

Memorandum for the Social and Community Development Committee

SUBJECT	Annual reviews of the MIS to inform annual reviews of the Minimum Wage												
Memorandum by													
ADVICE SOUGHT	<p>1. The SCDC is asked to consider requiring an annual review of the Minimum Income Standard according to the timetable below in order that an up to date MIS is available to inform the annual review of the Minimum Wage. It is also asked to approve the use of the internationally accepted MIS methodology in Annex 1.</p> <p>Table 1: MIS Timetable.</p> <table border="1" style="width: 100%; text-align: center;"> <thead> <tr style="background-color: #d9e1f2;"> <th>Y1 – 2020 for 2021 Minimum Wage Review</th> <th>Y2 -2022 for 2022 Minimum Wage Review</th> <th>Y3 – 2022 for 2023 Minimum Wage Review</th> <th>Y4 – 2023 for 2023 Minimum Wage Review</th> </tr> </thead> <tbody> <tr> <td>Rebase</td> <td>Inflation review</td> <td>Review</td> <td>Inflation review</td> </tr> <tr> <td>November to allow time for: a) Public group work re basket contents; and b) To collect all prices. To be available end of January.</td> <td>January</td> <td>November to allow time for: a) Public group work re basket contents; and b) To collect additional prices as necessary. To be available end of January.</td> <td>January</td> </tr> </tbody> </table>	Y1 – 2020 for 2021 Minimum Wage Review	Y2 -2022 for 2022 Minimum Wage Review	Y3 – 2022 for 2023 Minimum Wage Review	Y4 – 2023 for 2023 Minimum Wage Review	Rebase	Inflation review	Review	Inflation review	November to allow time for: a) Public group work re basket contents; and b) To collect all prices. To be available end of January.	January	November to allow time for: a) Public group work re basket contents; and b) To collect additional prices as necessary. To be available end of January.	January
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BACKGROUND AND CONSIDERATIONS	<p>2. The Minimum Income Standard was developed by Loughborough University's Centre for Research in Social Policy for the Joseph Rowntree Foundation (JRF) in the UK in 2008. Its purpose is to identify: <i>What families with children need to meet material needs and participate in society¹.</i></p> <p>3. The principle underpinning the MIS is: <i>Minimum income is based on needs and not wants, but it provides more than what is just needed for survival. It supports social participation and recognises that choice is</i></p>												

¹ Davis, Abigail, Donald Hirsch, Matt Padley and Claire Shepherd, 2020, *A Minimum Income Standard for the United Kingdom in 2020*. York: Joseph Rowntree Foundation.

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important, but also that choice cannot be unlimited.

4. Therefore it provides a strong indication of what is needed for a socially acceptable minimum wage rate. It is used in the UK and other countries to inform a minimum wage.
5. In St Helena the MIS was introduced in 2013 to see *benefit levels linked to a bespoke St Helenian basket of essential goods*². The local basket focused on single adults and families in receipt of benefits³. In hindsight – and given the contents of the 2020 rebased basket – the focus on families on benefits in 2013 downwardly skewed the basket. It was probably informed by social notions that identify social security with poverty rather than a socially acceptable minimum income that meets the rationale of a MIS.
6. The MIS in St Helena was rebased by identifying the basket from scratch in October 2020. This was done by members of the public identified by employers on the Island, and in the case of IRB and people in receipt of the Basic Island Pension (BIP) by the Benefits Office. Group participants were identified using a range of criteria to ensure a mix of people from different socio-economic backgrounds. Workshops to identify the contents of the MIS basket were held in the middle of October 2020, with a review and feedback session in January 2021. See Annex 2
7. In 2020 it provided data on the cost of living for a single adult and a family of four in GLH, in privately rented housing and with a mortgage. It also identified the cost of living for a child and a baby.⁴
8. Approval of the instigation of the MIS timetable is required by SHG in order to ensure the experience and voice of the public sets out what is needed for a socially acceptable minimum standard of living. This is especially important given the absence of representation by those in low pay during discussions reviewing the Minimum Wage. SCDC approval to require the use of the methodology which follows the internationally accepted one of Loughborough University's Centre for Research in Social Policy as set out by the JRF, its funder (see Annex 1), is also sought.

² SHG, 2013. *Minimum Income Standard for St Helena*. Jamestown: St Helena Government, p.3.

³ SHG, 2013. *Minimum Income Standard for St Helena*. Jamestown: St Helena Government, p.13.

⁴ Muir, Ann, 2021, *Report on the Rebasing of the Minimum Income Standard*, Jamestown, SHG.

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FINANCIAL IMPLICATIONS	<p>9. A very small budget is needed for the focus groups of members of the public who identify, negotiate and agree what is needed for a minimum acceptable standard of living in St Helena – under £1,500 in 2020.</p> <p>10. Time and resources is also needed from Statistics to collect prices. But this will be less than in the past when the 2013 MIS was updated requiring price collections twice a year. The new and correct use of the MIS requires rebasing only in Y1, with a light review of basket contents in Y3.</p> <p>11. Time will also be required of the Social Policy Planner or equivalent, approximately four weeks.</p>
ECONOMIC IMPLICATIONS	<p>12. Economic implications will depend on the extent the MIS is used to inform and increase the Minimum Wage. Equally important are the social considerations, see below.</p>
CONSISTENCY WITH INVESTMENT POLICY	<p>13. Protecting the interests of the low paid is consistent with investment policy, and particularly important in the tourism sector which is characterised by low pay. It is important for the <i>reduce poverty and inequality</i> commitment of the Altogether Wealthier goal of the ten year plan, as tourism is a target area of investment in the Island.</p>
PUBLIC/ SOCIAL IMPACT	<p>14. The primary social impact will be to have a mechanism whereby the interests of low income households inform the minimum wage. Low income families are one of the groups represented in the MIS public focus groups. Members of non-low income groups of the public in the focus groups are asked to project themselves into the situation of a low income household. The MIS is especially important given it is very hard for minimum wage discussions to reach the low paid in meaningful numbers – this is a group that does not readily attend public consultations – and there are no representative organisations of the low paid.</p> <p>15. Secondary impacts will be a result of the extent to which the minimum wage meets the expectations of the public for a socially acceptable standard of living.</p>
ENVIRONMENTAL IMPACT	<p>16. N/A</p>
PREVIOUS CONSULTATION/ COMMITTEE INPUT	<p>17. SCDC agreed previously to rebase the MIS and was made aware that the intention is for MIS to inform the Minimum Wage rather than IRB nd BIP.</p>
PUBLIC REACTION	<p>18. This is likely to be well received by the low paid. The interests of employers are represented in the Minimum Wage discussions.</p>

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PUBLICITY	<p>19. A Press Release was issued on the 7th April 2021 about the results of the rebased basket.</p> <p>20. This could be followed up with another on the role of the MIS if SCDC supports the proposed annual review of the MIS and the use of the internationally accepted MIS methodology .</p>														
SUPPORT TO STRATEGIC OBJECTIVES	<p>21. This Memo supports the following 10 Year Plan Goals and commitments:</p> <p>a) Altogether Wealthier: <i>We will reduce inequality and poverty</i></p> <p>b) Altogether Safer: <i>We will protect and empower all vulnerable people</i></p>														
LINK TO SUSTAINABLE ECONOMIC DEVELOPMENT PLAN GOALS	<p>22. Goal 8:</p> <table border="0"> <tr> <td>Develop,</td> <td>Ensuring that local people develop skills which will</td> </tr> <tr> <td>Maintain and</td> <td>contribute to the growth of St Helena's economy.</td> </tr> <tr> <td>Attract a Skilled</td> <td><i>Providing the wages and incentives for St</i></td> </tr> <tr> <td>Workforce</td> <td><i>Helenians to come back to St Helena and stay on St</i></td> </tr> <tr> <td></td> <td><i>Helena. Supporting inward migration particularly</i></td> </tr> <tr> <td></td> <td><i>in sectors where there are skills or labour</i></td> </tr> <tr> <td></td> <td><i>shortages</i></td> </tr> </table>	Develop,	Ensuring that local people develop skills which will	Maintain and	contribute to the growth of St Helena's economy.	Attract a Skilled	<i>Providing the wages and incentives for St</i>	Workforce	<i>Helenians to come back to St Helena and stay on St</i>		<i>Helena. Supporting inward migration particularly</i>		<i>in sectors where there are skills or labour</i>		<i>shortages</i>
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