



MINIMUM  
ESSENTIAL  
BUDGET  
STANDARDS

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RESEARCH CENTRE

WORKING FOR **SOCIAL**  
AND **ECONOMIC CHANGE**  
TACKLING **POVERTY**  
AND **SOCIAL EXCLUSION**

[WWW.BUDGETING.IE](http://WWW.BUDGETING.IE)

# The MESL – A Reference Budget Twenty-Two Years in the Making

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9<sup>th</sup> December 2021

# MESL in 2021

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## Outline

1. Minimum Essential Standard of Living (MESL) overview
2. Cost of an MESL in 2021
3. Assessment of social welfare adequacy
4. Position of households in low paid employment

## Origins & Development



**Will no one show the decision-makers what it is like to live on Social Welfare payments or the Minimum Wage?**

**Will no one show them just what people need to make ends meet?**

*One Long Struggle:  
A study of low income families  
(VPSJ)*

- *One Long Struggle: A study of low income families*
- Experience of 118 Dublin households, dependent on social welfare / Minimum Wage
- Majority struggled to 'make ends meet'
- Development of Reference Budgets in response to issues highlighted
- VPSJ focused on identifying the minimum required for an acceptable standard of living

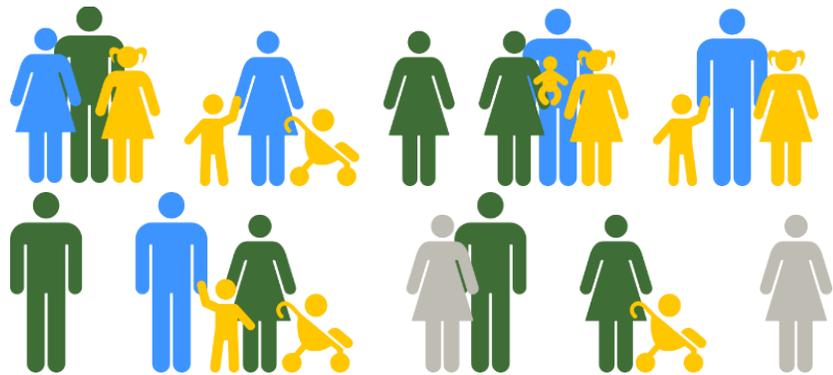
# MESL Research

Working with members of the public to identify the cost of a socially acceptable **Minimum Essential Standard of Living.**

- Minimum required for people to live with dignity and participate in day-to-day life
- Meets physical, psychological & social needs
- A level no-one should be expected to live below
- Consensual Budget Standards method
  - Academically rigorous approach used internationally
  - Deliberative focus groups
  - Negotiated social consensus
- Counts the actual average weekly cost of the 2,000+ essential goods and services
- Reflects concepts which underpin:
  - Human Right to adequate standard of living
  - European Pillar of Social Rights
  - Irish Government definition of poverty
- Evidence based benchmark to assess the income required to enable people to live with dignity, at a minimum but acceptable level

## Extent of MESL data

- 90% of households across Urban & Rural areas
  - Two Parent household types, with 1 to 4 children
  - One Parent household types, with 1 to 4 children
- Single Adult, of working age
- Cohabiting Couple, of working age
- Older Person, living alone
- Older Couple



# The Cost of an MESL in 2021

## COST UPDATED ANNUALLY

- Cost of MESL basket updated annually
- Inflation adjustment of item unit prices
- Three year repricing schedule
- 2021 update is combination of repricing and inflation adjustment
- 2021 update presents MESL costs as prices stood in the first half of the year (March / April)

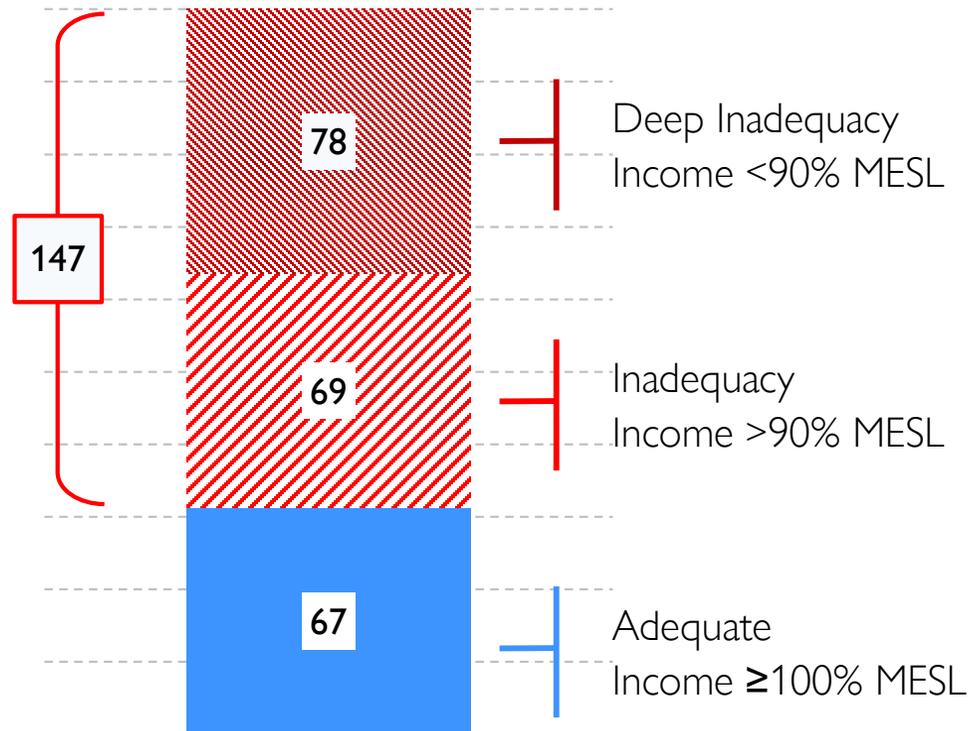
## CHANGE IN COST IN 2021

- Fluctuations in minimum costs with some categories of increasing and others decreasing
- Increases
  - Transport costs – petrol / diesel
  - Household energy, esp. home heating oil
- Decreases
  - Health Insurance
- Overall, modest increase in year to March 2021

# SOCIAL WELFARE

Benchmarking Adequacy

# Income Adequacy Trends



## Monitor 214 household cases

- Trend of incremental improvements
- 9 cases moved to adequacy in 2021
- 147 inadequate cases

## Greatest rate & depth of inadequacy

- One Adult headed households (Lone Parent & Single Adult)
- Households with older children (12 and over)

## Single Adult, Working Age

### Rent Supplement Scenario



MESL	€	252
Income	€	203
Shortfall	€	- 49

### Housing Assistance Payment Scenario



MESL	€	336
Income	€	203
Shortfall	€	- 133

- Consistently demonstrates deep income inadequacy
- Social Welfare meets 81% of MESL need
- Economies of scale not available to one adult headed households
  - Notable in cost of running a home
  - e.g. household energy, household goods, services

# Households with Children

## Two Parents, Primary & Second Level age children



MESL	€	573
Income	€	493
Shortfall	€	- 80

## One Parent, Primary & Second Level age children



MESL	€	456
INCOME	€	374
GAP	€	- 82

## Older Children, 12 and over

- Older children have additional and different needs
- MESL need is highest for children aged 12 and over
- Deep income inadequacy found most frequently in households with this age-group
- Older child additional MESL need €133 per week, over 60% higher than younger children
- Social Welfare meets 62% of MESL for older children
- The higher QCI rate for older children introduced in 2019 started to acknowledge these additional needs

# EMPLOYMENT

Benchmarking Minimum Wage Adequacy

Minimum Income Standard

# National Minimum Wage Adequacy

## Single Adult, Urban

	Market Rent	HAP + top-up
MESL Core	224	224
Housing	273	169
Total MESL	497	393
Net Income	357	357
Shortfall	-140	-36

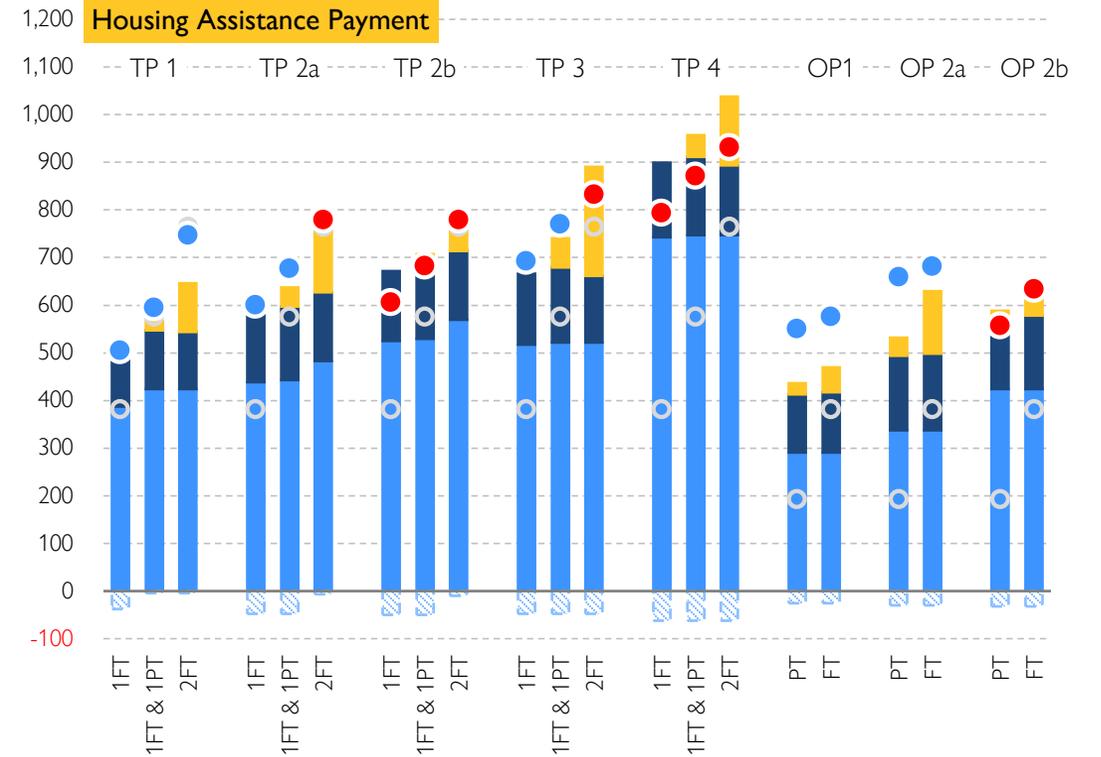
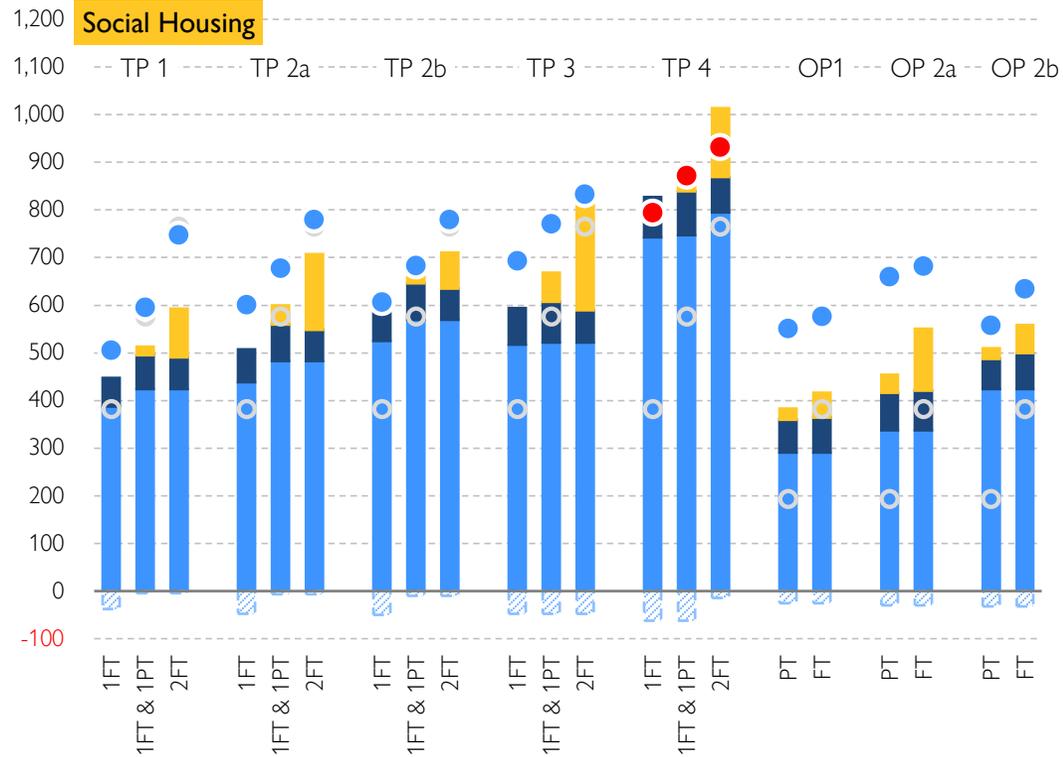
### Market Rent

- Private rented one-bedroom dwelling in Dublin  
90% of average rent - €1,180 per month (€273 per week)
- Full-time minimum wage salary estimated to meet 72% of MESL expenditure need
- Net income is €140 below minimum costs

### Housing Assistance Payment + top-up

- Housing Assistance Payment, could reduce housing cost by over €100
- Minimum wage inadequate, but could meet 91% of MESL need

# Households with children



# Minimum Wage, Services & In-Work Supports

- Minimum wage rates cannot address income inadequacy in isolation
- Adequate evidence-based earnings floor is required – a rate based on actual minimum living costs, e.g. Living Wage
- This establishes a reasonable floor for other social support mechanisms to work from
- In-work income supports and services which reduce living costs can only work effectively in conjunction with an appropriate earnings floor
- Well structured in-work income supports to address additional needs of households with children, and access to affordable childcare are vital
- Access to an affordable rent is crucial for enabling income adequacy on earnings at, or near, the minimum wage

## Conclusion



Through the MESL research, the Vincentian Partnership for Social Justice has actively worked towards building a fairer society for all

- MESL provides an evidence-based benchmark of minimum needs and assessment of income adequacy
- MESL analysis informs evidence-based policy recommendations
- MESL research supports other organisations in their work and development of policy
- MESL data and analysis informs collaborative efforts, e.g.:
  - Calculation of the Living Wage rate for Ireland
  - Efforts towards benchmarking social welfare rates to enable an adequate minimum standard of living, i.e. the MESL.

The full report and further data is available at:  
**[budgeting.ie](http://budgeting.ie)**

Use the calculator for custom MESL scenarios  
**[MISc.ie](http://MISc.ie)**



# MESL 2021

## Annual Update



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