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DECENT LIVING STANDARDS FOR ALL.

The case for a minimum income guarantee.

When the Covid-19 pandemic took hold back in March of 2020, businesses across many sectors were forced to close their doors and workers were prevented from going to work. Millions of people's means of making a living was taken away and with it their livelihoods were called into question. This resulted in many turning to the social security system to provide them with economic security and to protect their living standards. What they were faced with however was an existing welfare state which was ill equipped to adequately protect living standards, evidenced by the fact that both the UK and Irish Governments had to swiftly introduce brand new social security policies to support household incomes.

In the Irish case, the most significant policy development was the introduction of a single flat rate Pandemic Unemployment payment of €350 from 24th March 2020 for workers who had lost their jobs in the pandemic. Illness Benefit for Covid-19 related absences was also increased to €350 per week, and the six-day waiting period was abolished. In the UK case, the most significant development was the introduction of the Coronavirus Job Retention Scheme (CJRS) and the Self-Employment Income Support Scheme (SEISS) which provided workers who were placed on 'furlough' to earnings which were equivalent to 80% of the value of previous earnings. In addition, the Government introduced changes to pre-existing social security benefits to support households during the Covid-19 pandemic including: a temporary increase in the universal credit standard allowance by £20 a week; and a temporary increase in the basic element of working tax credit by £20 a week. It is worth noting here that the ROI and the UK are atypical in paying income supports at a flat rate, compared to pay-related insurance benefits across many other EU member states designed to protect normal living standards during breaks in employment.

As countries across the globe went into lockdown in the Spring of 2020 we relied on those who were described as 'essential' or 'key' workers to ensure the continued functioning of our society. The Covid-19 crisis challenged us to re-think how work is valued, and brought issues of low pay, insecure work and unpaid work into the spotlight. In the course of the pandemic it emerged that many of those workers who were described as "essential workers" were working in poor quality jobs, marked by low pay, a lack of job security and for many a struggle to make ends meet.

In a similar way the closure of childcare facilities and schools shone a light on the importance of unpaid care work especially in the home. The unpaid care work load also increased by account of the fact that vulnerable people were advised to stay at home and shield from the virus and so had to rely on others for help with the most rudimentary, but fundamental of tasks, such as getting their grocery shopping or collecting their prescriptions. The necessity and importance of unpaid care work was mainstreamed in a way which it never had been before.

Now as we move to a place where most Covid-19 restrictions will be lifted we can look forward to the possibility of a post-pandemic world. There is now a constant clamour to return to 'normality'. Worryingly however, this return to normality appears to include the winding back of the social security policy changes which were implemented during the crisis. It looks as though normality will mean a return to social security systems in both the United Kingdom and the Republic of Ireland which were described over and over throughout the pandemic as unfit for purpose. Further to this, whilst the Republic of Ireland is looking at ways of improving the pay of the lowest paid workers through the introduction of a living wage, in the UK despite months and months of clapping for our frontline workers there appears to be little political will to address the quality of paid work as part of the Covid-19 recovery plans. A similar criticism can be levelled at the recently published draft skills strategy from the Northern Ireland Department for Economy which overtly prioritises a focus on increasing the number of jobs in high paying, high value-added sectors and in so doing neglects how policy might improve the pay and conditions of poor quality jobs.

Additionally, whilst the Covid-19 pandemic foregrounded the fundamental importance of unpaid work for society and the economy there appears to be little political appetite for policy makers in either the Republic of Ireland or the United Kingdom to seriously consider how society might give value to and adequately reward unpaid care work. By the same token, despite access to childcare being shown to be a fundamental barrier to labour market participation for parents during the period when childcare facilities were closed the lack of affordable and high-quality childcare does not feature highly on the post-Covid-19 recovery agenda in either the United Kingdom or the Republic of Ireland.

Many however are calling on the Governments in both the United Kingdom and the Republic of Ireland to reflect on the gaps in our social infrastructure which the Covid-19 pandemic so clearly brought to light and utilise it as an opportunity to build a better economy and society. But what are those who are fervent in their stance that we need to 'build back better' or that there can be 'no going back' calling for post-pandemic? What are the policy solutions which have been put forward to address the big issues which Covid-19 has pushed to the fore including an inadequate safety net, low pay, job insecurity and an undervaluing of unpaid work?

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One such policy intervention which has been put forward to address these significant issues at once is the minimum income guarantee. It is on its proposal that this Long Read aims to take an in-depth look at the case for a minimum income guarantee and to assess its suitability as a mechanism of ensuring decent living standards for all.

A minimum income guarantee (MIG) is a policy proposal which maintains that individuals and the households in which they live should have a minimum amount of income to live on so as to ensure that they have the ability to enjoy a basic, but decent standard of living. A MIG seeks to provide a floor of living standards for everyone implemented through a targeted social security cash payment. Specifically, a MIG would provide a social security cash payment to those who are unable to work or whose specific circumstance or needs mean that they cannot reach a minimum standard of living through earnings from work alone. A MIG seeks to ensure a minimum income floor beneath which no one would fall, tailored for differing household compositions, resources and needs.

The idea for a minimum income guarantee is underpinned by minimum income standards research which works out how much income households require to enable them to live a basic, but decent life in today's society. In the UK, since 2008, research on the Minimum Income Standard (MIS) has been carried out by the Joseph Rowntree Foundation to calculate and publish minimum income requirements for different household types. In the Republic of Ireland, the Vincentian Partnership for Social Justice has undertaken calculations of the minimum income standard since 2006 for a broad range of household types and compositions.

In both cases, the minimum income standard is calculated by identifying the goods and services required by different household types in order to meet their minimum needs. The MIS method identifies the minimum goods and services that everyone should be able to afford and these are priced in stores to identify the minimum essential expenditure requirements. From here, the MIS is derived by defining the gross income a household of a given size and composition needs in order to reach the minimum essential expenditure. It takes account of the likely tax liability and social security entitlements of the household in question. This MIS focuses on needs and not wants, but nonetheless ensures that a standard of living is identified which meets physical, psychological and social needs, at a minimum but acceptable level. It is not a standard for people in poverty; it is a standard for everyone, below which no one should be expected to live.

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The ability of the MIS as the means of ensuring that everyone has access to a minimum but adequate standard of living is founded on the premise that the amount of income which an individual has available to them is key to determining people's ability to access resources which impact on their standard of living. This includes their ability to attain goods and services such as for example food and water, clothing, housing and ability to participate in social or leisure activities. Inevitably, as is recognised amongst proponents of the MIS, there is going to be variations across individuals in terms of their needs, as well as their ability to convert economic resources in a way which will have a beneficial impact on their standard of living. Still, however, both income and wealth expand access to goods and services, and in so doing, provides, at the very least, the resources which are required to meet material needs. Furthermore, a wide body of evidence also shows the importance of income and wealth for individual well-being beyond material living standards, such as for example better health, more life satisfaction and the possibility of living in safer and cleaner areas.

Of course, an individual's material living standards depends not just on resources but also on needs. It also depends on the resources and needs of all members of their household. In this respect, whilst income is usually received by individuals, it is often shared or pooled within households. For this reason, the size of the household, the composition of the household and the needs of other household members are also important determinants of the material living standards which an individual member of a given household can obtain from a given level of resources. As such a minimum income guarantee should be calculated at the household level. On this, however, it is important to recognise that whilst a larger household will require more resources than a smaller household to obtain the same standard of living, larger households also benefit from economies of scale, meaning that the cost per person of maintaining a given material standard of living falls as household size increases. However, whilst economies of scale are a function of the size of the household, the resource requirement to obtain a given material standard of living derives not just from household composition, but also from household needs.

For example, a household with one or more sick or disabled members is likely to require additional resources than a household of the same size with no members who are sick or have a disability to obtain the same material living standards. Moreover, some household members can be limited in their ability or capacity to obtain their own resources. For example, children are limited in their ability to obtain their own resources and so parents share their income with their dependent children.

It is also worth mentioning that whilst an individual's material living standards is bound, to some extent, to be dependent upon the availability of household resources, the true extent to which this is the case inevitably depends upon the sharing of resources within the household. In this way, whilst individual material living standards are in part determined by household held resources, such as the shelter provided by the house in which they live, or the security provided by a bolted lock on the door, or the sharing of household equipment and household furnishings a body of evidence shows that it is unlikely that all available household resources are shared equally. However, while the assumption of equal sharing of resources is bound in many cases not to be the case, most economists and social scientists have rejected the other extreme of assuming no pooling or sharing of resources on the basis that it is much too extreme.

Beyond the importance of household resources for determining material living standards, it is crucially important to recognise that individual living standards are not wholly determined by the amount of private resources which an individual has available to them. The provision of public services also plays an important role. Many analyses of individual or household living standards are concerned only with the resources held by individuals and households and ignore the impact of the resources which are provided through the provision of public services. This disregard ignores the impact of a key mechanism of how our welfare state seeks to contribute to individual living standards. The provision of free healthcare in the United Kingdom provides an example of a publicly provided service which can have a substantial impact on an individual's living standards, irrespective of their or their household's income.

A further non-exhaustive list of public services which are provided by Governments across the world and which have the potential to have a significant impact upon individual living standards include the provision of services such as housing, public transport, broadband, childcare and adult care. A recently published NERI Long Read by Dr Tom McDonnell makes the case for how expanding the provision of public services across Ireland and the United Kingdom could not only have a considerable impact on the standard of living of individuals, but also has the potential to diminish the importance of household income in determining material living standards.

Furthermore, it is necessary to recognise that the relative resource requirements to maintain adequate material living standards for different household types is not the same across place and time. The relative prices of various goods and services, the relative importance put on different items, and the levels of public subsidy that influence how much people need to pay for services such as transport, education and health care, are all variable, and influence relative costs for different household types.

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Having detailed the methodology and considerations required in calculating the minimum income guarantee, readers are likely to be wondering what the minimum income guarantee threshold is in monetary terms below which people should not fall? The most recent estimates of the minimum income guarantee required in both the United Kingdom (sterling) and the Republic of Ireland (euro) for a number of example household types including a single adult working-age household, a couple household with two children (1 preschool, 1 school age) and lone-parent household with two children (1 preschool, 1 school age) is as follows.

In the UK, the minimum income standard required for a single working-age adult household is £325.25 per week, whilst in the Republic of Ireland it is €502.52. The amount for couple households with two children more than doubles in the UK (£829.80) and rises to somewhere between €766 and €1232 depending on location in the Republic of Ireland reflecting the obvious requirement for more resources for a household of this size. However, the fact that the resource requirement for this four-person household is not four times that of the single person household is indicative of the economies of scale which benefit larger households. A lone parent household with two children in the UK has a minimum income guarantee requirement of £729.14 and somewhere between €398 and €1231 (depending on location) in the Republic of Ireland.

It is worth noting that the significant disparity in minimum income guarantee requirements in the Republic of Ireland, are reflective of the significant regional variations in the cost of both housing and childcare across the country. Should either of these services be provided for publicly the cost of the minimum income guarantee would obviously be at the lower end of these requirements.

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The concept of a minimum income guarantee is often confused with the concept of a universal basic income. Whilst a previously published NERI Long Read looks in detail at the policy case for a Universal Basic Income it is worth succinctly drawing out the differences between a minimum income guarantee and a universal basic income. A universal basic income (UBI) is an income which is unconditionally granted on a universal basis to all individuals, without a means test, any work requirement, and regardless of household status.

A minimum income guarantee however, rather than providing equal and unrestricted cash payments to every citizen provides specific and targeted payments with the express goal of ensuring that everyone has access to the resources required for a minimum standard of living. That is, it provides an income guarantee for those without one or the capacity to obtain one. In this respect, those who already have access to an income that meets the minimum guaranteed income threshold would not receive any payment. Similarly, those who have an income that partially meets the minimum income guarantee would only receive payment that ensures that their income meets the threshold identified.

On this issue of a UBI, it is useful to draw attention to what the Covid-19 crisis taught us about its utility in being able to protect livelihoods and provide a minimum adequate living standard for all. A UBI would have helped ensure that no one fell through the cracks and be excluded entirely from all forms of support which were put into place (such as those who were not eligible to avail of the Coronavirus Job Retention Scheme or the Self-Employed Income Support Scheme). It also would have ensured everyone would have had some income to draw on when self-isolating or sick. This perhaps would have been most welcome in the case of the Republic of Ireland, because of the lack of an entitlement to statutory sick pay.

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However, at the same time the UBI would have done little more than providing the extent of earnings-replacement than what was achieved via the changes to social security provision which were implemented into place. It is unlikely that a UBI could have done much to help ensure that the incomes of those most affected by the pandemic were adequate. A UBI worth €10,000 per adult per year in the Republic of Ireland (€192 euro per week) would cost over €36 billion or around half the cost of all public spending. The figure rises to €50 billion if the UBI is extended to children. Based on these costings there is every reason to suspect that based on affordability difficulties of providing a UBI outlined by Tom McDonnell in a previous NERI Long Read that such a scheme could not have been anywhere near as effective in protecting the livelihoods of those who needed their living standards protected. In this respect, by providing a cash payment to those whose incomes were not affected by the pandemic there would have been considerable deadweight costs, which most likely would have rendered schemes such as the Pandemic Unemployment Payment in the case of the Republic of Ireland and the Coronavirus Job Retention scheme in the United Kingdom as unaffordable.

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To ensure that a minimum income guarantee is operationalised as a minimum income guarantee and does not elapse into a universal basic income there are a number of issues which need to be given careful consideration in its design. On this, it is worth emphasising that whilst the minimum income guarantee requirements provide an indication of the resource requirement for a number of example household types that any implementation of a minimum income guarantee would require the complexity of different household needs and composition types to be considered in the assessment of resource requirement. To do this, equivalence scaling would need be employed to ensure the resource requirement of the household is adjusted appropriately. In the setting of equivalence scales it would be crucial that the cost of additional needs are taken into account, such that any additional costs associated with disability are accounted for.

In terms of operationalisation, the payment design of the minimum income guarantee would be so that it would provide a core entitlement based on the household composition and household needs. In this sense, the most 'basic' form of household type would be a single adult household with no additional needs who would have a payment set against the minimum income standard as described above. From here, the minimum income guarantee payment would include an additional core entitlement, as well as take into account the economies of scale as the household composition and needs vary beyond this basic. The design of the minimum income guarantee system means that the total entitlement is assessed at a household level, against the relevant income floor for the specific composition and needs. There would be no limit on the number of dependent children which could be claimed for, such as there is in the existing benefits system within the United Kingdom. Furthermore, additional amounts would be provided for households with disabled adults or children, such as would be identified in the setting of the minimum income guarantee for those with additional needs.

Most fundamental when it comes to the payment design of the minimum income guarantee would be how to ensure work incentives and work intensity are carefully considered. Work assumptions for a minimum income guarantee should be reflective of individual circumstances – for example, for people who are not able to work, work assumptions should be nil. At the same time, however, the minimum income guarantee should be designed so as to ensure full-time work for those who are able to work, but not for those who are not able to work full-time (such as sick or disabled people or unpaid carers). When considering the taper there is a trade-off between work incentives, affordability and reducing the extent to which different households in work will substantively go over the minimum income guarantee. When considering a taper design these aspects need to be balanced. For example, having a lower taper rate will boost work incentives, but mean supporting levels of income considerably higher than the minimum income guarantee. Intra-household dynamics will also need to be closely considered in the design of tapers, and transitions on and off a minimum income guarantee payment, or through changing circumstances. The taper design for a minimum income guarantee should be informed by an assessment of work incentives for second earners.

It is important also to consider the assumption of full-time work for those who are able to work in the context of spells of unemployment or reduced availability of working hours for individual workers with specific skills and employed in specific sectors. In order to further ensure affordability of the minimum income guarantee system through periods of labour market transitions it is fundamental that the system is designed so as that those who lose their job have access to skills and training opportunities, in a way that take into account skills and training requirements of local and regional labour markets.

A minimum income guarantee system whose design costs are infeasible, impractical or unsustainable in terms of affordability should consider designing the system so that work forms part of the eligibility requirement for those who can work. It would make sense for the system to operate similarly to the inkomstbortfallsförsäkring unemployment insurance system in Sweden. In doing so, this would ensure that those who have lost their job have their living standards maintained at least at the minimum income standard for a set period of time (such as 200 days) before the allowance would be gradually tapered away.

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In many high-income countries including Ireland and the United Kingdom, the state has assumed responsibility for ensuring that citizens have some sort of a minimum standard of living. It does this via the 'safety net' provided by their respective social security/social welfare systems. Further to this the state also impacts upon the material living standards of its population via the provision of public services which include for example in their most basic form, the water supply system or services such as public transport or healthcare.

However, analysis of current social security provision in both the United Kingdom and the Republic of Ireland shows that neither provides the minimum income to ensure that those who rely on it have the resources that they need to enable them to live a minimum albeit decent standard of living. That is, current social security provision in both the United Kingdom and the Republic of Ireland falls short of that identified by minimum income standard research.

In terms of income supports provided to the unemployed in the Republic of Ireland, the highest rate of Job Seekers Allowance is €203 per week. For part-time workers then there are 3 graduated rates of payments according to your earnings in the relevant tax year between €203 and €91 per week. In addition to the Job Seekers Allowance payment, the State provides a means-tested Rent Supplement payment for certain people living in private rented accommodation who cannot provide for the cost of their accommodation from their own resources. The amount of Rent Supplement that one is eligible for in the Republic of Ireland is calculated so as to ensure that your income, after paying rent, does not fall below a minimum identified level. From the September 2021, the minimum level for a single person is €300 and €600 for a couple.

In calculating the adequacy of these supports in providing that identified as required by MIS research it is clear that the cash supports provided by the

Irish Government fall well short of that required (at September 2021). Specifically, for a single person who is unemployed the state currently provides circa 42% of that required to meet the minimum required for a decent standard of living. When full entitlement to rent supplement is also claimed state supports provide 62% of that required.

In the United Kingdom the standard rate of Job Seeker's Allowance is £74.70 (€87) per week for those aged 25+ and a lower rate of £59.20 (€69) applying to those aged 18-24. In addition to this however if the single adult is living in rented accommodation, meets a set of criteria such as having savings of less than £6,000 and requires assistance with their rent of £95 per week (as per that allowed in JRF calculation of the minimum income standard), they may be eligible for an entitlement via the Universal Credit system of £135.43 per week. In terms of adequacy of these benefits in providing that required a minimum but decent standard of living for a single adult household who does not require or is not eligible for support with their housing costs the state provides 35% of that required. When assistance with a weekly rent is required the state provides 42% of that required.

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Aside from the social security system and supports from the state, the idea that the earnings received from work should provide the income which ensures that the worker has the means to live a socially acceptable minimum adequate standard of living has provided the impetus for campaigns centred on demands for what is termed a 'living wage'. In this respect, the living wage is based on the concept that the income derived from work should be enough to ensure both active social participation; for example, it should provide 'the means and the leisure to participate in the civic life of the nation', as well as providing adequate material means in terms of food and shelter. In that sense, the living wage seeks to provide a minimum income floor that allows employees afford the essentials of life.

The concept of the living wage emerged over a century ago, when it was associated largely with the idea that a working *man* should earn enough to support his family. When the living wage was first emulated it received widespread political support with an emphasis on fairness and on the obligation of employers not to exploit workers. For example, Winston

Churchill considered it 'a serious national evil that any class of His Majesty's subjects should receive less than a living wage in return for their utmost exertions'. Later, in the US, President Franklin D. Roosevelt held that 'No business which depends for existence on paying less than living wages to its workers has any right to continue in this country'.

In recent decades, there has been a revival in calls for a living wage which been prompted in part by the gap between the legal minimum wage and the wage levels which would be required to deliver a minimum acceptable standard of living. Other important contextual factors in prompting the revival of a living wage have been growing inequality, including wage inequality, the declining wage share of overall income and the decline in trade union membership and collective bargaining power. Whilst the statutory minimum wage does provide a floor below which wages cannot fall it has no anchor in terms of the cost of living. The statutory minimum wage is set on the basis of labour costs and set in a manner which tries to ensure that the pay of the lowest paid is set as high as is possible, without creating adverse consequences for employment. To the extent that the statutory minimum wage is linked to an objective threshold, this tends to be compared to an arbitrary share such as 60 per cent or two-thirds of some other statistical benchmark, normally median or mean earnings. Nevertheless, as a consequence of its primary concern with labour costs, rather than living costs the statutory minimum wage has been criticised of falling short of providing recipients with the means of living basic and decent standard of living.

The United Kingdom and the Republic of Ireland are amongst those countries who have ongoing, active, living wage campaigns. The living wage campaign in the United Kingdom is the biggest, most established and most developed of the voluntary, accreditation-based living wage initiatives. The original impetus for the campaign in the early 1990s was brought about by community activism in East London protesting the low wages of cleaners working in the premises of major international banks. Since 2016 the Living Wage Commission (including Living Wage-accredited employers, trade unions, civil society and independent experts) has overseen the calculation of the living wage rate. The Living Wage Foundation has taken responsibility for implementing the living wage by accrediting those employers paying living wages. The UK Living Wage rate for 2020-21, which applies from 9 November 2020 is £9.50 per hour, with a higher rate for London which was set at £10.85. In broad terms, the calculation is founded on the basis of MIS research and the assumption that all adults work full-time.

This rate is significantly higher than the rate of the national minimum wage. Specifically, in the United Kingdom, there are different levels of national minimum wage, depending on your age and whether you are an apprentice. If you're aged 23 and over, you'll get what is termed the national living wage of £8.91 per hour. If you are aged between 21 and 22 the national minimum hourly wage rate is £8.36. It is £6.56 for those aged 18 to 20 and £4.62 for those aged under 18. In the UK in 2021 the national living wage provides someone aged 23 and over who is working full-time (39 hours) with gross weekly earnings of £347.49. This is equivalent to £18,069.48 per year.

In the United Kingdom, full-time work (39 hours) at the national minimum wage provides earnings which equate to approximately 94% of the minimum income standard. Thus, although single adult households are substantially better off than if they were out of work it is clear that current provision falls short of delivering a decent standard of living, even for households with no dependents and working full-time.

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In the Republic of Ireland, the [Living Wage technical group] calculates on an annual basis a living wage for Ireland on the basis of the Minimum Essential Standard of Living research. The current living wage rate for Ireland is €12.90 gross per hour and is based on the assumption of full-time work. This equates to the MIS of a single adult household of €502.52 gross per week or €26,201.50 gross per annum. In broad terms, the living wage calculation in Ireland is based on the mean gross hourly wage which would enable a full-time employed adult without dependents across Ireland afford a socially acceptable minimum standard of living. Due to regional variations in the cost of the items required to enable a minimum standard of living the rate is based on weighted average of the proportion of the population which live in four regions of Ireland.

In the Republic of Ireland, from 1 January 2021, the national minimum wage rate is €10.20. This is the national rate which applies to those aged 20+. The national minimum wage rate is €7.14 for those aged under 18, €8.16 for those aged 18, and €9.18 for those aged 19. In the Republic of Ireland in 2021, someone aged 20 or more working full-time (39 hours a week) earning the minimum wage would earn €398 gross pay per week. This is equivalent to €1,723 per month or €20,685 in a year. In the Irish case, full-time work (39 hours) at the national minimum wage provides earnings which equate to approximately 79%

of the minimum income standard for a single adult household. Similar, to what is observed in the case of the United Kingdom, full-time work at the rate of the national minimum wage does not provide the minimum income necessary for a decent standard of living. Indeed, full-time work in the Republic of Ireland at the national minimum wage provides a lower proportion of income required to meet at a minimum standard of living than it does in the United Kingdom. Thus, whilst work does have a considerable impact on reducing one's chances of living in poverty work is not a guarantee to a minimum decent standard of living for those earning the minimum statutory wage.

In recent months the Irish Government have indicated their intention to move towards legislating into place a living wage and have initiated the Low Pay Commission to consider this in their deliberations this year. This move towards making the minimum legal wage equate to a living wage in the Republic of Ireland is in part a consequence of the Covid-19 pandemic and the view of Government that one of the legacies of the pandemic must involve the provision of better terms and conditions for lower paid workers. This move comes as a result of a consensus which emerged through the pandemic that we must reward 'essential workers', many of whom are low-paid for their contribution to the good of society.

It is worth drawing attention to a number of key differences between the living wage calculations in the United Kingdom compared to the Republic of Ireland. In the Republic of Ireland, the living wage is calculated on the basis of just one household type (single full-time worker without dependants). This has the advantage of being relatively easy to calculate but means that the derived living wage is only partially representative as it excludes households where individual workers are responsible for attaining the resources to support dependants. This is in contrast to the UK living wage which is based on a weighted average of seventeen different household types, including single-person and family households and so where family-related expenditures such as childcare also come into consideration. This has the advantage of being somewhat more representative and reflects a greater diversity of household needs but the disadvantage is the complexity of the information needs and calculations. Another key difference in the calculation of the living wage in the United Kingdom as compared to the Republic of Ireland living wages is that a higher level of public service provision is assumed in the UK basket than in the Irish basket - based on higher subsidies for childcare, access to social housing for families with children, and no cost implied for medical/health care. The provision of these public services inevitably means that the level of the living wage is lower, than what it would need be if these services needed to be paid for privately.

As mentioned, living wage campaigns tend to emulate minimum wage systems in having a single banner hourly rate. However, in terms of being able to specify a living wage which fulfils the living cost needs of a range of household types and sizes, with varying needs, it is fair to say that no plausible single rate can cover this diversity. It is on this complexity that the utility of the living wage to provide a minimum income guarantee to even all workers falls down. That is, because of differences in working hours, household composition, and household needs a 'one-size-fits-all' living wage rate cannot deliver on its promise of a basic but decent standard of living for all. The needs of a two-adult, two-dependent-children household with one full-time worker are greater than those of a single adult without dependents, for instance. Further to this, the theoretical model ignores the part-time worker, their increasing share within the labour market (and particularly within the low paid labour market), and the fact that many are constrained from being able to work full-time.

Further to this, the living wage also ignores how workers form part of households and the fact that living standards are ultimately determined by pooling all of the resources from all sources available in one's household. In this way, the ability of a living wage to contribute wholly provide a minimum living standard depends crucially on the extent to which (low) pay and (low) household income overlap. A priori, if all low paid workers were in high-income households (for example because they had high-earning partners), there would be little connection between low pay and low living standards. On the other hand, the reverse of this is also true, whereby if all low paid workers lived in households with a low income (for example, because they were the only earner or because they had dependents), then there would be considerable overlap between low pay and low income.

Beyond this, however, it is important to remember that the living wage is related to the income paid for labour. This is different from a living 'income' delivered via a minimum income standard which provides adequate living standards for those in both working and non-working households and where the source of the income could be the state through social benefits, the labour market or the flow of income from private capital or other sources.