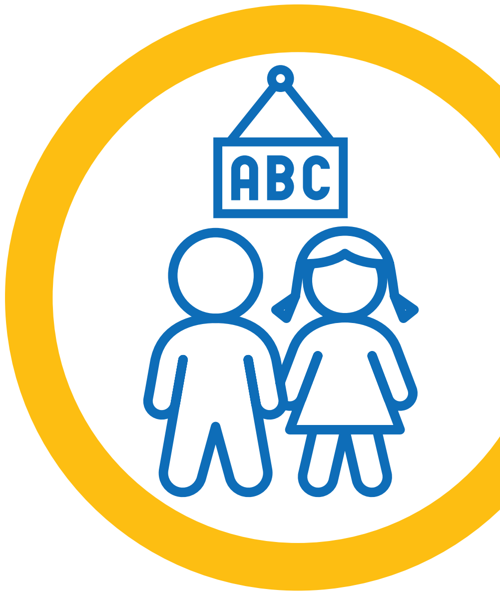
As this welcome increase to the minimum subvention does not come into effect until the latter part of the year it is not incorporated into the MESL based on living costs and supports as of March 2024.

The means tested element of the NCS scheme can potentially offset a significant portion of childcare costs for eligible households. The minimum universal subsidy is paid to households with a reckonable income above €60,000. The application of the means-tested element of the NCS to those below this threshold, and the effect of changes in the National Minimum Wage and unadjusted earnings thresholds, is examined in the context of employed scenarios below, on page 75.

Role of Services

The universal provision of a GP Visit Card for children under the age of eight shows how effective services can reduce minimum living costs. This support contributes to the (relatively) low costs of younger children (infant and pre-school aged). Health costs for an older child (12 and over) are three times that of the pre-school child.

The Roadmap for Social Inclusion (Govt of Ireland, 2020) includes a commitment to extend GP care without fees to children up to the age of 12, starting in 2020. Following the extension to children under 8 in 2023, the progressive extension of free GP care to children in all age groups would contribute to lower MESL costs across all age groups.



While the core MESL (before childcare) is highest for an older child, the MESL costs are highest for an infant when full-time childcare is required, with a **weekly expenditure need of €265**.

Adequacy of child related social welfare supports

Identifying the cost of a socially acceptable minimum standard of living for a child enables an assessment of the adequacy of child related social welfare supports. The adequacy of the main child related payments typically available to a social welfare dependent household are benchmarked against the MESL core cost for each child age-group in Table 8, the Christmas Bonus and once-off January 2024 'Cost of Living' seasonal bonus (both payable to long-term) recipients are also included.

The second level child, aged 12 and over, demonstrates the deepest inadequacy with a significant gap between MESL needs and social welfare supports. In recognition of older children's additional needs, a higher rate of Increase for a Qualified Child (IQC) for this age-group was introduced in 2019. This was built on in subsequent years, with larger increases to the IQC for older children contributing to a progressive improvement in the level of MESL needs met up to 2022.

However, in both 2023 and 2024 the same nominal adjustment was applied to the IQC for both younger and older children. This has had the effect of reducing the proportional differential between the rates, and contributed to a decline in the real value of the IQC for older children, as discussed on page 37.

Due to a stabilisation in MESL costs for second level age children in 2024, there is a partial recovery in the real value of supports for this age-group. Supports now meet 63% of MESL need, with a nominal shortfall of €55 per week, this is inclusive of the 'Cost of Living' double payment. However, it is notable that as demonstrated above (page 37) the real value of the core rates is below the previous high point reached in 2022.

Table 8: **MESL by child age-group and child related social welfare adequacy**

	Infant	Pre-School	Primary School	Second Level
MESL (core adjusted*)	**94.42**	**55.04**	**94.78**	**149.29**
Child Benefit	32.31	32.31	32.31	32.31
Increase for a Qualified Child	46.00	46.00	46.00	54.00
Back to School Allowance	–	–	3.08	5.48
Christmas Bonus	0.88	0.88	0.88	1.04
January 2024 Seasonal Bonus	0.88	0.88	0.88	1.04
Total Social Welfare	**80.08**	**80.08**	**83.15**	**93.87**
Adequacy (SW – MESL)	-14.34	25.04	-11.63	-55.42
% of MESL met be SW	84.8%	145.5%	87.7%	62.9%

* Cost of a child's MESL, excluding childcare, adjusted for full Medical Card.

It cannot be assumed a child has adequate income supports if they are part of a household which has inadequate income, even if the cost of a child's MESL expenditure is in principle adequately provided for by child social welfare.

There has also been a partial recovery for primary school age children, as core MESL costs have increased marginally from 2023. Supports now meet 88% of MESL need, with a nominal shortfall of €12 per week. However, again it must be noted that the real value of core rates in 2024 remain below the levels reached in 2022.

For an infant, the significant increase in core MESL costs (largely driven by rising milk formula and nappy prices) has seen the real value of supports fall significantly. In 2024 total supports meet 85% of MESL need, inclusive of the January 'Cost of Living' double payment. This leaves a nominal shortfall of €14 per week. This is six percentage points lower than in 2020, despite the rate of IQC nominally being €10 higher now.

MESL costs are lowest at pre-school age, and social welfare supports provide almost 1½ times the cost of a pre-school child's MESL. The adequacy gap for household compositions that include a pre-school age child tends to be lowest, as the support above the MESL need for pre-school children subsidises the inadequate support for others in the household. Consequently, a pre-school age child's MESL needs will not be adequately met if they are part of a household which faces income inadequacy.

The MESL expenditure need, as detailed, is the direct cost of a child as part of a family household. Therefore, the child's MESL needs, and income adequacy must be assessed in the context of the overall household minimum needs. It cannot be assumed a child has adequate income supports if they are part of a household which has inadequate income, even if the cost of a child's MESL expenditure is in principle adequately provided for by child social welfare. Child poverty and income adequacy can only be fully addressed when the minimum needs of the whole household are met.

Energy poverty

Household Energy was the MESL category with the strongest outlier in the 2024 baskets, showing a significant reduction in costs when compared to the 2023 MESL baskets. Household Energy costs for urban households (based on the use of natural gas and electricity) have decreased by an average of 24.9%. For rural households (based on the use of home heating oil) costs have decreased by an average of 12.2%. The energy cost calculations in the 2024 MESL baskets are net of the two electricity credits provided to all households in 2024.

The Government's Energy Poverty Action Plan defines energy poverty as:

"... an inability to heat or power a home adequately"

(DECC, 2022:6).

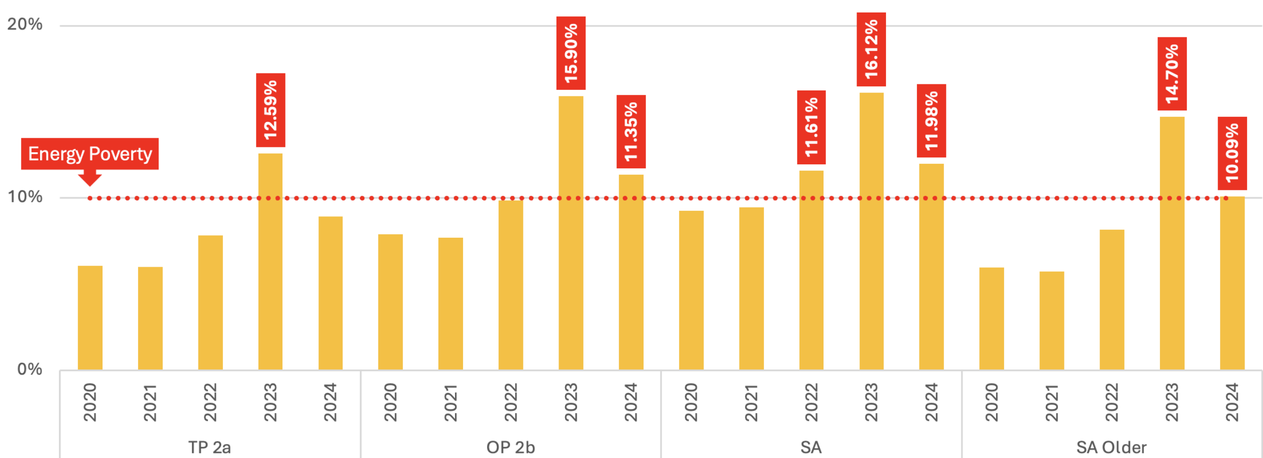
Energy poverty is typically caused by three interlinked factors: household income, home energy costs and dwelling energy efficiency. The Action plan cites household energy needs costing more than 10% of net household income as a long-standing measurement of energy poverty in Ireland. The graph below illustrates estimated Household Energy costs as a percentage of social welfare income for four urban household types from 2020-2024.

It is clear from Graph 15 that Household Energy costs have experienced exceptional volatility since 2022. The drastic increase in energy costs in 2023 is particularly notable, demonstrating greater levels and depths of energy poverty when compared to 2022.

In 2023, the working-age single adult indicated the greatest depth of energy poverty, with 16.1% of social welfare income needed for this household type to meet its minimum energy need. This is followed by the one-parent household with two children (ages 10 & 15), with 15.9% of social welfare income required for this household composition to meet its minimum energy need. Recent SILC Deprivation data found that one parent households are most likely to be unable to keep the home adequately warm (19.0%) and 23.9% of the same household type went without heating at some stage in the last year (CSO, 2023). The older single adult household type demonstrated the greatest level of change from 2022 to 2023, with 14.7% of social welfare income required to meet minimum energy costs in 2023, a 6.5 percentage point increase from 2022.

The graph shows a significant decline in the proportion of income required to meet Household Energy in 2024, indicating a fall in energy prices when compared to 2023. However, three of the four cases in the social welfare scenarios continue to demonstrate energy

Graph 15: MESL Household Energy costs as a percentage of social welfare income, 2020–2024



poverty in 2024. Further, there is a significant increase in the proportion of income required for home energy costs in 2024 when compared to 2020, demonstrating that energy costs remain considerably higher than previous living cost levels. So, while energy costs have undoubtedly fallen in the past 12-months, a broad gap remains between Household Energy and social welfare income, leaving low-income households vulnerable to energy poverty.

The older single adult household type shows the greatest level of change from 2020 to 2024, with the share of income allocated to minimum energy needs increasing by 4.1 percentage points, from 6.0% in 2020 to 10.1% in 2024. This is followed by the one parent household type, with the proportion of social welfare income required to meet the minimum energy need increasing by 3.5 percentage points, from 7.9% in 2020 to 11.4% in 2024.

The effect of energy-related income supports is reflected in the scenarios examined above. Fuel Allowance is included in the household income of both the one parent and older single adult household type and the effect of the Household Benefits Package reduced overall energy costs for the latter household type. If measured directly against household energy costs, both Fuel Allowance and Household Benefits Package meet approximately 62.3% of the older single adult household type's minimum energy need in 2024, a 22.7 percentage point decrease from 2020. For the one parent household type, Fuel Allowance meets 35.9% of the minimum energy need, a 9.2 percentage point decrease from 2020.

Dwelling Energy Efficiency

The MESL Working Paper 'The cost of adequately heating the home' identifies the fuel needed to maintain an adequate standard of warmth in the home based on the Building Energy Rating (BER), calculating the variation in costs by level of efficiency using 2023 energy prices. Using the data from the Working Paper on the minimum energy needed to stay adequately warm in home at various efficiency levels, alongside 2024 MESL data on the electricity needed to power the home, this section presents the cost of this need in 2024.

The Household Energy basket is based on several assumptions that are worth considering when interpreting the findings in this section. Firstly, a C2 BER Grade is applied as a standard to the dwelling type in the MESL, as is a standard heating schedule of 8 hours per day. Because energy costs vary based on dwelling efficiency, it should be considered that low-income households are disproportionately represented in poorly insulated homes, where Household Energy could be much more costly. Heating needs will also differ, depending on the household type in question. An older person is more likely to have greater heating needs for health reasons and is also more likely to be at home during the day. The table below presents estimated Household Energy costs for each of the urban household types at various levels of efficiency. An enhanced heating regime of 16 hours per day is applied to the older single adult household to reflect its greater need for warmth.[17]

The estimated cost of the minimum energy needs in a highly energy efficient dwelling (A1-B2) is over half that of a less efficient dwelling (E1-E2) in most cases examined, with the exception of the working-age single adult, whose energy expenditure in an A1-B2 rated home is 74.5% less than that of a poorly insulated home (E1-E2).

Table 9: Estimated weekly household energy costs, Direct Debit

	E1-E2	D1-D2	C2-C3	C2	B3-C1	A1-B2
SA	€ 39.28	€ 33.55	€ 29.43	€ 27.79	€ 26.15	€ 22.51
TP 2a	€ 75.86	€ 62.87	€ 53.80	€ 48.81	€ 47.14	€ 34.87
OP 2b	€ 76.49	€ 63.50	€ 54.43	€ 49.44	€ 47.77	€ 35.50
SA Older	€ 112.14	€ 86.15	€ 68.01	€ 58.03	€ 54.70	€ 30.15

Pay-as-you-go

The MESL basket is based on a 'best case scenario' where it is assumed that the household type can afford the most cost-effective price plan available in the energy market. This is often not a realistic option for households on low-incomes, who frequently opt for pay-as-you-go energy as a lifestyle choice to gain some control over budgeting. PAYG energy is more expensive overall, as it is associated with additional charges including a higher unit price, a higher standing charge, and an additional service charge. Table 10 presents the estimated weekly household energy costs when on a PAYG contract.

When purchasing the same basket of energy needs by PAYG, weekly household energy cost for the households increases on average by approximately one third (34.3%).

While the unit price for PAYG electricity has fallen by 19.1% in the 12 months to March 2024, the gap between the price of electricity per unit when on a direct debit contract versus a PAYG contract has widened, with a difference of approximately 33.2% in 2024, compared to a difference of up to 9.3% in 2023.

The unit price of PAYG gas has also decreased by approximately 27.7% in the 12-month period to March 2024. However, the gap between the price of gas per unit when on a direct debit contract versus a PAYG contract has grown, with a difference of up to 28.9% in 2024, compared to a difference of up to 21.9% in 2023.

Table 10: Estimated weekly household energy costs, PAYG

	E1-E2	D1-D2	C2-C3	C2	B3-C1	A1-B2
SA	€ 52.72	€ 45.69	€ 40.63	€ 38.62	€ 36.61	€ 32.14
TP 2a	€ 99.19	€ 82.92	€ 71.57	€ 65.32	€ 63.23	€ 47.87
OP 2b	€ 100.03	€ 83.76	€ 72.41	€ 66.16	€ 64.07	€ 48.71
SA Older	€ 146.05	€ 113.51	€ 90.80	€ 78.31	€ 74.14	€ 43.42

Depths of Energy Poverty

The MESL Working Paper 'The cost of adequately heating the home' provides an in-depth analysis of Household Energy costs and its implications on affordability and energy poverty using 2023 prices. The Working Paper used three indicators to measure depths of energy poverty:

- The core energy poverty threshold, where energy expenditure is greater than 10% of net household income
- The severe energy poverty threshold, where energy expenditure is greater than 15% of net household income
- The extreme energy poverty threshold, where energy expenditure is greater than 20% of net household income

Table 11: Minimum energy expenditure as a percentage of social welfare income

Household	Scenario		E1-E2	D1-D2	C2-C3	C2	B3-C1	A1-B2
SA	SW	DD	16.9%	14.5%	12.7%	12.0%	11.3%	9.7%
TP	SW	DD	13.9%	11.5%	9.9%	8.9%	8.6%	6.4%
OP	SW	DD	17.6%	14.6%	12.5%	11.3%	11.0%	8.1%
SA Older	SW	DD	33.9%	26.0%	20.5%	17.5%	16.5%	9.1%
SA	SW	PAYG	22.7%	19.7%	17.5%	16.6%	15.8%	13.9%
TP	SW	PAYG	18.2%	15.2%	13.1%	12.0%	11.6%	8.8%
OP	SW	PAYG	23.0%	19.2%	16.6%	15.2%	14.7%	11.2%
SA Older	SW	PAYG	44.1%	34.3%	27.4%	23.7%	22.4%	13.1%

EP Level	Threshold	Cases
No EP		**8**
Core EP	10.0%	**17**
Severe EP	15.0%	**13**
Extreme EP	20.0%	**10**

Table 11 presents the minimum energy expenditure need as a percentage of social welfare income by household type, payment method and BER grade in 2024. In total, 48 cases were examined. Estimated energy costs exceed the 10% threshold in 40 of 48 cases (compared to 47 in 2023). Of the 40 cases demonstrating energy poverty, 10 are extreme energy poverty (20% threshold), 13 are severe energy poverty (15% threshold) and 17 are core energy poverty. Additionally, almost three quarters of the extreme energy poverty cases are in a scenario where the household is purchasing energy by PAYG.

The older single adult and one parent household type demonstrates the greatest levels and depths of energy poverty in 2023 and continue to do so in 2024. The one parent household type demonstrates persistent energy poverty across all efficiency levels, with the exception of the highly energy efficient dwelling (A1-B2) when on a direct debit contract. It is evident that energy costs are a greater burden when on a PAYG plan, as this household type remains in severe to extreme energy poverty until an improved level of efficiency (B3-C1) is reached.

The older single adult household type shows persistent energy poverty across all levels of efficiency, with the exception of the highly efficient dwelling type (A1-B2) when on a direct debit contract. This is in a situation where Fuel Allowance is counted in weekly household income, and the household is in receipt of Household Benefits Package. When living in an energy poor home, estimated energy costs are far in excess of the 20% threshold, indicating very extreme energy poverty. When living in the poorly insulated home (E1-E2), estimated energy expenditure is one third (33.9%) of the older single adult's household income.

Alternatively, when the payment method is PAYG, energy costs are almost half (44.1%) of the household type's income. In total, 8 of the 10 extreme energy poverty cases are for the older single adult household type with the enhanced heating schedule. While this household type does not indicate energy poverty when residing in the A1-B2 rated dwelling and on a direct debit contract, it is only marginally below the core energy poverty threshold, with energy expenditure greater than 9.0% of household income, leaving the household type at risk of entering energy poverty.

The value of current energy-related income supports, i.e., Household Benefits Package and Fuel Allowance have not kept pace with energy prices during a time of extreme volatility in energy prices. These findings demonstrate that the fixed nature of the payments fail to adapt to fluctuations in energy prices, and the complex variation of energy needs across different household types.

Food affordability

As discussed earlier, on page 20, the MESL food budget increased by an average of 1.4% for urban households, and 1.6% for rural households from March 2023 to March 2024. Although this is a considerably smaller increase than that seen in 2023, the cumulative change from 2020 to 2024 in the cost of the MESL food basket is an average increase of 23.1% for urban households and 17.8% for rural households.

Graph 16 shows the cost of food as a percentage of household income from Social Welfare for six household types, two parent and two children of primary and secondary school age (TP 2b), one parent and two children of primary and secondary school age (OP 2b) and working-age and older single adults and cohabiting couples, in both urban and rural settings.

The analysis finds that, despite considerable nominal increases in social welfare rates from 2020 to 2024, the percentage of household income needed to meet food costs has increased by between 0.2 – 3.2 percentage points for all working-age households.

For older cohabiting couples the percentage of social welfare income needed to meet food costs also slightly increased, by between 0.1 – 0.3 percentage points. The percentage of social welfare income needed to meet food costs for older single adults fell slightly, by 0.4 percentage points for urban households and 0.5 percentage points for rural households.

As mentioned, food costs have increased for all household types over the past four years, however the analysis finds that food costs have increased by a greater extent for urban households.

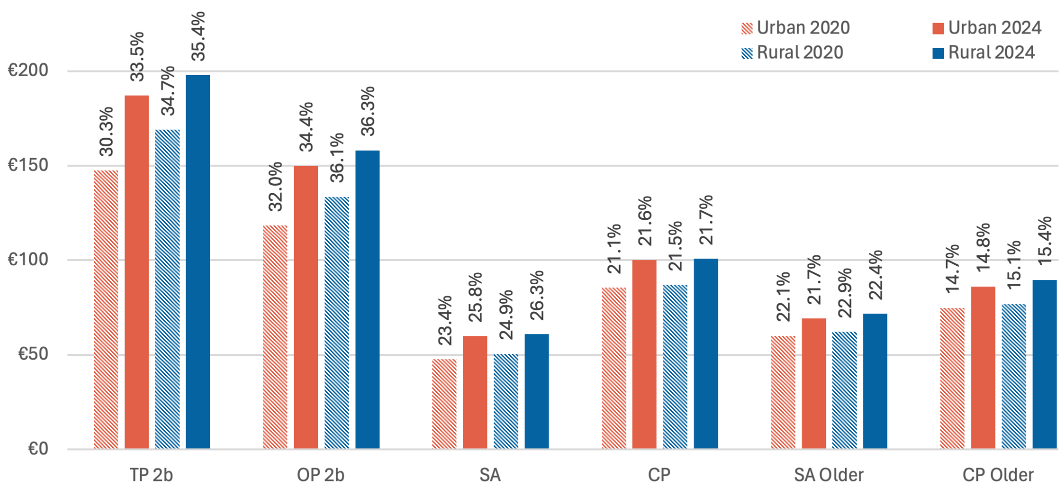
Therefore, the increase in the percentage of social welfare income needed to meet food costs from 2020 to 2024 for urban households is greater than that seen for rural households, despite rural food costs remaining higher than urban food costs.

Three household types included in the above graph, the one parent and two child household (OP 2b) and both older households, have seen a larger increase in social welfare income over the past four years. This is due to the entitlement assumptions made within the MESL research, as these three household types are assumed to be long term recipients of their social welfare payments and are assumed to have received extra income support in January 2024, in the form of the January Cost of Living Bonus. This explains the fall in the percentage of social welfare income needed to meet food costs for the older single adult household, as their income from social welfare over the past four years has increased at a greater rate than their MESL food costs.

If the one parent two child household case is examined, the increase in the percentage of social welfare income needed to meet food costs has increase more for the urban household, 2.4 percentage points, than the rural household, 0.2 percentage points. This is due to rural food costs not increasing to the same extent as urban food costs over the four year period, as discussed.

The analysis highlights that, from 2020 to 2024, the increase in the proportion of income needed to meet the cost of food and the increase in income supports have not been consistent across all household types.

Graph 16: Food (€ per week) & as a percentage of Social Welfare income, 2020 & 2024



Living with an inadequate income

This section will provide some context into what it means to live with an inadequate income. It will examine who the groups most likely to be living with an inadequate income are, and what do people go without in order make ends meet, when they do not have enough. This section will look at data, research and reports published by other organisations, including the CSO's SILC deprivation data, and reports from Barnardos, Age Action and Hygiene Hub, to provide this context.

Survey on Income and Living Conditions – Deprivation

The Survey on Income and Living Conditions (SILC) defines households experiencing deprivation as those that are "excluded and marginalised from consuming goods and services which are considered the norm for other people in society, due to an inability to afford them." (CSO, 2024a)

The SILC uses the following 11 deprivation indicators to identify households deemed to be deprived:

1. Without heating at some stage in the last year
2. Unable to afford a morning, afternoon or evening out in last fortnight
3. Unable to afford two pairs of properly fitting shoes in good condition that are suitable for daily activities
4. Unable to afford a roast once a week
5. Unable to afford a meal with meat, chicken, fish, or vegetarian equivalent every second day
6. Unable to afford new (not second-hand) clothes
7. Unable to afford a warm waterproof coat
8. Unable to afford to keep the home adequately warm
9. Unable to afford to replace any worn out furniture
10. Unable to afford to have family or friends for a drink or a meal once a month
11. Unable to afford to buy presents for family or friends at least once a year

SILC 2023 reports deprivation rates increasing in seven of the 11 deprivation indicators, with the largest annual increase seen in the percentage of people unable to afford to get-together with family or friends for a drink or meal once a month, and the percentage of people going without heating at some time during the last 12 months through lack of money.

SILC 2023 finds that the items with the highest deprivation rates were being unable to afford to replace any worn out furniture (17.8%), followed by being unable to afford to get-together with family or friends for a drink or meal once a month (12.3%), or being unable to afford a morning, afternoon, or evening out in last fortnight (11.8%). (CSO, 2024b)

The inability to keep the home adequately warm increased from 6.8% in 2022 to 7.2% in 2023. People living in single-adult households with children were the most likely to be unable to keep the home adequately warm (19.0%), they were also most likely to have gone without heating at some time during the last 12 months through lack of money (23.9%).

People whose self-defined principle economic status was unemployed were most unable to afford to keep the home adequately warm (18.5%), while 15.3% of those in rented or rent-free accommodation were unable to afford to keep their home adequately warm. 21.8% of people living in rented or rent-free accommodation went without heating at some point in the last year.

SILC 2023 found that the proportion of people unable to afford a morning, afternoon, or evening out in the last fortnight increased to 11.8% in 2023, while being unable to afford to get-together with family or friends for a drink or meal once a month went up to 12.3% in 2023. 24.8% of people living in rented or rent-free accommodation were unable to afford a morning, afternoon, or evening out in the last fortnight, and 24.7% could not afford to get-together with family or friends for a drink or meal once a month. (CSO, 2024b)

Enforced Deprivation

The SILC categorises a household as living in enforced deprivation when they are experiencing two or more of the 11 deprivation items listed. The proportion of people living in households experiencing enforced deprivation was 17.3% in 2023, while 30% of people were living in households experiencing at least one of the 11 deprivation items.

In 2023, the SILC found that the groups most likely to experience enforced deprivation were those; unable to work due to long-standing health problems (44.7%); living in single-adult households with children under 18 (41.4%); unemployed (37.8%) and living in rented or rent-free accommodation (36.5%). The groups least likely to be living in enforced deprivation were the employed (12.3%) and the retired (9.6%). (CSO, 2024a)

The SILC highlights that while less than a third of the population live in rented accommodation, this group makes up almost two-thirds of the people living in enforced deprivation. In 2023, 36.5% of people living in rented or rent-free accommodation were living in enforced deprivation, compared to 8.8% living in owner-occupied housing.

The most commonly experienced deprivation items experienced by those living in enforced deprivation were being unable to afford to replace any worn out furniture, being unable to get-together with family or friends for a drink or a meal once a month, and being unable to afford a morning, afternoon, or evening out in the last fortnight. (CSO, 2024b)

Additional Deprivation Indicators

The SILC also looks at additional deprivation indicators, outside of the 11 listed. These additional indicators are used by Eurostat to calculate EU material and social deprivation rates. One of these deprivation rates looks at people's ability to afford a one week holiday away from home. In 2023 it was found that 23.8% of people could not afford a one week holiday away from home. Another of these indicators looks at people's capacity to regularly participate in leisure activities that cost money, and finds that 15.3% of people were unable to afford to regularly participate in leisure activities that cost money in 2023. (CSO, 2024b)

Another indicator examines people's ability to afford an unexpected expense of €1,400 without borrowing, and this found that 34.3% of people were living in households unable afford an unexpected expense of €1,400 without borrowing. 71.3% of people in a single-adult household with children live in a household that could not afford an unexpected expense of €1,400 without borrowing, while 59.9% of people in rented or rent-free households live in a household that could not afford an unexpected expense of €1,400 without borrowing. (CSO, 2024b)

Ability to Make Ends Meet

The SILC asks households to rate their self-perceived level of difficulty in making ends meet. In 2023, 47.8% of households said they had at least some difficulty in making ends meet, while 6.4% of households reported great difficulty in making ends meet.

SILC 2023 finds that single-adult households with children under 18 years were the most likely to experience at least some level of difficulty in making ends meet (72.1%), while 17.9% reported having great difficulty. 66% of rented or rent-free households had at least some level of difficulty in making ends meet, while 14.2% reported great difficulty in making ends meet. 92% of households experiencing enforced deprivation had at least some difficulty in making ends meet, with 28.6% having great difficulty. While 38.6% of households not experiencing enforced deprivation had at least some difficulty in making ends meet, with 1.8% reporting having great difficulty. (CSO, 2024c)

Children and Parents

Barnardos (2023) published their "Cost of Living Crisis, Impact on Children 2023" report in May 2023, which highlights the impact that the cost of living increases are having on children in Ireland. The report includes a nationally representative survey of over 300 parents, as well as the voices of parents being supported by Barnardos services.

The survey found that parents have had to cut back considerably on essentials due to cost of living increases. 23% had gone without or cut back on electricity, 37% had gone without or cut back on heating, 20% had gone without or cut back on food, and 43% on clothing. 53% of parents who responded to the survey said they had gone without or cut back on one or more of heat, electricity, medical and food. 73% of parents stated that the cost of living increases have negatively affected the children in their care, while 17% stated it has significantly affected them.

The report states that 57% of parents who responded to the survey had cut back on their children's social activities and entertainment, or that they had to go without. 23% stated they had cut back on school trips and activities, while 20% cut back on participating in local sports. Parents recognised how important these activities are but stated that money that was spent on social activities and entertainment was now used to pay for food or energy.

The report states that 70% of parents said they sometimes or always worry about not being able to provide their children with daily essentials such as food, heat or electricity, while they also reported increased feelings of stress or poor mental health caused by financial struggles. Parents reported putting their children first, and going without clothes and other essential items so their children do not go without. They also stated that the need to do this has increased substantially over the recent period of high inflation, which generally made parent's lives harder and reduced their standard of living. (Barnardos, 2023)

Older People

Age Action published "Spotlight on Income in Older Age" as the second publication in their State of Aging series in October 2023. This report engaged with older people through focus groups, surveys, and one-to-one conversations on the topic of income and living costs and conducted desk research on previous Age Action surveys and data from CSO, Revenue and other public sources. (Age Action, 2023)

Research participants stated that they were just about still able to manage and referenced the need for careful financial planning and restraint in order to stay afloat. Participants spoke to Age Action about going without food, petrol, socialising, medication, holidays, and some not attending medical professionals like the dentist or chiropodist. Many people talked about the struggle of going without cars or taxis, and the health risks this creates.

The report highlights that given the recent inflation rates, it seemed likely that spending on social inclusion would be the first to go when someone cannot afford the basics, which would in turn have a negative impact on many older person's mental health and wellbeing. One participant is quoted saying "I live a very isolated life because of money problems" (Age Action, 2023)

Food Poverty

In February 2024 Barnardos and ALDI published their third annual Food Insecurity Research report, which is based on the findings of a food insecurity research survey, with 465 participants. (Barnardos et al., 2024)

The report finds that 26% of parents reported that over the last 12 months they had at some point felt they did not have enough to feed their children. The report finds that food insecurity in families with children is worsening, with an increasingly large proportion of children living in households where parents are having to cut back or go without meals in order to feed their children, cut back on other essentials to provide food, borrow money, or rely on food banks to access sufficient food.

The report states that 45% of parent respondents are either always or sometimes worried about having enough food for the family, with 50% of these parents who are worried about food stating they are "stressed", 26% stating they feel guilty, and 17% stating they are afraid to ask for help. The report highlights the damage that food insecurity can have on children's health, wellbeing and development, while being constantly worried about food can also be damaging to parent's wellbeing. (Barnardos et al., 2024)

Hygiene Poverty

The School of Social Work and Social Policy in Trinity College Dublin conducted a study "An exploration of Hygiene Poverty in Ireland", commissioned by Hygiene Hub, which was published in November 2023. The research sought to understand what leads to hygiene poverty, explore the impact of hygiene poverty, and to contribute to the wider conversation around poverty. (Whelan, J. et al., 2023)

The report defines hygiene poverty as "when people are forced to go without or cut back on essential hygiene and personal care products." 65% of respondents to the research's small-scale survey reported difficulty affording essential hygiene products in the last 12 months. The report highlights specific groups of respondents who showed a higher likelihood of experiencing hygiene poverty, notably people dealing with a health condition or disability, people from ethnic minority backgrounds and adults caring for children.

The research details the negative impact that experiencing hygiene poverty can have on a person's life, dignity, physical and mental health. It also highlights the impact of living with an inadequate income, specifically within the context of the recent high inflation levels, which left households facing difficult decisions, having to prioritise needs like food, heat, and electricity over essential hygiene products. (Whelan, J. et al., 2023)

Employment

This section examines MESL need and income adequacy in employed scenarios. The analysis benchmarks the adequacy of the NMW, and relevant social welfare supports, for full-time and part-time employment scenarios.

The analysis assesses total net household income against each of the household compositions' net MESL cost (including housing). Secondary benefits (e.g., Medical Card) which reduce the potential cost of a household's minimum needs are reflected in the net MESL cost examined. Household income is comprised of salary after tax (PAYE, USC & PRSI), and applicable social welfare supports, primarily Child Benefit, Working Family Payment, the One-Parent Family Payment or Jobseekers Transitional.

Additional 2024 once-off 'Cost of Living' measures are included as appropriate. These measures include the January 'Cost of Living' bonus, a once-off double week payment to all recipients of qualifying long-term social welfare supports (e.g. One-Parent Family Payment and Jobseeker's Transitional) and the two €150 domestic electricity credits provided over the first half of 2024*.

Where a household's net income is below the expenditure required for a MESL, it indicates that households of this type would have to forgo items deemed essential to make ends meet, and therefore would not be able to live at an acceptable minimum standard and fully partake in the norms of Irish life. In these cases, the Minimum Income Standard[18] (MIS) gross salary required for the household to afford a MESL is calculated.

The discussion in this section focuses on urban based households. For households with children, scenarios with housing costs based on differential rent (social housing) and on the Housing Assistance Payment (HAP) are examined. The working age (without children) single adult household type's housing costs are based on private rented accommodation, renting a one-bedroom dwelling in the Dublin area at 90% of the average monthly rent; a HAP scenario is also examined.

For households with children, income adequacy is assessed for a range of employment scenarios, and applicable childcare costs are included in each scenario. The calculations assess support from the National Childcare Scheme and adjust childcare costs as applicable (for children up to primary school age[19]).

* See page 31 for further detail on the treatment of cost reduction measures.

The employment scenarios examined are listed below. In all cases full-time employment is based on 37.5 paid hours per week and part-time employment is based on 19 paid hours per week.*

Two Parents	1 Full-Time & 1 Stay-at-home
Two Parents	1 Full-Time & 1 Part-Time
Two Parents	Both Full-Time
Couple	Both Full-Time
One Parent	Part-Time
One Parent	Full-Time
Singe Adult	Full-Time

Employment improves household income in comparison to social welfare alone, when secure and stable hours are available. However, the provision of effective in-work supports, and access to services and supports such as affordable childcare and rents, are vital to enabling minimum adequacy at a salary level at or near the minimum wage.

For households with children, when reliable and adequate hours of minimum wage employment are combined with in-work social welfare supports and services which effectively reduce the cost of a MESL, 17 cases demonstrate income adequacy (an improvement of four from 2023), while four cases demonstrate inadequate income. This assessment is based on the households having access to social housing paying a differential rent. The National Childcare Scheme is also included, where applicable.

This is in effect a "**best case**" scenario. Where these assumptions do not hold true there is the potential for both the cost of a MESL to be greater or for income to be lower. Consequently, there is the potential for an adequacy gap between income and expenditure need. This is demonstrated below when the same scenarios are examined with housing costs based on HAP (Housing Assistance Payment) where housing costs combine differential rent and a top-up payment. In these scenarios, the higher housing costs lead to only 12 cases demonstrating income adequacy.

The discussion below highlights facets of the minimum wage adequacy analysis and Minimum Income Standard calculations, which demonstrate the core issues: services are vital in supporting households to income adequacy, in conjunction with secure employment, but an appropriate minimum rate of pay and well-designed income supports are also crucial.

This is evident in the situation of a single working-age household type, where access to a differential rent can result in income adequacy at a notably lower salary rate than when paying a market rent. With the adjusted HAP (Housing Assistance Payment) thresholds the national minimum wage would now provide the basis of an adequate income for a working-age single adult in a HAP tenancy.

Setting an appropriate wage floor is essential, to address the needs of those without dependent children, and to set a reasonable floor for other social support mechanisms to work from. Well designed in-work income supports and services which reduce living costs, must work effectively in conjunction with an appropriate minimum wage rate to enable households with children to achieve a MESL when in employment.

The analysis for households with children examines the efficacy of current measures, and the interaction of these supports with earnings at and above the national minimum wage. Demonstrating, the importance of support with housing costs, through access to social housing, and support with childcare costs, and medical costs.

* The employed income scenarios, for the working age household compositions, are detailed in the appendix, Tables 8A – 25A.

Single Adult

In 2024 the National Minimum Wage (NMW) was increased by €1.40 to €12.70 per hour, an adjustment of 12.4%. This represented a significant front loading of progress towards the Government's goal of the NMW reaching 60% of median wages by 2026.

This change has increased the gross weekly salary of a full-time (37.5 hours) minimum wage employee by €50.50 per week. The additional PAYE, PRSI and USC liable on this salary reduces the net gain to €43.06 per week (11.2%). The increased Rent Tax Credit, €750, will reduce the PAYE payable on a full-time minimum wage salary for an employee in the private rented sector and not in receipt of any housing support e.g., HAP. Where eligible to claim this credit, net income for a full-time NMW employee increased by €47.47 per week (12.0%).

The Marginal Effective Tax Rate (METR) is a measure of the level of taxation and withdrawal of income supports (and secondary benefits) associated with a given increase in gross salary. The METR on the NMW increase is 18.0%, for a full-time worker not eligible for the Rent Tax Credit.

The cost of a MESL basket for an urban single adult in full-time minimum wage employment increased by 2.8% in the year to March 2024. Within this rise in minimum expenditure need 4.0 percentage points are due to rising private rents. Rent for this household type increased by 7.4%, when living in the Dublin area. Home energy costs decreased by 21.6% and food costs increased by 1.0%. The decrease in energy costs offset approximately a third of the increase in rental costs, limiting the potential increase in MESL costs over the last 12 months.

The 2024 increase to the NMW has exceeded the change in MESL costs, resulting in an improvement in the proportion of MESL needs met compared to 2023. A full-time minimum wage salary now meets 77.3% of MESL needs of an urban single adult, compared to 70.9% in 2023. This leaves an income shortfall of €130 per week.

Housing Assistance Payment

If this household type were in receipt of the Housing Assistance Payment (HAP) the total cost of a MESL (including housing) could be notably lower. Under HAP the tenant pays a differential rent, calculated based on income. Additionally, the tenant must pay the difference between the HAP rent limit and actual market rent payable for their accommodation.

New HAP rent limits, for single adult households, and flexibility in the rent limit came into effect from July 2022. These adjustments have made a significant difference to the potential housing costs in this scenario.

In a scenario where this household is in a HAP tenancy, in Dublin city, when in full-time NMW employment the differential rent is €59.50 per week. With the rent limit of €900 per month, a top-up of €112.46 per week would also be required. When the rent limit is increased by the permitted 35%, the top-up reduces to €39.77 per week. The support with housing costs from HAP has the potential to reduce the degree of income inadequacy, from NMW meeting 77.3% of MESL need when paying a market rent to NMW meeting between 97.2% and 116.4% of MESL need depending on the degree to which the rent limit is extended.

Under the increased maximum HAP rent limit full-time NMW employment would provide the basis of an adequate income for a working-age single adult in Dublin.

Minimum Income Standard

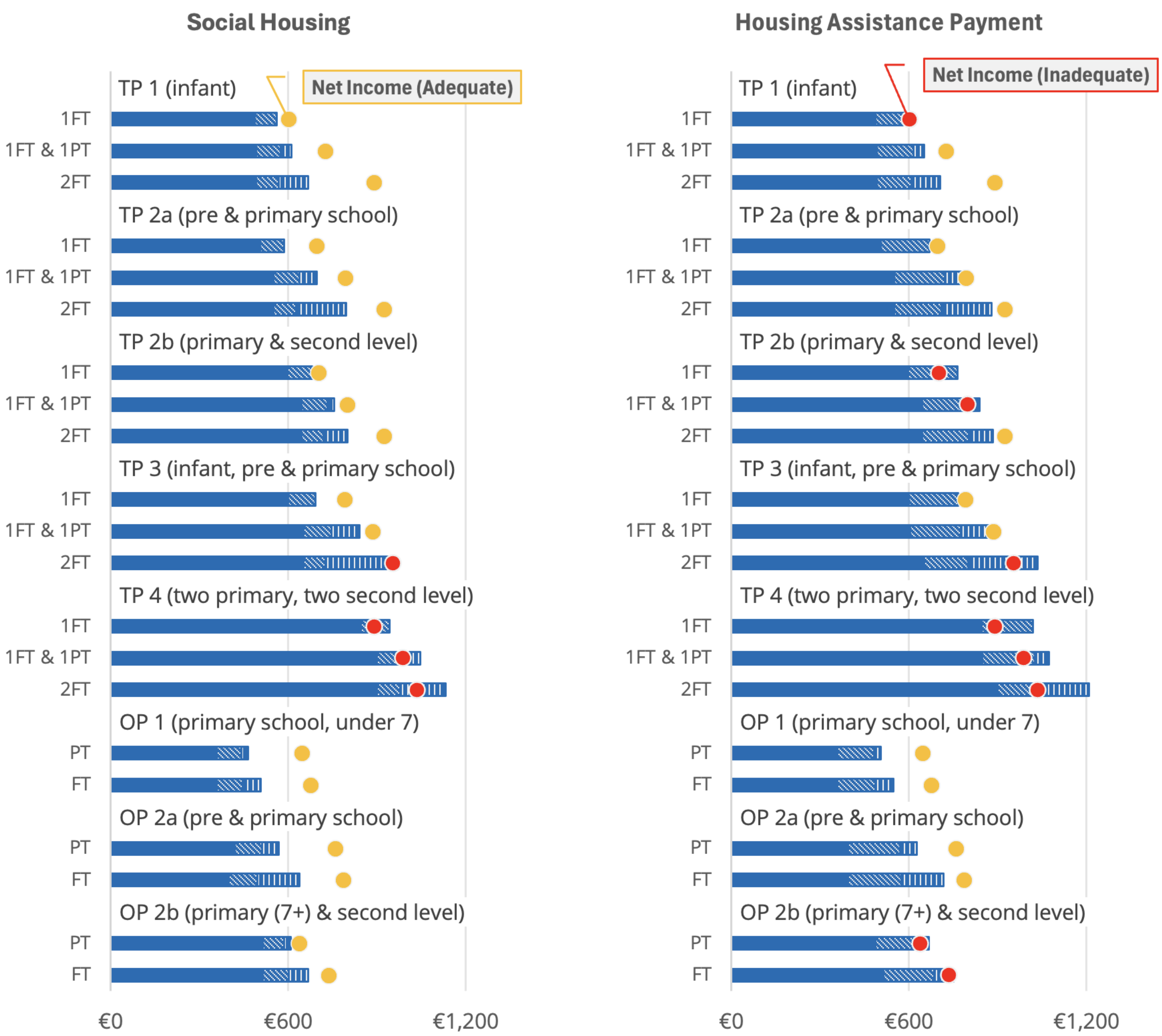
When living in private rented housing, without support for housing costs, a single adult would need a gross weekly salary of €679.00, to the meet the cost of a MESL in 2024. This Minimum Income Standard (MIS) is 43% higher than the gross salary from minimum wage employment. It equates to 53 ½ hours of minimum wage employment per week.

Households with children

Minimum wage rates cannot be expected to address income inadequacy in isolation. Rates of pay, including the minimum wage, cannot take account of household composition, number of people dependent on a wage, etc. Social supports must work in conjunction with an (appropriately set) minimum wage floor, to smooth out the variation of needs.

This section examines the degree to which the current suite of supports available to households with children enable income adequacy when earning the minimum wage. This includes direct income supports such as Working Family Payment (WFP) and One-Parent Family Payment (OFP), and supports which reduce MESL expenditure need, including access to affordable housing through social housing or the Housing Assistance Payment (HAP), support with childcare costs through the National Childcare Scheme (NCS), and the Medical Card.

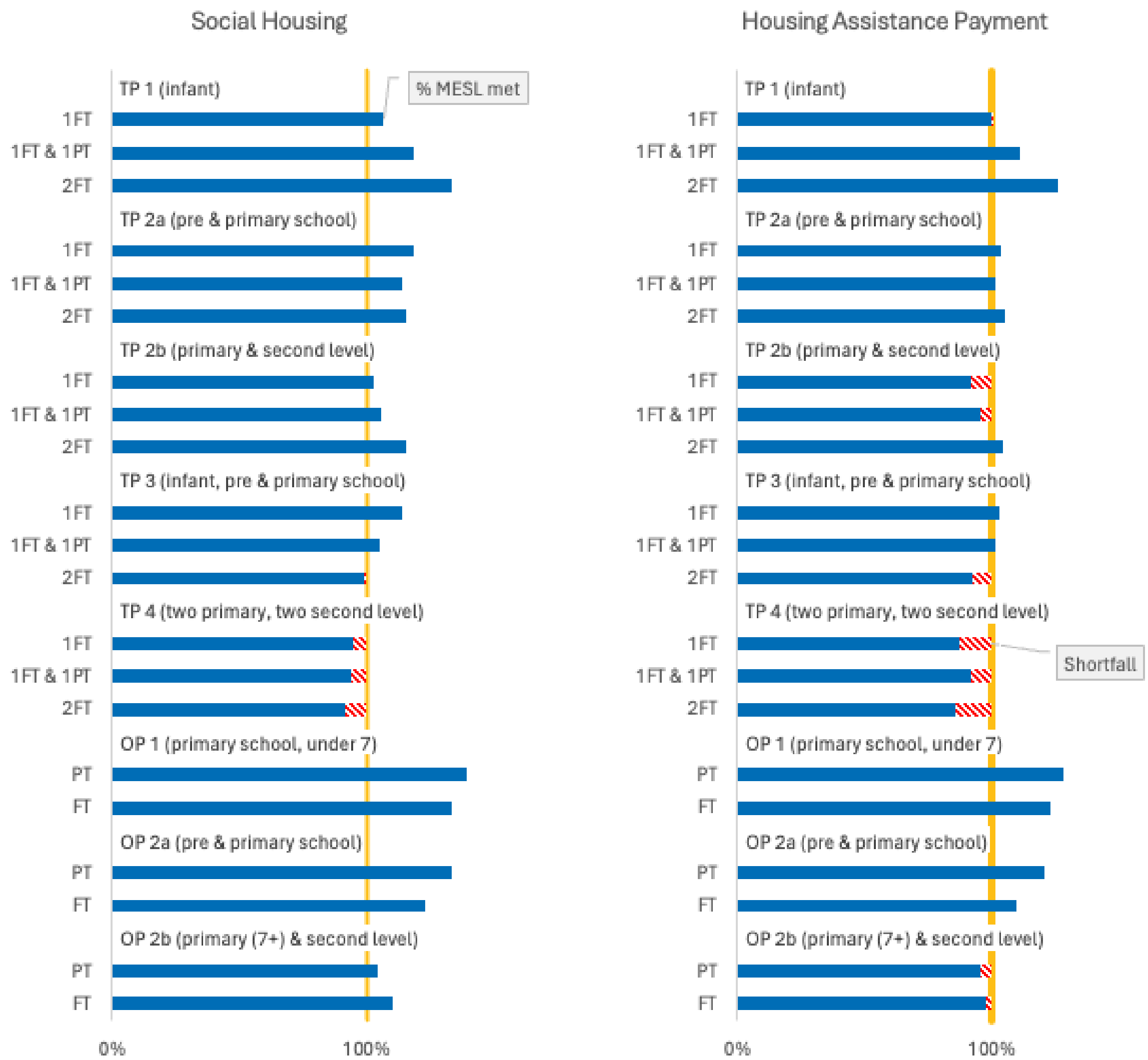
Graph 17: National Minimum Wage adequacy benchmark, household types with children, Social Housing and Housing Assistance Payment scenarios



The discussion in the following pages examine employed income scenarios for eight household compositions with children when earning the National Minimum Wage (NMW), as illustrated in Graph 17. The eight household compositions with children are examined in a variety of full and part-time, single and dual income scenarios[20]. In total 21 cases are assessed, based on the households having access to social housing paying a differential rent. Of these, four cases demonstrate income inadequacy. The same 21 cases are also assessed with housing costs based on HAP, here nine cases demonstrate income inadequacy due to higher housing costs.

These cases are based on consistent and adequate hours of minimum wage employment being combined with in-work social welfare supports and services. For households with school-age children, the structure of part-time working hours is assumed to minimise the need for childcare during school term times. The assessment is based on the households having access to support with housing costs, through either social housing or the HAP, and where applicable the National Childcare Scheme is included. As such, these scenarios are in effect a "best case" situation. Where these assumptions do not hold true there is the potential for both the cost of a MESL to be greater or for income to be lower.

Graph 18: Net household income as percentage of MESL expenditure need by household type, employment scenario and housing tenure



Analysis of the proportion of MESL expenditure need met by net household income reveals that increased employment (either dual income vs single income, or full-time vs part-time) does not automatically result in an improvement of the household's adequacy position. This can be due to the tapering of direct in-work income supports and/or the tapering of secondary supports, e.g. moving from Medical Card to GP visit card, increased housing costs, or reduced support from the National Childcare Scheme, resulting in increased MESL costs.

Two Parents, One Child, Infant

TP 1

This household composition shows income adequacy in a single income scenario, with one adult in full-time NMW employment, when living in social housing but not when in a HAP tenancy.

When in social housing the household has a lower rent (€74.60 per week) than when in a HAP tenancy (€114.85 per week). Consequently, the same net income from employment and rate of support from Working Family Payment (WFP), and eligibility for a GP Visit Card results in inadequate income in the HAP case (99.8% MESL needs met), but adequate in the social housing case (106.9% MESL needs met).

Two Parents, Two Children, Primary School & Second Level Age

TP 2b

This household composition includes an older child. When reliant on social welfare households with older children are more vulnerable to deep income inadequacy, as was the case for this household composition when discussed above. Last year NMW employment only provided the basis for an adequate income in the dual full-time scenarios examined, when in social housing.

This year the adjustment to the NMW and associated increase in the Working Family Payment (WFP) income thresholds bring an increase to net income, while core MESL costs have decreased (-1.7%). As a result, when in social housing the NMW now provides the basis for an adequate income in each of the three employment scenarios examined.

When in a HAP tenancy the additional housing costs arising from a rent 'top-up' combined with the additional MESL costs for an older child, lead to income inadequacy being found in the two of three scenarios examined. In a single income scenario (one adult employed full-time) and a dual income scenario based on one adult employed full-time and one in part-time employment net household income (including WFP) is inadequate, meeting 92% and 95% of MESL need respectively.

In comparison to the single income scenario, MESL costs for this household type are higher in a dual income scenario. When the employment pattern is based on one adult in full-time NMW employment and the second adult in part-time NMW employment, the MESL cost is greater due to childcare and qualifying for a GP visit card (as opposed to a full Medical Card). These higher costs, combined with a lower level of support from WFP, result in less of an adequacy buffer[21] above the MESL threshold.

Comparing the single income scenario to dual income scenario (one full-time and one part-time), shows a high Marginal Effective Tax Rate (METR). In the single income scenario, the household would be eligible for WFP of €177 per week and a full Medical Card. In the dual income scenario, the WFP support tapers to €33 per week and the household qualifies for a GP Visit Card. This shows that of the gross salary gain from the second adult engaging in part-time NMW employment, 80.8% is lost through the tapering of WFP and reduction in medical card status and increase in housing costs.

In a dual full-time scenario, the household earnings exceed the WFP limits and the threshold for a full Medical Card, however net household income meets 104% of MESL need.

Two Parents, Three Children, Infant, Pre-School & Primary School Age

TP 3

This household composition demonstrates a reducing adequacy buffer with increased employment. In this case when in dual full-time NMW employment the household type would have an inadequate income, while lower employment intensity scenarios demonstrate an adequate income. When in social housing in a single income scenario, net household income meets 114.2% of MESL needs, this reduces to 99.5% in the dual full-time scenario.

In a single income scenario, one adult engaged in full-time NMW employment, the household is eligible for a full Medical Card and Working Family Payment of €238 per week. Tapering of WFP sees this support reduce to €93 if the second adult is engaged in part-time NMW employment, and the household is ineligible for WFP when the second adult is in full-time NMW employment. Furthermore, in the dual employment scenarios the household would not be eligible for a means tested Medical Card, qualifying for a GP visit card only (when in social housing).

The lower level of WFP and reduction in Medical Card eligibility in the dual income scenario, based on the second adult in part-time employment, leads to a METR of 82.9%. Comparing the two dual income scenarios shows a METR of 61.8% on the gross salary change from the second adult being in part-time to full-time NMW employment. The combination of the withdrawal of WFP and liability for PAYE, is slightly offset by a lower differential rent (arising from a lower rent assessed on a second income compared to WFP).

There is also a need for a greater level of childcare in the dual full-time scenario, compared to the full-time and part-time employed scenario. In both cases there is significant support with the cost of childcare, reducing the potential gross costs notably. While the nominal level of support increases when both adults are in full-time employment, the proportion of childcare costs met reduces. In the full-time and part-time scenario supports meet 70% of gross childcare costs, in the dual full-time scenario this reduces to 59%.

It is notable that the degree of childcare cost support has reduced in 2024. This is due to the income assessment bands not being adjusted in line with the minimum wage change. For example, in the dual full-time scenario the NCS subvention in 2024 is €30 less per week compared to 2023, for this household composition. Consequently, the NCS subvention meets a six percentage-point lower proportion of childcare costs in 2024. This is examined further below, on page 75.

With both adults in full-time employment, the household's MIS gross salary requirement would be €483.75 per week, per adult (equivalent to a rate €0.20 per hour above the NMW), in a social housing scenario. When in a HAP tenancy, this would increase to €588.75 per week, per adult (equivalent to a rate €3.00 above the hourly NMW).

Two Parents, Four Children, Two Primary & Two Second Level Age

TP4

Unlike the previous household compositions examined, in this case NMW employment does not provide the basis of an adequate income in any of the three employment scenarios examined. Due to the size of the household, four children, eligibility for Working Family Payment is retained in each of the three employment situations. However, WFP does not provide the level of support required to build up the NMW earnings to an adequate income for the household's minimum needs.

Compared to 2023 this household type qualifies for a lower level of support due to income eligibility thresholds not moving in line with the change to the NMW.

The Medical Card reduces the potential health related MESL costs, for this household type, by an average of €64 per week. However, in a dual income scenario, with one adult in full-time NMW employment and the other in part-time NMW employment, the household would be ineligible for a Medical Card. In this scenario in 2023, the household income was marginally within the threshold for full Medical Card eligibility. As the qualifying thresholds have not moved in line with the change in NMW, the household income now exceeds the means test for a full Medical Card. In 2024 the household qualifies for a GP Visit Card, which reduces potential costs by €14 per week.

In a dual full-time NMW scenario this household qualified for both WFP (€68 per week) and the Back to School Clothing & Footwear Allowance (BSCFA) in 2023. However, the income limits for the BSCFA have (currently) remained at 2023 levels. In 2024 net household income from dual NMW full-time employment exceeds the income thresholds, making the household ineligible for this support. Additionally, the adjustment to the WFP threshold does not adequately reflect the change to net earnings from dual NMW employment, resulting in a reduced rate of support in this scenario in 2024. The household continues to qualify for support under the NCS but with a reduced subvention.

These three factors reduce the supports to this household by an average of €47 per week, compared to 2023. This offsets over half of the gain in net salary arising from the increase in the NMW and contributes to the significant 61.7% METR on the change in the NMW.

Due to the degree of tapering and withdrawal of supports, earnings significantly above the NMW are required to close the adequacy gap for this household composition. The household composition's MIS weekly gross salary requirement would be €592 per adult when in social housing, rising to €656 when in a HAP tenancy.

One Parent, One Child, Primary School Age (6 years old)

OP 1

This household type has an adequate income when engaged in minimum wage employment, when in social housing or a HAP tenancy. This is the case when engaged in part-time employment (with the assumption of 19 hours employment available) or full-time employment.

When employed for at least 19 hours per week this household is eligible, subject to a means test, for both Working Family Payment (WFP) and the One-Parent Family Payment (OFP). The combination of these payments, and secondary benefits (Fuel Allowance, Back to School, Clothing & Footwear Allowance, Christmas Bonus) provide a significant degree of income support. Comparing part-time to full-time NMW employment shows a steep tapering of income support, with a marginal effective tax rate (METR) of 89.4% due to both tapering and tax liability. As a result, net household income in full-time employment is only €30 higher than when in part-time employment.

One Parent, Two Children, Pre-School & Primary School Age

OP 2a

This household type also has an adequate income when engaged in minimum wage employment, when in social housing or in a HAP tenancy.

When in full-time employment the support with childcare costs provided through the NCS is crucial for enabling income adequacy. Without the NCS subvention full-time NMW employment would not provide the basis of an adequate income, e.g. there would be a significant income shortfall of over €55 per week when in social housing.

However, the NCS provides a lower subvention in 2024 than in 2023, due to the increase in the NMW. When in full-time NMW employment, in 2023 the NCS would have provided a subvention of €212. Assessed on 2024 rates, the subvention is reduced by €9 per week to €203. This results in a METR of 36.6% on change in NMW for this household type.

When the increased minimum subvention comes into effect in September 2024, this household type will be eligible for NCS support of €214 per week. This is an increase on the 2023 rate but remains below the €216 which would have been provided in this scenario in 2020.

One-Parent Family Payment taper

The structure of the One-Parent Family Payment and ancillary supports produce significant troughs in net household income, where a higher gross salary can result in a lower net household income. The most severe aspect of this was addressed in 2021, with the removal of the ‘guillotine’ effect in the eligibility criteria which cut-off entitlement to OFP at gross salaries of €425 per week and above.

The income trough is now evident at the point where means tested eligibility for OFP is lost. The loss of OFP, including Qualified Child Increase (QCI), Fuel Allowance and the Christmas Bonus, combine to create a significant dip in net household income. When eligibility for these combined supports is lost the level of WFP increases and partially offsets the loss, however net income is reduced by an average of €49 per week. Consequently, gross salaries from €667 to €765 per week result in a lower net income than a full-time NMW salary.

While the Back to Work Family Dividend may mitigate the severity of this trough, it is a time-limited and conditional support that may not apply in all cases.

One Parent, Two Children, Primary School & Second Level Age

OP 2b

The one parent household compositions examined above are eligible for One-Parent Family Payment (OFP), subject to a means test, as the youngest child in the household is under seven. In this composition the youngest child is over seven but under 14, and therefore the household is ineligible for OFP but may qualify for the Jobseeker's Transitional (JST) payment. Both supports are subject to a means test, and the household may receive a partial payment in addition to income from employment. However, while the Working Family Payment (WFP) can be paid in conjunction with OFP, this is not the case with JST.

In a part-time NMW scenario, this household composition would qualify for JST (and secondary supports), receiving an average of €330 per week in means-tested income supports. This, in conjunction with salary from employment and Child Benefit, provides a net household income which adequately meets 104.6% of MESL need in a social housing scenario. However, in a HAP scenario net household income is inadequate, meeting 95.4% of MESL costs.

Compared to the previous household composition with two younger children (OP 2a), which is eligible for OFP and WFP, the net household income in this case is €120 less per week for the same employment scenario.

In the full-time NMW employment scenario examined, the household would be eligible for income support through the Jobseeker's Transitional (JST) payment (and secondary benefits including Fuel Allowance and Christmas Bonus) providing an average of €219 per week in means-tested targeted income supports, in addition to Child Benefit. The NCS also provides a means-tested subvention of €61 per week to reduce childcare costs. These supports, in conjunction with full-time NMW earnings, amount to an adequate income in a social housing scenario but are inadequate in a HAP tenancy where income meets 97.9% of MESL need.

Reduction in value of in-work supports

The range of supports which either directly supplement income from employment or reduce potential expenses play a pivotal role in supporting households towards having an adequate income. These supports operating in conjunction with an appropriate earnings floor, can enable income adequacy for many households with children when in lower paid employment.

It is essential that the real value of such supports is maintained in line with both changes in minimum living costs and earnings. Improvements in net salary rates, in response to rising living costs, should not be offset by a loss in the level of in-work social support. Part of the effective operation of these supports is ensuring that income thresholds and criteria for determining eligibility and rate of support are systematically reviewed in conjunction with changes to the National Minimum Wage rate. In this way, both the real and nominal value of the support would be maintained, ensuring that these mechanisms operate to smooth out differences in need between household compositions.

As discussed above, the analysis has found multiple instances where the level of direct support (Working Family Payment, One-Parent Family Payment & Jobseeker's Transitional) and in-direct support (National Childcare Scheme and Medical Card) provided is lower in 2024 compared to 2023.

Medical Card

The Medical Card means test assesses net income (and certain social protection supports such as One Parent Family Payment), making allowance for housing, childcare and transport to work costs. The eligibility income threshold varies by household type, and number and age of dependent children. These income thresholds have not been reviewed since 2006.

As the NMW rate has been adjusted and income thresholds have remained static, an increasing number of household cases which previously would have qualified for a full Medical Card are now eligible for a GP Visit Card only.

Of the 21 NMW household income scenarios examined here, there are ten which showed eligibility for a full Medical Card in 2020, but in 2024 now show eligibility for a GP Visit Card only.

It should be noted that the enhanced thresholds for a GP Visit Card have now brought eligibility to a number of cases that previously would not have qualified for either support. This is the case for two of the dual full-time employed scenarios examined, which had no eligibility in 2023 but in 2024 would qualify for a GP Visit Card.

National Childcare Scheme

The level of means tested subvention provided under the National Childcare Scheme has reduced in the scenarios examined here, compared to previous years.

The NCS pays the maximum rate of subvention (€3.75 to €5.10 per hour, varying by child age-group), to households with a reckonable income below €26,000 per annum (€500 per week). For reckonable incomes between €26,000 and €60,000, a tapered rate of subsidy is calculated. The minimum universal subsidy is applied for those above these limits.

The NCS assesses net salary and most standard social welfare supports (including Child Benefit, Working Family Payment, One-Parent Family Payment, Jobseeker's Transitional and Fuel Allowance) as reckonable income. As the means test threshold has not been revised, the adjustments to NMW and income supports for 2024 can lead to a reduction in NCS subvention, resulting in higher net childcare costs.

12 of the cases examined in the analysis here have childcare costs which are eligible for support under the NCS. In every case the NCS subvention provided when earning the 2024 NMW rate is less than the rate which would have been provided in 2023. While in all but one case, the NCS subvention in 2024 is also below that which would have been provided in 2020.

One-Parent Family Payment & Jobseeker's Transitional

The means test for the One-Parent Family Payment (OFP) and Jobseeker's Transitional (JST) payments includes a disregard for the first part of gross earnings from employment. The disregard has been set at €165 since 2020.

A one parent household with two children, when in full-time NMW employment and receiving a partial OFP or JST payment, will qualify for €5 less support per week in 2024 than in 2023. This is despite the nominal increases to the personal and qualified child rates.

For a household with a pre-school and primary school age child (OP 2a), and so qualifying for OFP and WFP, the reduction in OFP is partially offset by the increase in WFP. However, a one parent household with children above 7 and in receipt of JST, cannot also qualify for WFP. In this JST scenario, a one parent and two child household (OP 2b) will experience a 31% METR on the change in minimum wage.

Working Family Payment

The Working Family Payment (WFP) earnings thresholds were increased by €54 per week in 2024, for households of all sizes. This adjustment reflects the change in a single full-time NMW salary. The adjustment protects the WFP support of households with earnings equivalent to a full-time NMW salary, e.g. a one parent household with full-time NMW employment or single income two parent household. However, dual income households with more than one full-time equivalent income will receive reduced support from WFP compared to 2023.

In the cases examined here, the four scenarios of full and part-time NMW employment see a reduction in WFP support of €13 per week compared to 2023. While in the dual full-time NMW scenarios there is a reduction of €20 per week, with one household losing WFP entitlement. In all these cases, the level of WFP payable in 2024 is lower than that received in 2020 also.

Conclusion

This report provides an update of the MESL baskets to reflect prices in 2024, specifying the average weekly cost of the goods and services agreed as necessary for a socially acceptable minimum standard of living with dignity.

The 2024 MESL comes after a period of severe increases in living costs. The research finds a relative stabilisation in costs, with a slight decline compared to 2023. However, **the cumulative impact of inflation to date has resulted in a significant increase of 16.8% in core MESL costs from 2020 to 2024**.

Within this increase the cost of food and energy have risen substantially. While energy costs peaked in 2023 and have since reduced somewhat, the overall MESL household energy basket has increased by 64.5% from 2020 to 2024. The MESL food costs have continued to rise into 2024, with a 1.5% increase on 2023 levels, and a considerable cumulative increase of 21.2% from 2020.

The MESL energy basket is based on a particular energy efficiency standard. However, the cost of staying adequately warm can vary depending on the characteristics of a dwelling. The 2023 MESL paper 'The cost of adequately heating the home' examined this in detail. The 2024 MESL report includes a brief update of this analysis, demonstrating the range of potential energy costs by level of dwelling efficiency and associated risk of energy poverty in 2024. The analysis also shows how the additional burden of 'lifestyle' pay-as-you-go energy plans can add approximately a third to costs.

The MESL provides an evidence-based indicator of the current cost of the goods and services required to enable a socially acceptable minimum standard of living. In this way, the MESL expenditure data serves as a benchmark to assess the adequacy of social welfare supports and the national minimum wage.

Analysis of direct MESL costs of a child demonstrate that costs remain highest for older children, aged 12 and over, at €149 per week – approximately 60% higher than the minimum needs of younger children, with social welfare supports meeting 63% of MESL needs.

The change found in the MESL costs for an infant's needs are considerable. Showing the largest increase of all child age-groups, rising by 22.4% from 2020 to 2024. This was primarily driven by a 37% increase in baby milk formula and an 84% increase in the cost of nappies. These two items now account for over a quarter (28.8%) of an infant's MESL costs.

The analysis in the report provides an evaluation of social welfare income adequacy for 214 test household cases. In 2024, all 214 test cases showed an improvement in social welfare income as a percentage of MESL expenditure need compared to 2023. The incidence of deep income inadequacy has reduced from **59%** of cases in 2023 to **43%** in 2024. A total of **76%** of cases demonstrate an inadequate income in 2024, compared to **87%** in 2023.

While the incidence and severity of deep inadequacy have improved since 2023, they remain elevated compared to the declining trend from 2020 to 2022. Households with older children (aged 12 and over) and single adult headed households continue to be at a greater risk of deep income inadequacy when dependent on social welfare.

The analysis also examines the effect of 'Cost of Living' supports in 2024, including the January double payment to eligible recipients and two electricity credits. Without these supports, the incidence of inadequate income would be 4 percentage points higher, reaching 80%, with 48% of cases experiencing deep income inadequacy.

The MESL costs for an older single adult living alone are particularly sensitive to changes in energy costs. In 2023, rising energy costs drove half the increase in MESL costs for this household type. The decline in energy prices in 2024 has had a significant impact. The €12 adjustment to the State Pension rates and 2024 'Cost of Living' supports have brought this household type close to income adequacy, with the Non-Contributory State Pension meeting 98.6% of MESL needs. However, this would fall to 95.0% without the 'Cost of Living' supports.

Employment improves household income compared to social welfare alone, when secure and stable hours are available. However, effective in-work supports and access to services such as affordable childcare and housing, are vital to enabling minimum adequacy at a salary level at or near the minimum wage.

The cost of a MESL basket for an urban single adult in full-time minimum wage employment increased by 2.8% in the year to March 2024. The reduction in energy costs limited the impact of rising rents for this household type. The 2024 increase to the NMW exceeded the change in MESL costs, resulting in the inadequacy of a full-time minimum wage salary lessening to an income shortfall of €130 per week, with the NMW meeting 77.3% of this household's MESL expenditure need.

For households with children 21 NMW employment cases are examined, in various full and part-time single and dual income scenarios. These cases are based on reliable and adequate hours of minimum wage employment, combined with in-work social welfare supports and services that effectively reduce MESL costs. Where these household cases have access to social housing paying a differential rent, 17 demonstrate adequate income. In a Housing Assistance Payment (HAP) scenario, higher housing costs result in 12 cases demonstrating adequate income.

Analysis of the proportion of MESL expenditure need met by net household income reveals that increased employment intensity (either dual income vs single income, or full-time vs part-time) does not automatically improve the household's adequacy position. This is due to the tapering of direct income supports and secondary supports.

Multiple instances are found where direct supports (Working Family Payment, One-Parent Family Payment & Jobseeker's Transitional) and indirect support (National Childcare Scheme, Medical Card) provided lower support in 2024 compared to 2023. Except for WFP, this is due to income eligibility criteria not being adjusted in line with the NMW changes.

The annual MESL series provides detail of the latest MESL expenditure needs and in-depth analysis of income adequacy assessments to underpin the development of evidence-based policy recommendations. The policy recommendations based on the findings from the MESL research are primarily articulated in the pre-budget submission to the Department of Social Protection, the submission to the Low Pay Commission, and in wider engagements with policy makers, government departments, etc.

The full set of MESL 2024 data, for all household types and compositions, and the suite of income scenarios are available on the Vincentian MESL Research Centre at SVP's website, **budgeting.ie**.

The full catalogue of the ongoing MESL research is also available, Research Papers & Reports, the Annual MESL Update report series, policy submissions to Government, and the MESL Budget Impact Briefings.

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Notes

1 For details of the income scenarios see from page 28 for Social Welfare and from page 63 for Employment.

2 The MESL differentiates four child age-groups

Infant	9 month old baby
Pre-School	3 year old child
Primary School	4–11 years old
Second Level	12–18 years old

3 Based on Census 2022 (CSO, 2023) data the household compositions covered by the MESL data represent 85% of households in Ireland.

The MESL is currently focused on examining single unit private households. As such the MESL does not extend to non-family households (7.6% of households) e.g. people house sharing, flatmates, etc., nor to family households of parent(s) child(ren) and another adult (5.2% of households) e.g. grandparent, adult child, etc. Also, the MESL research has not examined the needs of larger household compositions, with more than four children (0.7% of households), nor multiple families sharing a household (1.2% of households).

4 The cut on excise duty on fuel and petrol is due to expire at the beginning of April, increasing petrol costs by 5c and diesel costs by 4c. Because the reference point for the MESL is March, the price change in petrol and diesel is not reflected in the current baskets. The excise duty is scheduled to be fully restored at the beginning of August 2024.

5 It is worth noting that the reduced VAT rate (9%) on gas and electricity is in place until the end of October 2024.

6 A €400 lump sum was also provided for recipients of either the Carer's Support Grant, Disability Allowance, Blind Pension, or Invalidity Pension. These supports are not applicable to any of the standard MESL income scenarios examined here.

7 214 Household Test Cases

Two Parents	1 to 4 children, 4 age-groups	Social Housing	Jobseeker & Qualified Adult	69 cases
Two Parents	1 to 4 children, 4 age-groups	Social Housing	Jobseeker Benefit x 2	69 cases
One Parent	1 to 4 children, 4 age-groups	Social Housing	OFP / Jobseeker	69 cases
Working Age Adult, No Children	Single & Couple	Rent Supplement	Jobseeker	2 cases
Older Adult	Single & Couple	Social Housing	State Pension	5 cases

8 The figures presented for 2020 & 2021 differ slightly from those previously published in the 2020 and 2021 annual update reports. This is due to a change in the treatment of the Christmas Bonus when calculating average weekly income. Previously the Christmas Bonus was not included as a part of the standard social welfare income calculation, from 2022 onwards it is included in the standard calculation for households in receipt of a long-term social welfare payment, in the cases examined these are the One-Parent Family Payment, Jobseeker's Transitional, and the State Pension. As Jobseekers Allowance is only eligible after 12 months, the Christmas Bonus is not included as a standard component of social welfare income in these cases

9 The three highest AROP rates in 2023 were seen in one adult headed households, working-age single adults (27.1%), lone parent households (19.2%), and older adults living alone (15.4%). The highest deprivation rates were also found in one adult headed households, lone parent households (41.4%), working-age single adults (25.7%), and older adults living alone (20.0%). While consistent poverty was also highest for working-age one adult headed households, working-age single adults (13.0%%) and lone parent households (7.1%). (CSO, 2024d)

10 There was also an extension of the reduced VAT rate for gas and electricity and temporary excise rate reduction on diesel and petrol. The counter-factual effect of these measures is not measured here.

11 The Christmas Bonus is 100% of primary social welfare, this equates to an average weekly value of €4.23 for a working-age single adult in receipt of a full JA payment. The Fuel Allowance is currently €33.00 per week and is paid over 28 weeks, which is an average of €17.77 over 52 weeks.

12 The standard MESL analysis for working-age households without children has included housing costs based on receipt of Rent Supplement (RS) for unemployed scenarios. With the introduction of the Housing Assistance Payment (HAP) scenarios based on this support have also been included in the analysis (since 2017). While the number of RS recipients has declined significantly the RS remains a short-term means-tested housing support, as such it continues to be included in here in conjunction with the HAP scenarios also presented.

In 2014Q1 there were 80,585 recipients this has declined to 8,419 in 2023Q4, the most recent data available at the time of writing. See https://data.gov.ie/dataset/https-assets-gov-ie-292137-9c6b2131-f8af-4e09-983d-49faaf5ae38a-csv and https://www.gov.ie/en/collection/b08c7-quarterly-statistics/

13 2023 Q3 average rent for a one-bedroom dwelling in Dublin (RTB, 2024)

14 Household income is detailed in the appendix tables, the two parent household is based on full Jobseeker's Allowance and Qualified Adult, Qualified Child Increases, Back to School Clothing & Footwear Allowance, and Child Benefit. In the one parent household, social welfare income is based on the full rate of One-Parent Family Payment / Jobseeker's Transitional, Qualified Child Increases, Fuel Allowance, Christmas Bonus, Back to School Clothing & Footwear Allowance, and Child Benefit. The 2024 'Cost of Living' January bonus double payment is included for the one parent household, as One-Parent Family Payment / Jobseeker's Transitional is a qualifying payment.

15 The MESL budget for Older People and for Households with Children is based on living in a standard sized family home (approx. 100 m^2) with a C2 energy rating.
When in urban areas the budget includes 13,300 units of natural gas per annum to adequately heat the home.
When in rural areas the budget is based on home heating oil, with the household requiring approx. 1,260 litres per annum.

16 For examining childcare costs here, the universal NCS subvention rate is applied. When examining household MESL costs in employed scenarios the means tested NCS subvention is calculated for each scenario, and childcare costs are adjusted as appropriate.

17 Because an enhanced heating regimes of 16 hours per day is applied to this household type, the older single adult household type's energy costs are significantly higher than the other household types.

18 The MIS method calculates the PAYE income tax liability, PRSI contribution and amount of USC payable, and assesses eligibility for any social welfare entitlements applicable to the household type. Household income is calculated based on incremental increases in salary, re-assessing the adequacy of household income at each step.

The MIS method involves multiple iterations of these calculations, each iteration representing a €0.10 incremental increase in hourly salary. The Minimum Income Standard for a household is reached at the point where total household income meets the MESL expenditure need of the specified household type.

19 MESL childcare costs for infants and pre-school age children are based on the use of formal private childcare providers. At primary school age where both after-school care and full-time care outside of school term time are required, costs are based on the use of formal childcare providers.

In these cases, ECCE and/or NCS subventions are applied to calculate the net cost of childcare to the household, as applicable.

However, in scenarios where parental employment is part-time and a lower level of childcare is required, the MESL childcare costs are based on care being provided by a friend or relative, after school and during school holidays, with an agreed contribution made by the household for this. This type of informal childcare is not eligible for subvention under the NCS (National Childcare Scheme).

20

Two Parent	One adult employed full-time (37.5 hours) and one 'stay-at-home' parent One employed full-time (37.5 hours) and one part-time (19 hours) Both adults employed full-time (37.5 hours)
One Parent	Adult employed part-time (19 hours) Adult employed full-time (37.5 hours)

21 'Adequacy Buffer' refers to the proportion of net household income above a household's full MESL average weekly expenditure needs, inclusive of housing, secondary benefits, etc.

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