



MINIMUM
ESSENTIAL
BUDGET
STANDARDS

RESEARCH CENTRE

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

WWW.BUDGETING.IE

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

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MESL in 2021

Robert Thornton,
Senior Research & Policy Officer, VPSJ

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

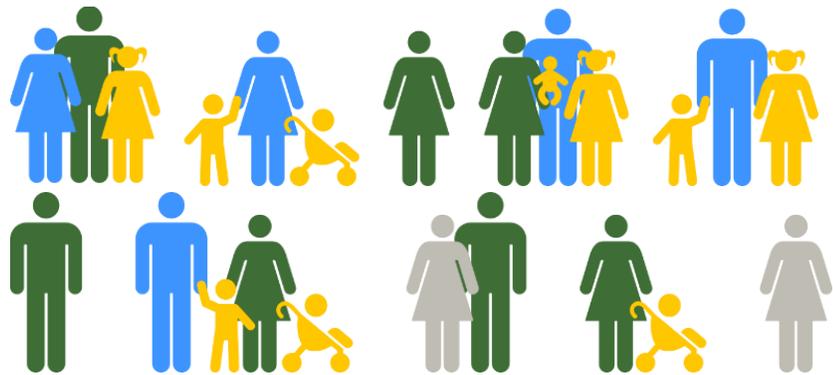
MESL Research

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)

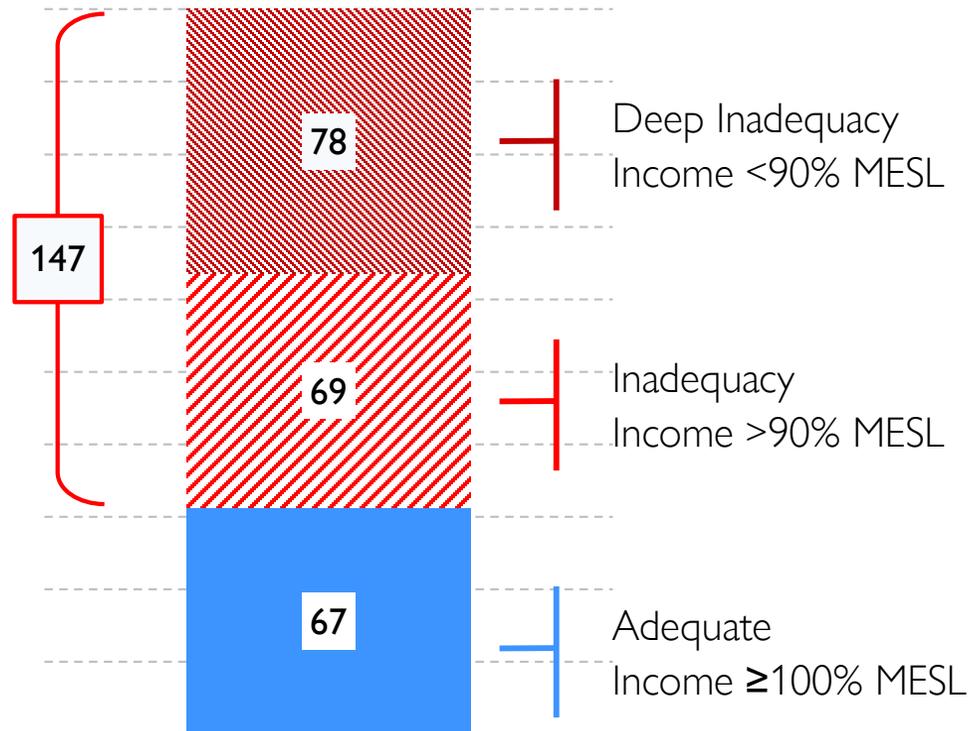
CHANGE IN COST IN 2021

- 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
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Income	€	493
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Shortfall	€	- 80
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One Parent, Primary & Second Level age children



MESL	€	456
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INCOME	€	374
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GAP	€	- 82
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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

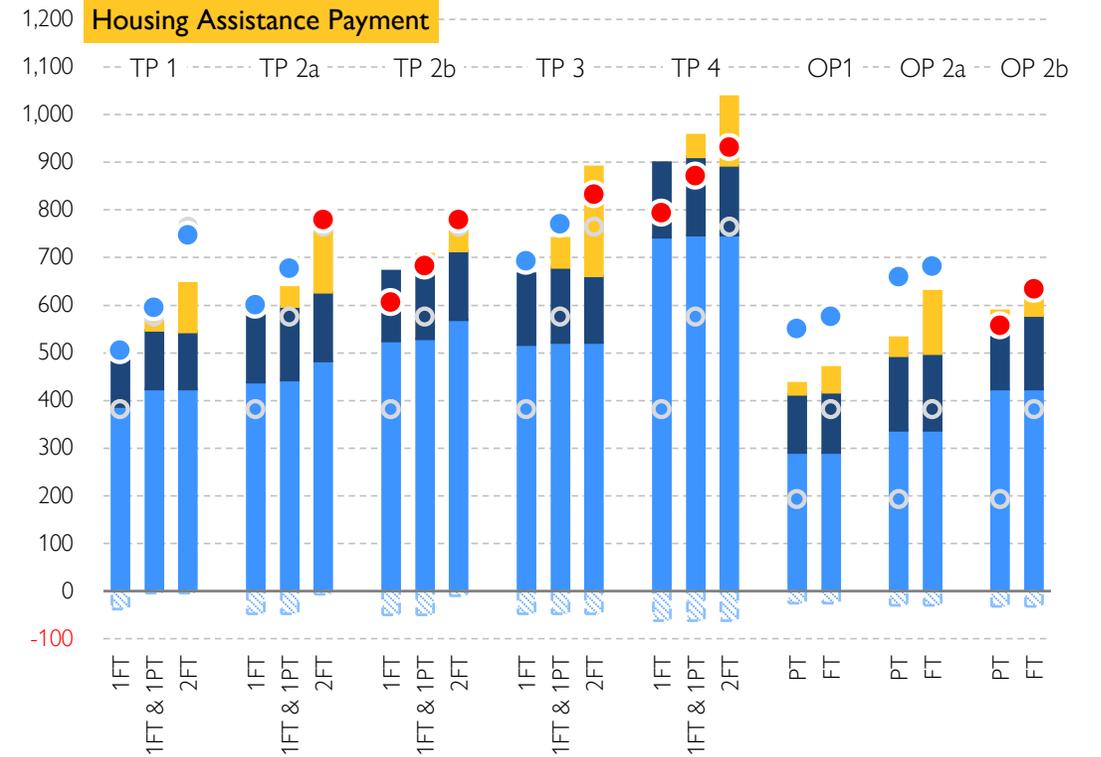
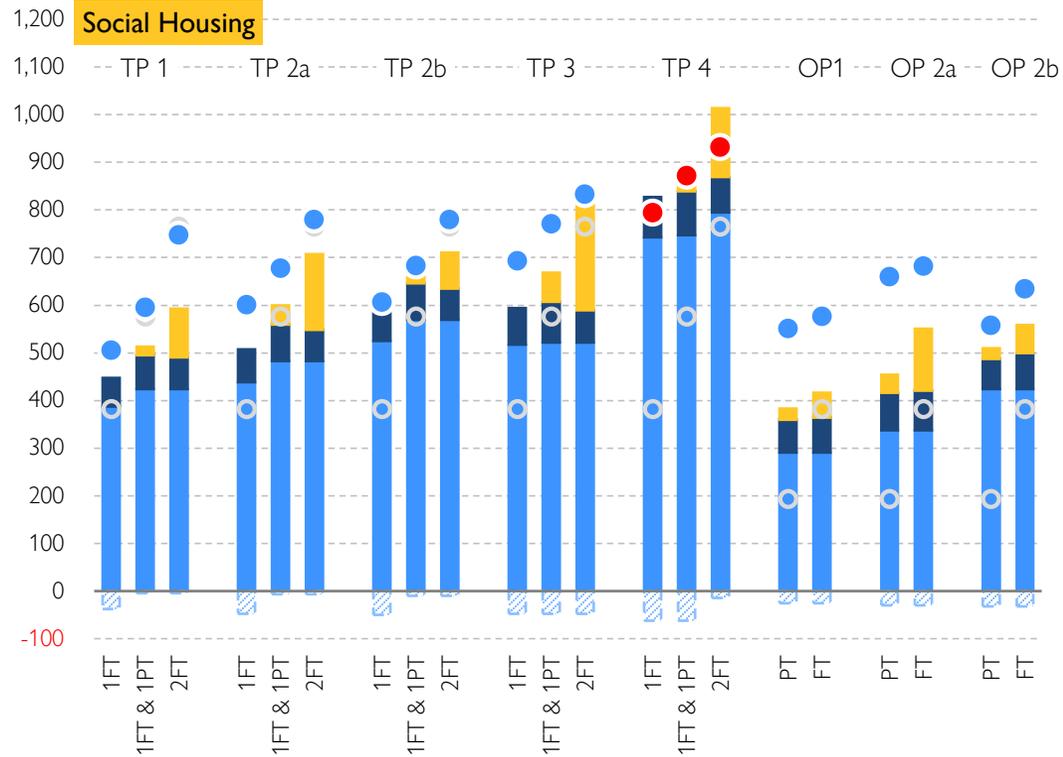
Market Rent

- 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

Use the calculator for custom MESL scenarios
MISc.ie



MESL 2021

Annual Update



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