

Minimum wage plus in-work benefits are still not necessarily enough for a minimum standard of living

Chris Goulden reviews recent JRF research into minimum income standards, finding that a necessary but not sufficient condition for a minimum standard of living is to be in work, but earnings on the National Minimum Wage combined with in-work benefits are not necessarily enough.



One of the (many) great features of our annual minimum income standard research is that it provides a fair and independent way of comparing how well-off different groups are – both in and out of work. It shows that working-age families do not meet the minimum if they are workless and fall short even if they are working full-time on the minimum wage.

It's consequently a unique measure of the fairness of our social protection systems. Crucial to this is that decisions about the minimum are made by ordinary members of the public.

Led by the public

Throughout careful and extensive group deliberations, members of the public taking part in the research agree on the items and activities making up the minimum for their own family type. It's important that they bring insights from their own lives as single people, parents or pensioners to the case study families that form the basis of the focus group discussions.

JRF and the research team have no control over what the decisions eventually are – this is truly a participant-led piece of research. Similarly, we have no hold over the costs of the components of budgets or the changes to taxes and benefits that affect how much people need to earn to reach the specified minimum standard of living. The shops where food, clothing and other goods are bought are decided by the groups too (typically plumping for Tesco, Wilkinson's or Argos). Finally, items are priced by the research team according to the real cost in these shops.

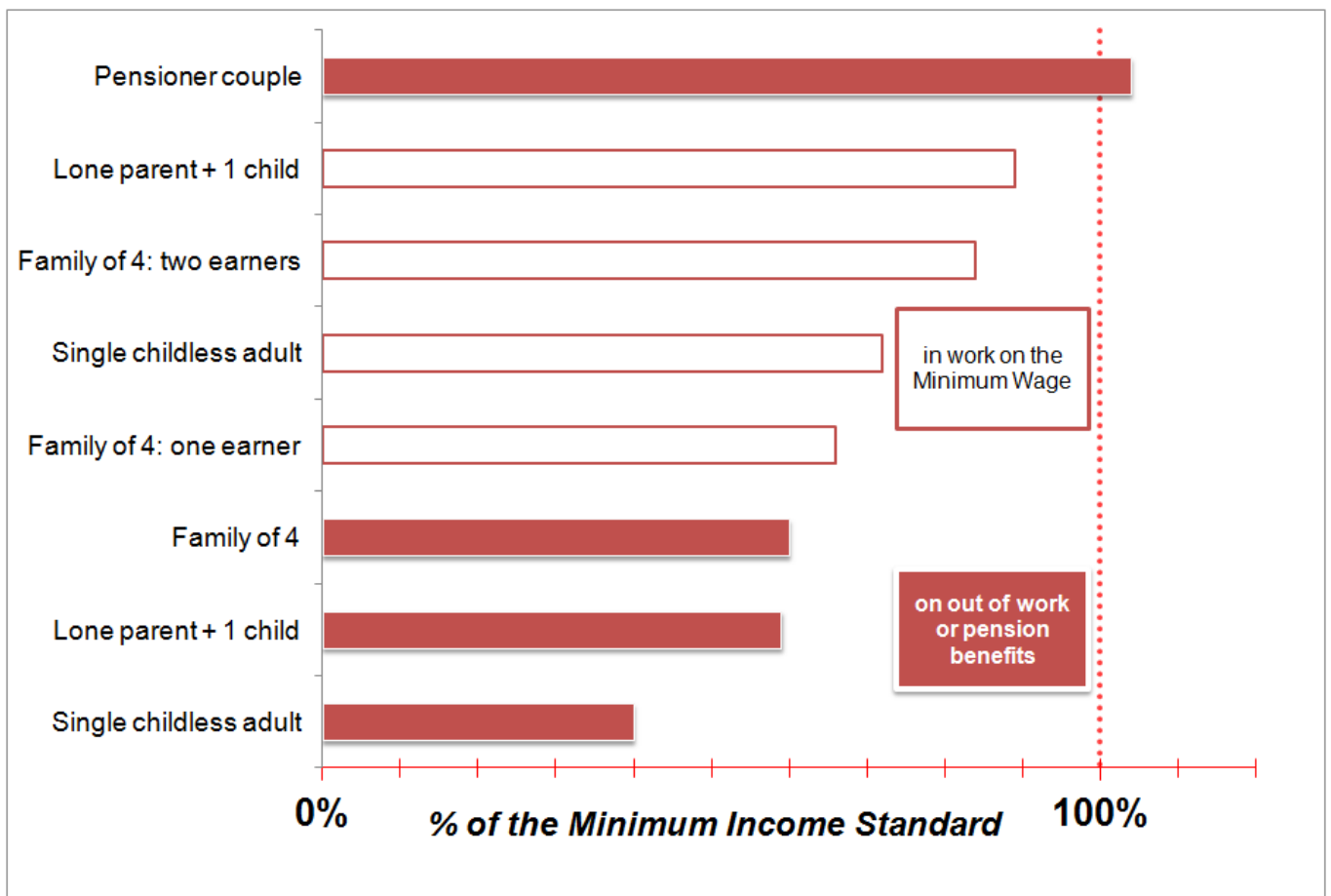
Importantly, all the groups work to the same definition (also agreed by the first participants in 2008):

"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."

A clear hierarchy

But how are these opportunities and choices distributed? The chart shows the proportion of the minimum income standard achieved for some of the main household types in the research if they are relying on benefits, pensions or minimum wage work.

Chart: Who gets what they need?



There is a pretty clear hierarchy with pensioners at the top, followed by working-age adults in jobs and then those who are out of work. The childless single adult is some way behind the rest. This ordering ties in well with notions of the deserving and undeserving poor. A major problem with this concept is that these are **the same people**, just at different points in their lives.

Children, deserving of support, become young adults, who must struggle with entering the labour market and maintaining work. They may lose their job and have to survive on less than half of what they need for a time or slightly more than that if they become parents. Then, on retirement, (if they take up all the benefits to which they are entitled) they may find themselves able to more easily live a comfortable life.

Lessons

There are a number of lessons from this. Firstly, the generational gap between what people need and what they can get was already large but it's slowly growing as working-age benefits get eroded. Secondly, the only way to achieve a minimum standard of living for working-age adults is to work – but earnings on the National Minimum Wage together with in-work benefits are not enough to get there. The heavy withdrawal of those benefits as earnings rise means that it is very difficult to make up the gap – particularly for lone parents.

Finally, and on a more positive note, the fact that pensioners *are* able to achieve a minimum standard of living is an important welfare precedent. It shows that, with sufficient public support, a thriving economy and the political will, the goal of everyone getting at least what they need is not an impossible dream.

Note: This article gives the views of the author, and not the position of the British Politics and Policy blog, nor of the London School of Economics. Please read our [comments policy](#) before posting.

About the author

Chris Goulden is Poverty Programme Manager at the Joseph Rowntree Foundation. He tweets at [@chris_goulden](#).

You may also be interested in the following posts (automatically generated):

1. From Scottish devolution to the smoking ban and the national minimum wage, academic research has influenced successful policy across government (32.9)