

Impact case study (REF3)

Institution: Loughborough University		
Unit of Assessment: C20 Social Work and Social Policy		
Title of case study: Minimum Income Standards (MIS): Influencing pay, targeting assistance, and improving access to justice for low income households in the UK		
Period when the underpinning research was undertaken: 2006-2020		
Details of staff conducting the underpinning research from the submitting unit:		
Name(s): Donald Hirsch, Abigail Davis, Matt Padley	Role: Professor of Social Policy (Hirsch), Research Fellows (Davis and Padley), all at Centre for Research in Social Policy	Period(s) employed by submitting HEI: 2014-2020
Period when the claimed impact occurred: 2014-2020		
Is this case study continued from a case study submitted in 2014? N		
1. Summary of the impact (indicative maximum 100 words)		
<p>UK policymakers, practitioners and campaigners pursuing better outcomes for disadvantaged households have lacked evidence-based criteria for addressing low income. Loughborough University's Centre for Research in Social Policy has developed an internationally innovative method for compiling minimum household budgets based on public attitudes to necessities. The resulting 'Minimum Income Standard' and has guided various aspects of policy and practice in the UK, leading to the following impacts:</p>		
<p>1) increasing pay for 200,000 workers of 6,000 Living Wage employers throughout the UK;</p>		
<p>2) targeting assistance by guiding prioritisation of (a) over £20 million annually in <i>grants by UK charities</i> and (b) £10-12 billion that the Scottish Government is spending improving <i>home energy efficiency</i>; and</p>		
<p>3) improving access to justice, by supporting a Supreme Court ruling outlawing employment tribunal fees in the UK, after which 64% more workers accessed tribunals.</p>		
2. Underpinning research (indicative maximum 500 words)		
<p>Continuous research from 2006 to 2020, directed by Donald Hirsch and led by Abigail Davis and Matt Padley at CRSP, has calculated and updated the level of a Minimum Income Standard (MIS) [R1]. The research was designed to operationalise the concept of a 'participatory social minimum', first articulated in the 1970s by the sociologist Peter Townsend, by producing a usable set of benchmarks based on Townsend's principles. From the original study onwards [R2], MIS applied a rigorous and pathbreaking 'consensual budget standards' method, consulting groups of members of the public about what items are needed, not just for survival but in order to participate in society. Groups draw up budget lists, costed by researchers to produce regular weekly budgets required by different household types. This allows calculation of income requirements for any household type, making it a highly practical tool in UK policy and practice.</p>		
<p>After the method was established in 2008, its funder, Joseph Rowntree Foundation (JRF) supported ongoing research at CRSP to establish a standard that could continuously influence policy and practice. Since 2009, MIS has been updated annually, using inflation data and biannual consultations with members of the public to identify changes in household requirements as society evolves [R1, R3]. JRF also funds CRSP to support knowledge exchange partnerships helping users to benefit from MIS research. For example, CRSP has</p>		

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worked in partnership with bodies such as Child Poverty Action Group, Gingerbread, the Association of Charitable Organisations and the Living Wage Foundation.

The research has advanced academic knowledge about how the public thinks about minimum acceptable living standards [R3], while at a practical level providing a unique metric to apply to a range of policy-relevant issues including the level of a living wage [R4] and additional living costs in remote areas [R5].

Key findings from MIS inform efforts to tackle low income in the UK, with the following findings particularly pertinent to the impacts identified in this Case Study:

Finding 1: The National Minimum Wage (NMW) is too low to allow most working households to reach a minimum acceptable standard of living [R1,R2].

Finding 2: More than two in five children, but fewer than one in five pensioners, live in households with incomes too low to reach a minimum acceptable living standard [R6].

Finding 3: In some parts of the UK, much higher costs increase the risk of having insufficient income. In remote rural Scotland, for example, costs can be 10%-40% higher [R5].

3. References to the research (indicative maximum of six references)

[R1] Davis, A., Hirsch, D., Padley, M. and Shepherd, C. (2018) *A Minimum Income Standard for the UK, 2008-2018: continuity and change*. York: Joseph Rowntree Foundation.

[R2] Bradshaw, J., Middleton, S., Davis, A., Oldfield, N., Smith, N., Cusworth, L. and Williams, J., (2008) *A Minimum Income Standard for Britain: what people think*. York: Joseph Rowntree Foundation.

[R3] Davis, A., Hirsch, D. and Padley, M. (2017) 'The Minimum Income Standard as a benchmark of a 'participatory social minimum'', *Journal of Poverty and Social Justice*, 26 (1), pp.19-34 . <https://doi.org/10.1332/175982717X15087736009278>

[R4] Hirsch, D. (2017) 'The 'living wage' and low income: Can adequate pay contribute to adequate family living standards?', *Critical Social Policy*, 38 (6) pp.1-20. <https://doi.org/10.1177/0261018317729469>

[R5] Hirsch, D., Bryan, A., Davis, A., Smith, N., Ellen, J. and Padley, M. (2013) *A minimum income standard for remote rural Scotland*. Inverness: Highlands and Islands Enterprise.

[R6] Stone, J., Padley, M. and Hirsch, D. (2019) *Households below a Minimum Income Standard: 2008/09 – 2016/17*. York: Joseph Rowntree Foundation.

The quality, authority and esteem of this research is reflected not only in peer-reviewed outputs, but also in repeat funding from respected grant-givers and by an independent evaluation from a leading research institute. Joseph Rowntree Foundation awarded four successive research grants totalling £1.98 million for work conducted between 2006 and 2020, and five other public and charitable funders gave grants totalling £960,000. The National Institute for Economic and Social Research (NIESR)'s independent evaluation of MIS in 2016 found that multiple stakeholders regard the research as 'valuable, robust and widely accepted'.

4. Details of the impact (indicative maximum 750 words)

MIS has become the recognised benchmark across the four nations of the UK of how much people need for an acceptable living standard. Its authority derives both from the quality of the research and from the ubiquity of its uses, with each new application strengthening its status as a recognised standard. The MIS team have worked with a range of charitable and public bodies (referred to below), to show how MIS can be applied, helping them to build practical tools to pursue better outcomes for low income households. The following are key impacts it has had on pay, on financial and other assistance for low income households, and on access to justice.

Impact 1: Influencing pay: adoption of the Voluntary Living Wage

MIS research has provided the main component in calculating the level of the Voluntary Living Wage (VLW), now paid by nearly 7,000 UK employers accredited by the Living Wage Foundation, who estimate that this directly affects 250,000 workers' pay. Throughout the 2010s, the campaign for a Living Wage has grown steadily: the campaign responded to the failure of the compulsory National Minimum Wage to provide adequate income [R1, R2], by persuading a growing number of employers to pay the higher VLW. The campaign's leader, Matthew Bolton, stated that MIS

“provided the initial rationale to go national with a campaign previously limited to London, and has been critical in making the case to employers for pay that reflects living costs” [S1].

In 2016, the independent Living Wage Commission established by Living Wage Foundation confirmed MIS as the basis for calculating a VLW that would *“accurately reflect the views and experiences of ordinary people...about what is required to fully participate in society” [S1].*

Matthew Bolton attested that since the UK Government's compulsory 'National Living Wage' (NLW) was launched at a level below the VLW in 2016 *“the evidence provided by MIS has been crucial in persuading employers to pay the real living wage [i.e. the VLW], by showing that the NLW is still too low to live on.” [S1].*

The VLW has benefited both employers and employees. In 2016, Cardiff Business School surveyed over 840 living wage employers, representing the full range of those accredited. High proportions of respondents reported reputational gains (78%), improved recruitment and retention (over half) and better-quality job applicants (45%) as a consequence of implementing the VLW [S2]. An in-depth, peer-reviewed study of the impact on employees, carried out by the University of York, found that the VLW helped its recipients afford essentials. One participant stated: *“[I] can meet bills better . . . [the] extra income helps us not to worry”*. Others said it helped children participate in society, by funding after school activities [S3].

Impact 2: Targeting assistance for low income households

The MIS evidence allows public and charitable bodies to ensure that both monetary and non-monetary assistance are well-targeted at those whose incomes fall below what they need. Two examples are charitable financial aid and help to households in improving home energy efficiency.

(a) Prioritising charitable assistance based on evidence-based income criteria

The Minimum Income Standard is widely used as a criterion by charities helping households in financial need (benevolent organisations). A 2017 survey [S4] identified 22 charities, distributing £21 million a year to needy households. The charitable officers interviewed for the survey welcomed the evidence MIS provides that allows financial need across different types of household to be compared using a common metric. As a result, they had used it to replace previous criteria for awarding grants that had often appeared arbitrary. For example, reflecting the research's identification of large income shortfalls for families relative to pensioners [R6], the ICE Benevolent Fund found that they had not adequately recognised the costs faced by young families. A caseworker from the charity states that this evidence has *“...led to the awarding of larger grants, enabling families to be able to continue with activities, particularly for their children (e.g., after school activities) that they might otherwise have had to stop.” [S5].*

(b) Reducing fuel poverty in Scotland

In legislating to tackle fuel poverty, the Scottish Government (SG) sought an empirically grounded measure of how much money households need after paying fuel bills. Its expert panel found that MIS is the best available predictor of harm associated with low disposable income [S6]. As a result, Scotland's Fuel Poverty (Targets, Definitions and Strategy) Act, 2019, defines fuel poverty as having to spend at least 10% of income on home energy, and having disposable income at least 10% below MIS. The SG is committed to using this metric to ensure that the £10-12 billion it plans to spend improving home energy efficiency from 2020 to 2040 prioritises low income households [S7]. Furthermore, as a direct result of CRSP's evidence to the Scottish Parliament, the SG amended the legislation to set a higher income threshold in remote areas, recognising additional costs in such areas [R5], and has commissioned CRSP to continue researching those costs [S7].

Impact 3: Improving access to justice: Ensuring affordability of legal services for low income households

The MIS research helps support the public objective of ensuring that people are not denied justice because they cannot afford legal expenses: it identifies the substantial proportion of households lacking adequate income to live on [R6], who could not be expected to cover legal charges. In a landmark 2017 case, the Supreme Court accepted the argument of the trade union UNISON, based on MIS evidence, that the introduction of fees for employment tribunals was forcing low income workers to choose between accessing justice and maintaining an acceptable living standard. The Court agreed that workers were having to sacrifice 'ordinary and reasonable expenditure' as specified in MIS to pay fees [S8] and ordered their abolition. In the year following the judgement, 64% (55,000) more workers were able to take employers to tribunals [S9]. This change reversed a situation whereby low-paid workers had been unable to get a fair hearing when in dispute with their employers: 85% of 719 employment lawyers responding to a 2015 survey said that fees had been detrimental to access to justice. One respondent elaborated:

"Tribunal fees have had a devastating effect on access to justice. This is particularly so in maternity / pregnancy cases where the claimant has run out of money at the point of issuing proceedings because maternity pay has been exhausted or is on SMP. Many of the new family friendly rights will be unenforceable in practice for this reason." [S9]

Demonstrating scope for extending the reach of MIS in the legal system, the Law Society commissioned CRSP to use MIS to assess the consequences of the legal aid means test, presenting this analysis in its published submission to the Ministry of Justice's 2018 legal aid review [S10]. The government followed this up by reviewing the level of the means test, drawing on MIS as a benchmark.

5. Sources to corroborate the impact (indicative maximum of 10 references)

- S1:** Testimonial from Matthew Bolton, Chief Executive of Citizens UK
- S2:** Heery, E. Nash, D. and Hann, D. (2017) *The Living Wage Employer Experience*, Cardiff Business School. <https://bit.ly/2Em0mP6> (pages 30-31)
- S3:** Swaffield, J., Snell, C., Tunstall, B., & Bradshaw, J. (2018). An Evaluation of the Living Wage: Identifying Pathways Out of In-Work Poverty. *Social Policy and Society*, 17(3), 379-392. doi:10.1017/S1474746417000136 (page 390)
- S4:** Hirsch, D. (2017) *Survey of charities' use of the Minimum Income Standard to help them assess the financial needs of individuals and households*. Loughborough: Centre for Research in Social Policy <https://tinyurl.com/y5tlvtbr> (page 3).
- S5:** Testimonial from Lindsay Howell, Caseworker, ICE Benevolent Fund.

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- S6:** The 2017 Scottish Fuel Poverty Definition Review Panel (2017, *A new definition of fuel poverty in Scotland A review of recent evidence*, Scottish Government <https://tinyurl.com/y4a43h3g> (Table 7.1 p128).
- S7:** Testimonial from Dion Alexander, Chairman, Highlands & Islands Housing Associations Affordable Warmth Group.
- S8:** Supreme Court (2017), Judgement [2017] UKSC 51 - R (on the application of UNISON) (Appellant) v Lord Chancellor (Respondent) (<https://bit.ly/2eMIDnw>) (paras 52-55 and 94-95)
- S9:** Extracts from Ministry of Justice Employment Tribunal statistics and Employment Lawyers Association survey.
- S10:** Law Society (2017), Report on the affordability of legal proceedings for those excluded from eligibility for criminal legal aid <https://bit.ly/2PCB803>