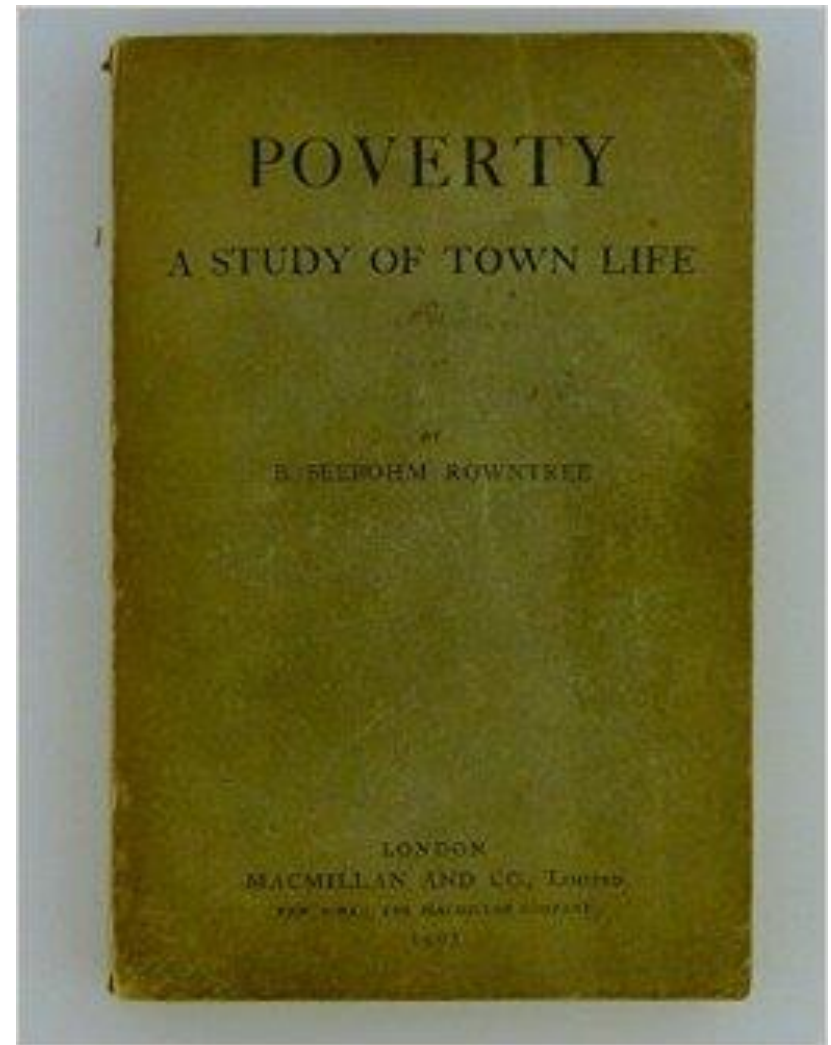


What is the Minimum Income Standard (MIS) in the UK and how has it been used to inform policy?

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Starting points ...

- What is enough?

how to define a minimum?

- How do we know what is enough?

how to research the minimum?

- Who knows what is enough?

how to 'produce' the minimum?

What is the Minimum Income Standard?

- Income required to achieve a **socially acceptable** standard of living
- Based on social **consensus**
- A standard to work towards ...

... income required to achieve a socially acceptable standard of living

- More than *survival*: it expresses what society thinks is 'decent' or 'adequate' in the UK at this time
- Expresses a *positive* concept of a living standard, not just escaping poverty

... income required to achieve a socially acceptable standard of living

'A minimum standard of living in the UK today includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.'

... income required to achieve a socially acceptable standard of living

*'A minimum standard of living in the UK today includes, but is more than just, food, clothes and shelter. It is about having what you **need** in order to have the opportunities and choices necessary to participate in society.'*

- Distinguishing **needs** from **wants**

... based on social consensus

- Groups of members of the public identify households' minimum needs
- Some expert input, but citizens have the last word
- Political credibility: it is what the public think is needed for social and economic inclusion

... a standard to work towards

- MIS shows the income that a society would like all its citizens to reach
- A 'living wage' should be enough to reach this standard
- Minimum wages may be a step towards it. Not always possible to get there right away, but shows where wages much too low
- Also a benchmark for other measures such as social security: what percentage of MIS does it cover?

How do we do it?

- Groups of members of the public draw up budgets
 - Socially mixed, demographically similar groups
 - Projection rather than preferences
 - Collaborating around a case study to build what is needed in a home

How do we do it?

- Building consensus within and across groups
 - Each group discusses to find agreement about what is 'necessary' and what is not, according to the definition
 - Negotiation and discussion where initial differences
 - Check-back and resolution of differences through series of groups

The output ...

- Household income requirements
 - Research produces a budget for each household type
 - How much a household needs to earn to reach the standard also depends on taxes and social benefits
- Rich description of a minimum living standard

MIS and impact on policy in the UK

- Changed the conversation
- Living Wage measure and concept
- Social 'benchmarks'
 - Credible tool for charities
 - Credible 'additional needs' measure (e.g. geography, disability)

The Living Wage

- In UK, MIS has produced living wage, paid voluntarily by around 3000 employers
- This influenced government to increase the statutory minimum wage and call it a living wage, though not using MIS method
- Demonstrates powerful influence of a wage standard directly based on socially agreed minimum

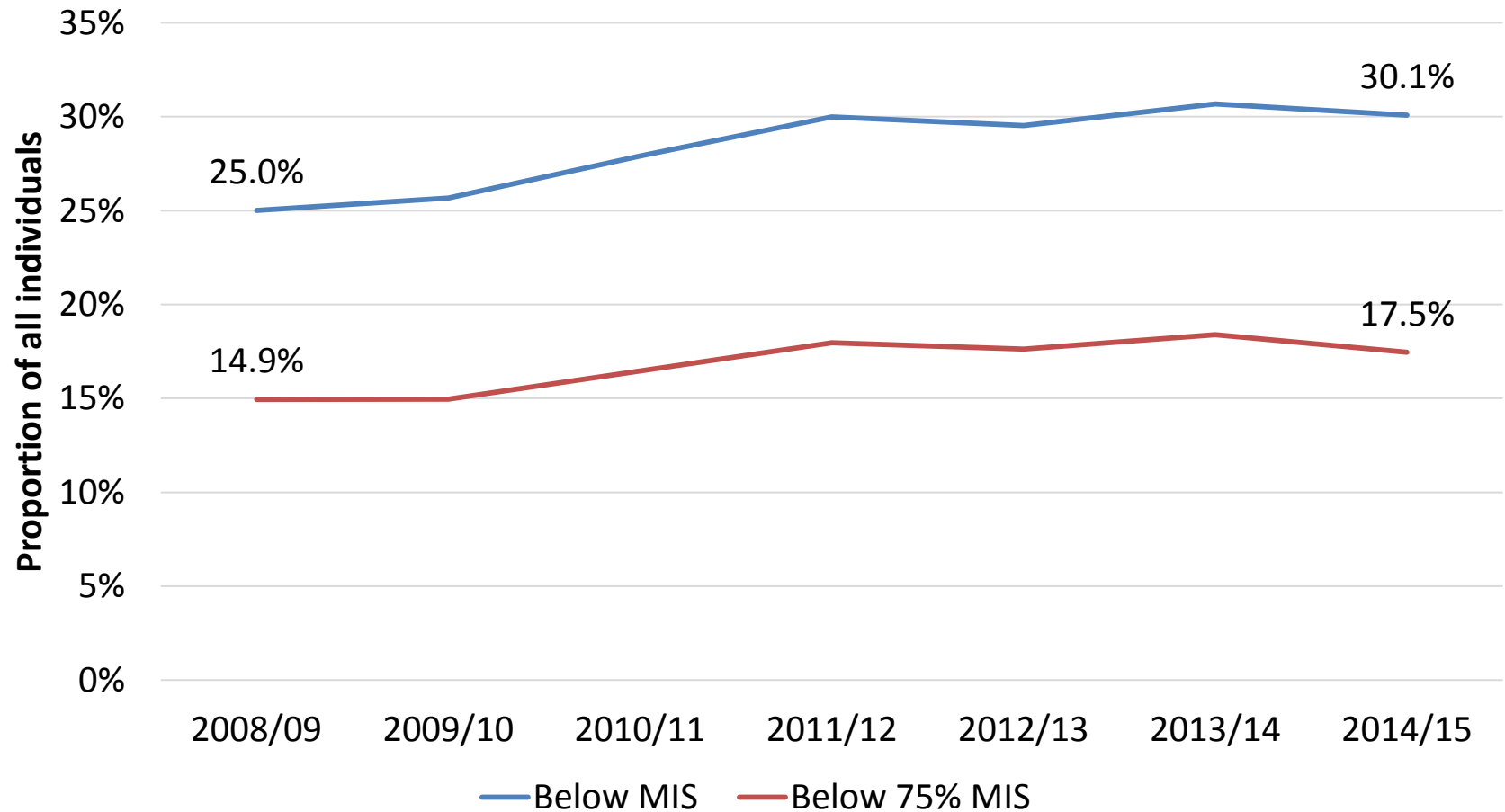
The Living Wage

- MIS gives different results for different household types. How is living wage set?
- Simplest is to base it on wage needed by a single person
- UK uses an average of wages needed by different household types, including families and singles
- An alternative is to use the wage needed for a family (assuming either one parent or both parents work)

A social benchmark

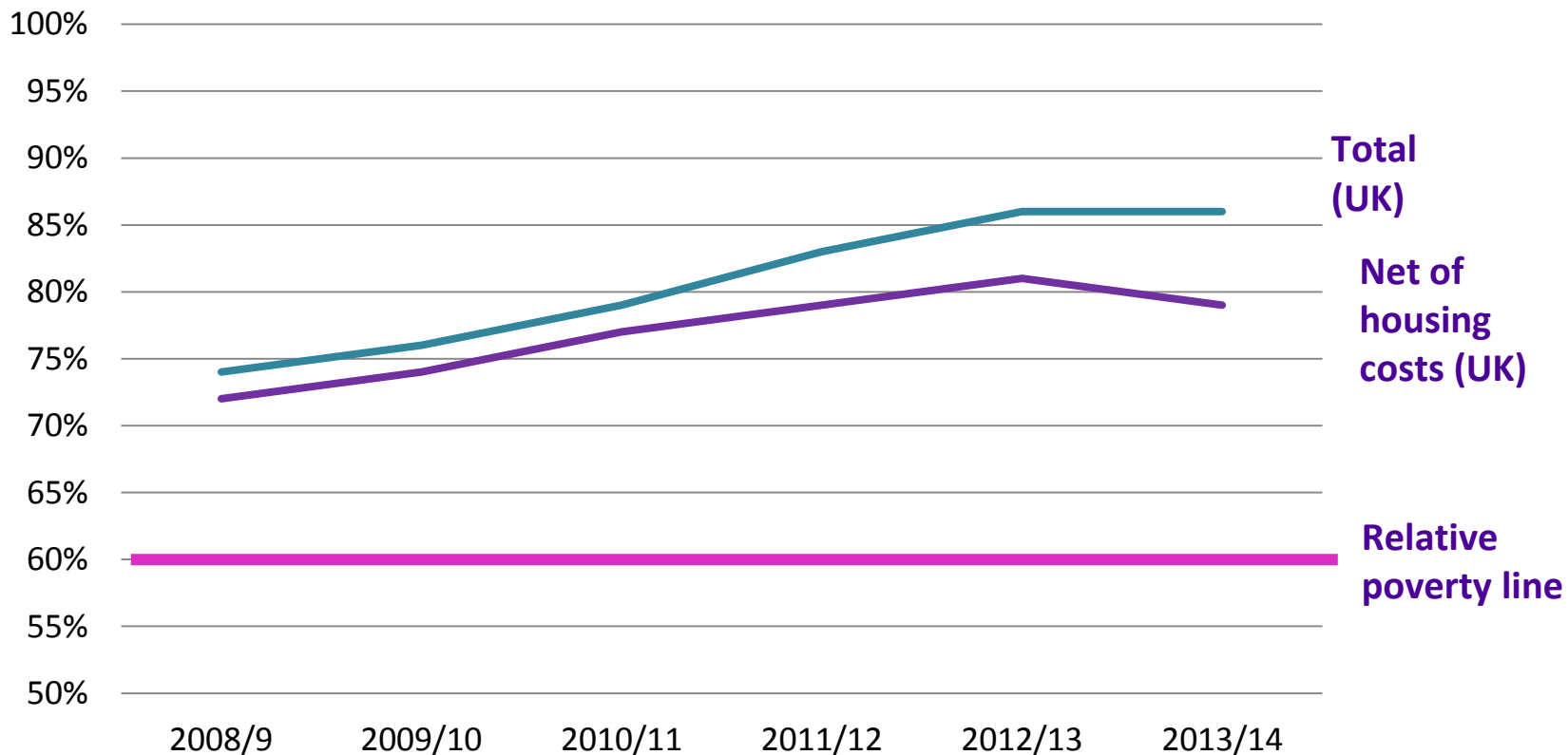
- In UK, MIS compared to social benefits. It shows that these are providing a declining percentage of MIS budgets
- Used as an alternative to poverty lines, to measure progress in reducing low income. This ensures that definition of low income keeps up with living costs, technology and changing social norms
- Charities in the UK use MIS as a threshold for giving financial aid to households

For example ... individuals below MIS in the UK

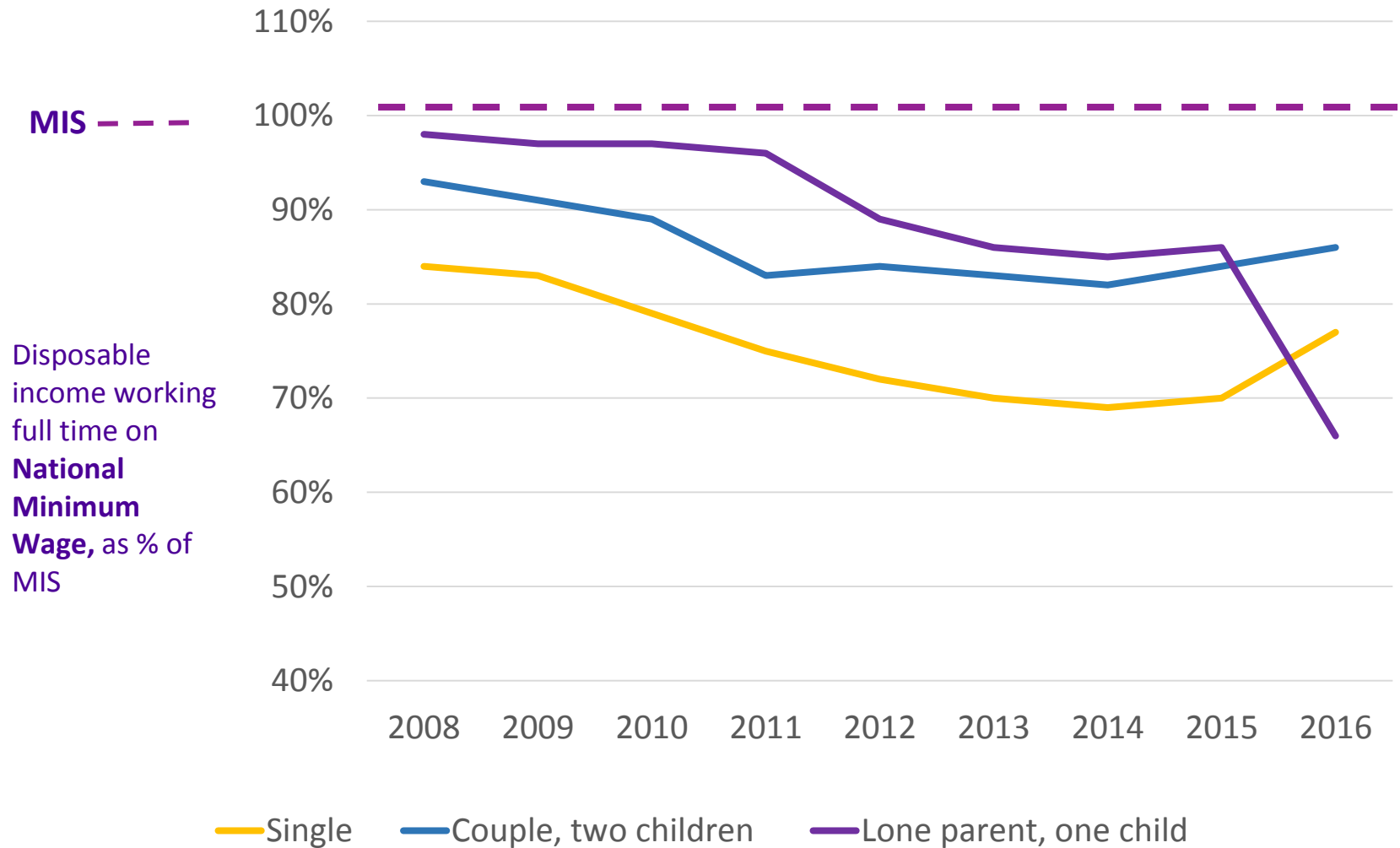


For example ... what level is MIS compared to the UK poverty line?

Minimum budgets as % of median equivalised income, single person



For example ... trend in adequacy of full-time working income in the UK



- MIS produces a threshold with political and social credibility, through public consensus
- Not a 'breadline', but a decent living standard that constitutes something to work towards, for all citizens

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