

## 2018 - Working Towards a Minimum Essential Standard of Living for All



Most of us like happy pictures. They can be personally reassuring as well as evoking a more generalised response that all is well with the country. The standard of living has improved in Ireland and many can afford, at least, a minimum essential standard of living (MESL). However the recent report from the Central Statistics Office (2017) shows that in spite of a slight decrease in the number of people experiencing poverty there are approximately 395,000 people (of whom 142,000 are children) living in consistent poverty. A picture of the daily struggle of a family living in consistent poverty, knowing that it reflects reality for thousands of Irish people, would evoke a less positive response.

In 2017 a primary focus of the Vincentian Partnership for Social Justice was producing facts and figures on what it costs to have a MESL. This is a standard which meets an individual/household's physical, psychological and social needs at a minimum but socially acceptable level. It is based on needs and not wants and is a standard below which nobody should be expected to live. Yet thousands of Irish households still live below this standard and as a consequence struggle to exist. In 2018 the VPSJ will have the same primary focus because we believe that poverty will continue to exist until all people can afford to meet their basic needs at a minimum but acceptable level. The VPSJ data enables us to examine closely the impact of social and economic changes on people's lives – the result of increases/decreases on Social Welfare Payments, changes in the minimum wage and other measures announced at the time of the Budget.

This edition of Just.Now gives a brief reflection on 2017 and a perspective on 2018. We hope that 2018 will see an increase in the number of households who can afford a minimum essential standard of living and that the work of the VPSJ will increase awareness of the reality of living on an inadequate income.

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The Vincentian Partnership for Social Justice consists of  
The Society of St. Vincent de Paul, The Vincentian Congregation, The Daughters of Charity and The Sisters of the Holy Faith. *Working for social and economic change, tackling poverty and social exclusion*

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# WHAT 2017 BROUGHT AND 2018 MAY BRING

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As we begin a new year this Just.Now article reflects on the position of social welfare dependent households in the year that's gone, and looks at the new measures which are to be introduced in the year to come, from Budget 2018.

We look at this in the context of the VPSJ's ongoing Minimum Essential Standard of Living (MESL) work. As regular readers will know, an MESL is a standard that no one should be expected to live below. The research establishes the minimum goods & services required to live and partake in Irish society, identifying the weekly cost of a standard which will allow people to live with dignity and participate in the norms of day-to-day Irish life.

A key part of the VPSJ's work is the annual updating of the research showing the expenditure and income required for an MESL. This enables a continued focus on income adequacy, effects of inadequate income, and identifying the impact of policy changes on low income households.

## MESL NEEDS IN 2017

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In 2017 the cost of core items such as food and clothing went down, but these decreases were offset by rising costs for other areas including health, transport, insurance, and childcare. For many household types examined, the cost of an MESL changed only marginally in 2017.

Rents continued to rise in 2017, increasing by an average of 9%. Consequently, the cost of an MESL continues to increase for households in private

rented accommodation, offsetting any savings from reduced costs in other areas of expenditure.

## SOCIAL WELFARE (IN)ADEQUACY

The main social welfare rates were increased by €5 in March of 2017. This increase, combined with the minor changes in the cost of basic goods and services, meant that 2017 showed an improvement in the position of households dependent on social welfare.

While social welfare did not provide an adequate income for most cases examined, the increased rates meant a greater proportion of basic costs could be met for many household types.

Social welfare meets the greatest proportion of MESL need for the households with younger children. However, the higher income needs of households with teenagers results in households with a child in this age-group having the deepest income inadequacy when reliant on social welfare.

These improvements meant that for the first time since 2010, the Pensioner Living Alone household type was found to have an adequate income, when dependent on the Non-Contributory Pension and living in urban social housing. However, the adequacy was precarious, only €0.27 above the MESL need per week, and limited to urban households. Living in a rural area brings additional costs, particularly due to transport and home heating; in this case social welfare falls short, meeting only 81% of needs.

The degree of adequacy of social welfare supports for three households is shown in the table below. Firstly, the position in 2017, and then the likely situation in 2018 based on the increased rates (from March) and the forecast increase in expenditure need.

Two Parents & Two Children Primary & Second Level Age		One Parent & Two Children Pre-School & Primary Age		Pensioner Living Alone	
	2017 <b>84%</b>		2017 <b>95%</b>		2017 <b>100%</b>
	2018 85%		2018 96%		2018 102%

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## SERVICES

Social housing, affordable childcare, and the medical card, play a crucial role in reducing the cost of an MESL for households.

Availability of and access to affordable, quality services coupled with adequate income, is vital if social welfare dependent and low-income households are to reach a Minimum Essential Standard of Living.

The rents payable by households in social housing are related to income, and are substantially lower than those faced by an equivalent household paying a market rent. When in private rented housing, paying below average (Dublin) rents, housing costs are an average of €210 more per week than when based in social housing.

The Affordable Childcare Scheme promised for 2017 outlined an ambitious plan of supports to make childcare more affordable. This plan has yet to be implemented. VPSJ analysis found that the proposed scheme demonstrates the potential to overcome the combined poverty-trap of high childcare costs and withdrawal of in-work social welfare as earnings increase.

## PRE-BUDGET SUBMISSION

Based on the MESL research, the VPSJ recommended a set of evidence-based measures for 2018. These were based on identifying the household types with the greatest degree of income inadequacy and the gaps in social welfare provision which contribute to the inadequacy.

### RECOMMENDATIONS INCLUDED:

- › Restoring the 'real' value of primary social welfare supports, to reflect rising costs
- › Recognising additional needs of households with older children
- › Adequate income for older people living alone
- › Addressing rising energy costs, through restoring the value of the Fuel Allowance.

## 2018 – WHAT IS TO COME

With the cost of an MESL forecast to increase in 2018, the measures in Budget 2018 bring welcome increases to social welfare supports.

The measures are forecast to bring about an improvement in the position of households; reducing the depth of income inadequacy.

The lack of meaningful change to secondary supports which target those most in need (e.g. pensioners living alone, teenage children) demonstrates the lack of a comprehensive evidence based plan underpinning the budgetary measures.

It is regrettable that the introduction of the increases is again delayed until March. In 2018 social welfare dependent households will miss 12 weeks of increased support. This reduces the effective value of the increase to an average of €3.85 per week, over the year.

Not focusing limited resources on the most vulnerable is a missed opportunity. Whilst the €5 increase in the State Pension will improve the position of the all pensioners (including those with adequate income), the same use of resources could have supported a €5 increase to the Living Alone Allowance for pensioners and full restoration of Fuel Allowance.

The cost of an MESL is highest for teenage children, social welfare supports meet 54% of these expenditure needs. It is regrettable that the measures in Budget 2018 again failed to recognise the vital need for a higher level of support for households with older children. Child poverty and income inadequacy cannot be reduced until this need is recognised.

2018 will see positive steps being taken, but the measures are general and lack nuance. The opportunity to enact vital policy decisions based on evidence and research is being missed. The VPSJ regrets that those which research shows have the greatest need are once again not prioritised.

