

**WRITTEN QUESTION TO THE CHIEF MINISTER  
BY DEPUTY G.P. SOUTHERN OF ST. HELIER  
ANSWER TO BE TABLED ON TUESDAY 2nd JUNE 2015**

**Question**

Will the Chief Minister circulate to members the paper entitled 'Living wage number report' which underpins the Living Wage report?

Will he also show the figures and the calculation used to arrive at the row "Total disposable income" in tables 11, 13, 16, 19 and 21 of the above document?

What explanation can he offer for the anomaly in the London Minimum Income Standards (MIS) figures which purport to show that it is on average some 36% less expensive to live in London than it is in the rest of the UK when this is contradicted by Statistics Unit figures comparing Jersey costs with those in the UK?

Will he further explain to members why, despite this anomaly, he has used the London MIS in the tables concerning the New Zealand and Vancouver estimates?

Does he accept that rather than claiming that the living wage is already met by the combination of minimum wage and income support it would be better to state that the living wage for Jersey is to be found in the outside London estimate in Table 16 and 17 as between £6.53 and £12.28 or as a weighted average of £8.92 based on 2013 figures?

**Answer**

The Living wage number report (Numbers Report) is a technical report that was provided in draft and in confidence to the Health & Social Security Scrutiny Panel, in accordance with the Scrutiny Code of Practice. The Scrutiny Panel also received a private briefing on that report.

The draft report was confidential because it contains information from other jurisdictions which we do not have permission to put into the public domain. It is also a highly technical document that requires additional context and briefing to aid understanding, as demonstrated by this question.

(Please note, the Living Wage Number Report is distinct from the Living Wage Executive Summary, the Detailed Living Wage Report, and the Economic Assessment previously published on 13 May 2015.)

**Will he also show the figures and the calculation used to arrive at the row "Total disposable income" in tables 11, 13, 16, 19 and 21 of the above document?**

Total Disposable Income in table 11, 13, 16, 19 and 21 of the Numbers Report is the sum of:

- A. net earnings at a particular wage rate (net being after social security contribution and income tax are deducted) plus
- B. any in-work benefits the household is eligible for (in-work benefits being income support).

All the values are in 2013 terms and all figures have been rounded to the nearest 10p.

The tables cannot be replicated without breaching confidentiality.

**What explanation can he offer for the anomaly in the London Minimum Income Standards (MIS) figures which purport to show that it is on average some 36% less expensive to live in London than it is in the rest of the UK when this is contradicted by Statistics Unit figures comparing Jersey costs with those in the UK?**

The living wage campaign for London and the National (outside London), living wage campaign have chosen different minimum income standards and different methodologies to calculate their respective living wage rates. These are independent organisations and there is no agreed methodology for setting a living wage rate. The difference may arise from the London and Outside London Living Wage groups choosing to include different items, and allocate different costs to those items in the respective shopping baskets of household goods (minimum income standards) that underpin their calculations. This was indicated in Table 4 of the detailed living wage report.

All living wage organisations make pragmatic decisions about what is and is not included in their shopping baskets. If items are excluded from a basket in one jurisdiction, but included in another this will affect the basic living costs 'target' the household is required to meet. Similarly organisations can, and do, choose to include the same items but associate different values to those items, either because they associate a higher cost to the item, or because more of these items are included in that basket.

Establishing and maintaining a Minimum Income Standard for a range of households requires extensive research and a substantial ongoing commitment. As such, living wage organisations make pragmatic decisions about how frequently these are updated.

The Statistics Unit data is not relevant in this context because it focuses on the cost of individual items, not on the number or type of items in each basket. The Statistics Unit figures have been used to estimate the Jersey cost of the London MIS.

**Will he further explain to members why, despite this anomaly, he has used the London MIS in the tables concerning the New Zealand and Vancouver estimates?**

As explained in the published report on the living wage investigation, it has not been possible to apply the outside London living wage calculation to Jersey, due to the capping mechanisms included in the outside London methodology.

The first cap limits the increase in net household income in line with the rise in net income that would be achieved by someone on average earnings. The second cap limits the increase in the living wage itself relative to the increase in average earnings. This capping is undertaken to limit the impact on employers. Capping the living wage is perceived by many campaigners to be fundamentally at odds with a living wage philosophy, as the wages are supposed to be free from the pressures exerted by market forces.

Any other calculations based on the methodology of other jurisdictions would be based on the London MIS because the calculations can be fully replicated in Jersey.

**Does he accept that rather than claiming that the living wage is already met by the combination of minimum wage and income support it would be better to state that the living wage for Jersey is to be found in the outside London estimate in Table 16 and 17 as between £6.53 and £12.28 or as a weighted average of £8.92 based on 2013 figures?**

This question specifically refers to a figure in an unpublished document. However, the answer will be no, as explained in the detailed living wage report it is not possible to fully replicate the Outside London rate because it is capped using two different mechanisms, as explained above, and the pre-capped information is not available.

The detailed living wage report (7.2.7) offers a list of considerations for any organisation or individual wishing to calculate a living wage rate. These decisions heavily influence any living wage rate.