

# **A Minimum Income Standard for Britain: frequently asked questions**

## **Q: What is meant by a ‘minimum’ income?**

A: It is what members of the public think is enough to provide an adequate standard of living. The full definition is:

*“A minimum standard of living in Britain 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.”*

## **Q: Is this just what people on low incomes would like to have rather than what they really need?**

A: No, it is about *needs*, not wants. The groups who came up with this definition were drawn from all walks of life – they were not just people on low incomes. And they were asked to think what someone would need to have to reach an acceptable standard, not what they might like.

## **Q: What happened when members of the groups disagreed?**

A: The process used negotiation to try to get everyone to agree, and in the vast majority of cases this was reached. There were obviously some cases where one or two group members were not very happy with a decision or went along reluctantly, but decisions are those of the group as a whole.

## **Q: Wouldn’t you get different answers if you had asked another focus group the same questions?**

A: Altogether there were 39 groups. Different groups covered different household types, but for each household type there was a ‘checkback’ group to confirm or amend the decisions of the original group. There was a high level of consistency across groups, and where outstanding issues remained, a further group could be brought in to discuss this further.

## **Q: How can everyone in Britain be expected to buy the same set of goods and services? We’re all different.**

A: The budgets created do not imply that everyone will choose to spend their money on these things. Instead they show that someone who wanted this particular set of goods and services should be able to afford them. The things in the budget represent what members of the public said were a minimum standard of living. With the same income, there will be other ways of reaching a similar standard. That’s why the study is translating this into what income everyone needs, not saying what they must spend their money on.

**Q: But how can you have a minimum income for Britain when things cost twice as much in some parts of the country as another?**

A: It is true that housing costs far more in some parts of Britain than elsewhere, and that is why on the 'ready reckoner' allowing a household to calculate its minimum income, you can adjust the housing costs. For other costs, the differences are lower than sometimes thought. A recent government survey showed that regional variations in average prices are mainly less than 10%, and for basic goods bought at national chain stores, on which the pricing for this project was based, they tend to be lower than that. Nevertheless, some people may face abnormally high costs because of where they live or lack of accessibility to shops, and these people may require more. The minimum income standard is something that people felt nobody in Britain should fall below, but it will not be enough for everybody.

**Q: What about Northern Ireland?**

A: Ideally it would be a minimum income standard for the whole of the UK and not just Britain. However, other evidence shows that Northern Ireland has atypical costs of living: for example, high costs on food, fuel and lighting, low costs for housing, household services and clothing and very high motoring costs. We hope to extend the project to Northern Ireland by carrying out research there in the near future.

**Q: Is the minimum income standard a new poverty line?**

A: There are many ways of defining poverty, and it is not the intention to say that this is the correct threshold. However, the minimum income standard serves as a useful benchmark, since people who live below it are unable to have and do the things that the public thinks are adequate to participate in society. Perhaps the most significant finding is that almost everybody defined as being in poverty on the existing measure – below 60% median income – is also below the minimum income standard. So the research helps show that people living below this poverty line are indeed missing out.

**Q: How close do benefits get people to minimum incomes?**

A: For pensioners who take up the pension credit, very close: the minimum income level in the credit is similar to the minimum income standard. However, many do not take it up. The basic retirement pension falls well short.

Most other benefits are also well short of minimum income standards. For a single out-of-work adult without children, benefits give less than half of the standard. Benefits in such families have not changed for a generation, while general living standards have shot up. State help for families with children has gone up in recent years, but on benefits you are still likely to get less than two-thirds of what you need to reach this standard.

**Q: What does the minimum income standard tell us about the adequacy of the National Minimum Wage?**

A: It depends on how many people are working in the household, how many hours they work and whether they have dependants. However, people who work full-time on the minimum wage are generally below the minimum income standard. Exceptions include some people with very low housing costs and lone parents working full time without childcare costs.