

2027 National Minimum Wage

The Vincentian MESL Research Centre at SVP welcomes the opportunity to contribute this submission to the Low Pay Commission's consultation process. The submission will briefly outline relevant points from the Minimum Essential Standard of Living (MESL) research and assessment of National Minimum Wage (NMW) adequacy in 2025, and estimate for 2026. It will also consider the use of a fixed threshold approach to calculating a 'National Living Wage' compared to the MESL based Living Wage Technical Group approach.

Minimum Essential Standard of Living research

The Minimum Essential Standard of Living (MESL) establishes the basket of goods and services that members of the public agree are needed to let people live with dignity and participate in society at an acceptable level.

The MESL baskets are established through a structured series of deliberative focus groups. Through the process participants reach consensus on needs, and how needs should be met. The MESL represent a socially agreed minimum standard below which no one should be expected to live, covering physical, social, and psychological needs.

The research uses multiple phases of deliberative groups to identify the goods and services required for a minimum, yet socially acceptable, standard of living. The weekly cost of the MESL baskets provides an evidence-based benchmark for assessing income adequacy across a range of policy areas, including social welfare supports, the minimum wage, in-work income supports, and social services.

Grounded in lived experience and social consensus, the MESL offers a direct, tangible measure of what is required for participation, dignity, and avoiding poverty.

MESL living cost data and analysis of minimum income needs are updated annually. A rolling research programme ensures the data reflects changes in prices, consumption patterns, and living standards. The process involves annual inflation adjustments, periodic deliberative groups to agree the minimum baskets, and systematic re-pricing to determine average weekly household budgets.

The 2026 MESL data is currently being finalised, following a comprehensive series of deliberative focus groups to review the basket contents for households without children. This will be included in the MESL 2026 report, due for publication in June.

This submission will refer to the 2025 MESL data¹ and an inflation adjusted estimate for 2026. It should be noted the 2026 figures are provisional, they are included only to provide an indication of MESL costs in advance of publication of the final data.

Changes in minimum living costs

In the five years to March 2025, there was an increase of 18.8% in minimum living costs as measured by the MESL seriesⁱⁱ. Food and energy costs, which comprise a third of the core MESL basket, saw significant increases. The cost of the MESL food basket increased by 20.2% and the household energy basket increased by 58.2% in the five year period.

The 2026 MESL basket update is currently being finalised. However, the latest CPI data indicates that on average prices have risen by 3.6% in the 12 months to March 2026, with food prices growing by 2.3% and home energy costs by 12.9%.

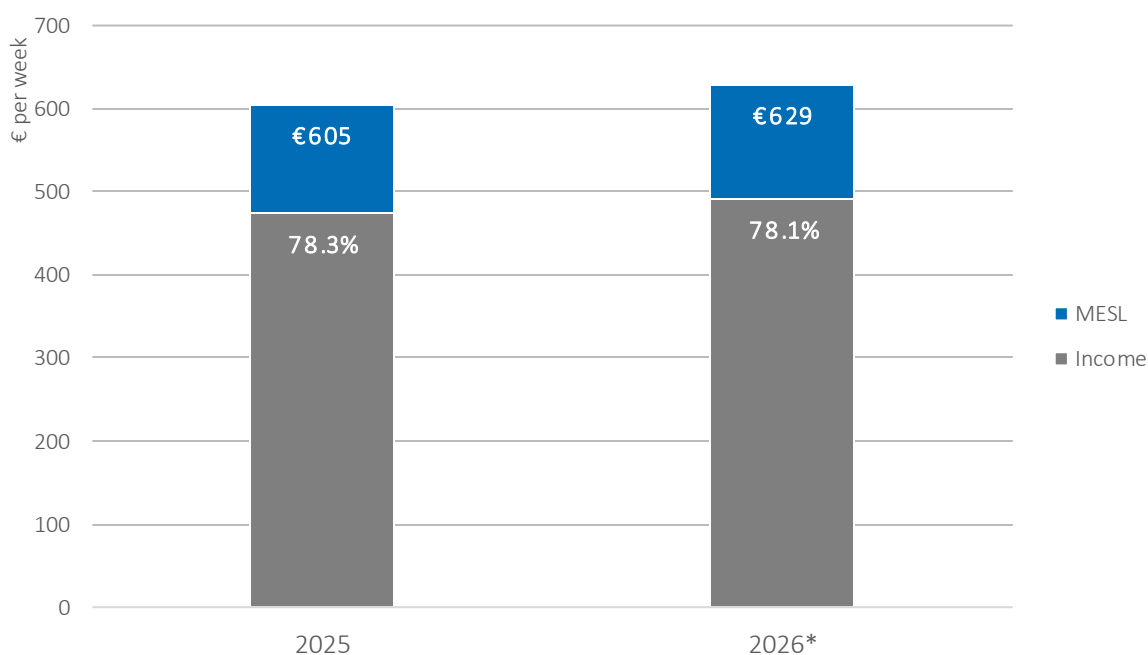
Being focused on minimum needs, the composition of the MESL basket differs from the CPI average consumption basket. Most notably, the MESL is more sensitive to changes in food and home energy prices. Applying the latest CPI data to the MESL basket provides an estimate of the rate of change in minimum costs in the year to March.

For a working single adult, it is estimated that MESL costs have increased by 4.0% in an urban area and by 5.9% in a rural area in the last year. The greater level of increase for rural households is primarily due to rising home heating oil prices, which have risen by an average of 63.3% in the 12 months to March 2026ⁱⁱⁱ.

Given the current volatility in prices inflation forecasts^{iv} for the remainder of 2026 and 2027 have been revised upwards, with continuing upward pressure on energy and food costs. Applying this to the MESL basket indicates the potential for a further 3.3% increase in minimum costs over the course of 2026 and into 2027.

National Minimum Wage adequacy

Graph 1 MESL expenditure and NMW Net Income, per week, urban single adult



In 2025 the MESL needs of a single adult, without dependents, living in private rented accommodation cost an average of €605 per week in an urban area (and €554 in a rural area). When in full-time (37.5 hour) NMW

employment net income was an average of €474 per week. Consequently, the NMW met 78.3% of MESL needs for an urban adult in this scenario (and 85.5% in a rural area).

In 2026 the minimum wage has increased by €0.65 to €14.15 per hour, representing a 4.8% increase in the gross rate. Net income for a single adult in full-time (37.5 hour) NMW employment (if in private rented accommodation and eligible to claim the Rent Tax Credit), will increase by approximately €17.50 per week, a 3.7% increase.

As the MESL costs data for 2026 is not yet available, CPI data is applied to adjust the 2025 MESL data for inflation and provide an indicative estimate of the position of minimum living costs as of March 2026.*

For a working single adult, it is estimated that MESL costs have increased by 4.0% in an urban area to €629 per week (and by 5.9% in a rural area to €587 per week).

The change in MESL costs exceeds the rate of change in the net income from the NMW. Consequently, the gap between minimum living costs (as estimated by the MESL) and income from the National Minimum Wage is expected to widen in 2026. In the Dublin area income from full-time minimum wage employment is estimated to meet 78.1% of MESL needs (83.7% of needs when in a rural area) for a single adult living in private rented housing.

Fixed threshold or Living Wage based on minimum living costs

Over recent years there has been a governmental commitment to move the minimum wage to a 'National Living Wage' set at 60% of hourly median wages. This was incorporated into the Roadmap for Social Inclusion^v, with the then target of 2026. The implementation timeline has since been extended to 2029.

The Roadmap for Social Inclusion^{vi} has defined social inclusion as 'having access to sufficient income, resources and services to enable [people] to play an active part in their communities and participate in activities that are considered the norm for people in society generally' (2020: 5).

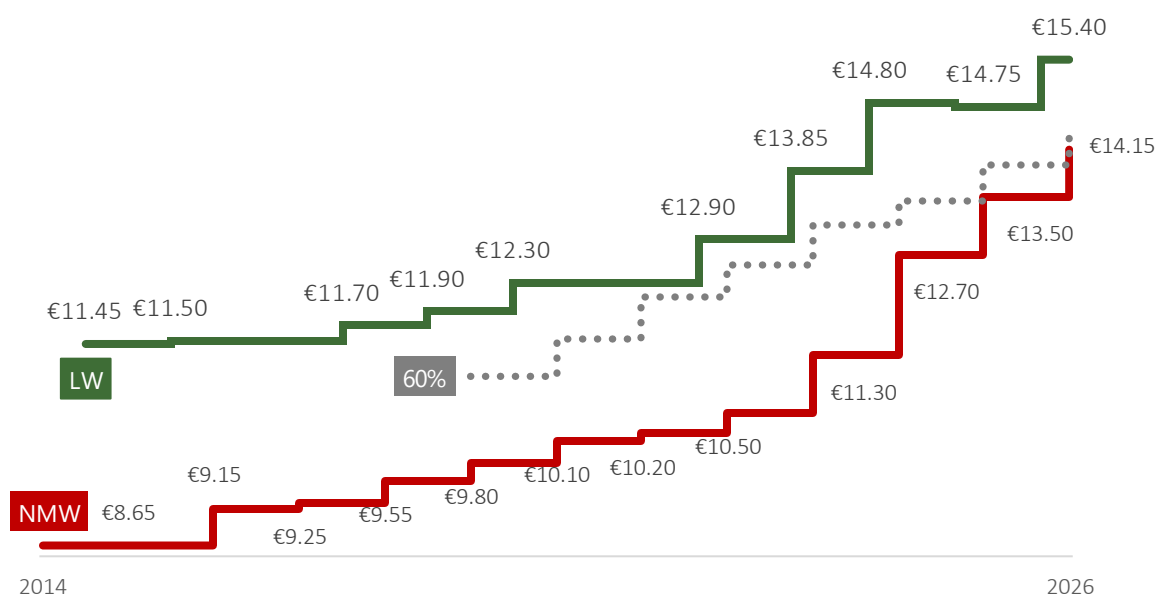
The European Pillar of Social Rights (EPSR) principles refer to ensuring adequate minimum income to enable a life with dignity when in receipt of social protection supports or in minimum wage employment. The Directive on Adequate Minimum Wages^{vii} states that purchasing power should inform determinations of adequacy, referring to the cost of living at a decent standard.

While any improvements in wages for those on low pay is welcome, it is questionable if 60% of hourly median wages will reach the threshold of 'sufficient income' or be adequate to enable a 'life with dignity'.

The Commission's 2025 report estimates for median hourly wages indicates that the mid-point 60% level was projected to be €14.45 in 2026, rising to between €14.52 and €15.46 in 2027. However, the current 2025/26 Living Wage rate (based on the MESL data and published by the Living Wage Technical Group) is €15.40 per hour. This is €0.95 higher than the Commission's estimate of the 60% of hourly median wages for 2026, indicating an adequacy gap between the 60% goal and minimum living costs.

* It should be noted that the above figures are an estimate for 2026 to inform this submission, but are not final. Over the last year a comprehensive review and repricing of the MESL basket contents was undertaken, it is currently being finalised and is due for publication in mid-June. That will provide the official 2026 MESL figures.

Graph 2 Living Wage, National Minimum Wage and estimated 60% of median earnings



The Living Wage rate based on the MESL data produces an evidence-based rate which provides employees with the income necessary to meet this standard. While earning the Living Wage rate will not guarantee an adequate income for individuals and households in all circumstances, it provides a base for social supports to build from.

The above graph illustrates the step change in the National Minimum Wage (NMW), the Living Wage calculated with the MESL data (LW), and the estimated 60% of median hourly wages rate. The gap between the NMW and the Living Wage calculated using MESL data is clear. Although the 60% of median hourly wages Living Wage rate is closer to the Living Wage Technical Groups calculation, a gap between the income that this rate would provide and the income needed to meet employees minimum living costs, and allow them to live at a socially acceptable standard of living in Ireland today, still remains.

ⁱ The MESL 2025 report, analysis and data is available at: <https://budgeting.ie/mesl-2025/>

ⁱⁱ Core MESL basket excludes housing, childcare, and the effect of secondary benefits.

ⁱⁱⁱ CSO (2026) *Consumer Price Index March 2026*. See Table 8. <https://www.cso.ie/en/releasesandpublications/ep/p-cpi/consumerpriceindexmarch2026/>

^{iv} Central Bank of Ireland (2026) *Quarterly Bulletin No. 1 2026* <https://www.centralbank.ie/publication/quarterly-bulletins/quarterly-bulletin-q1-2026#subContent3>

^v Department of Social Protection (2023). *Midterm review of the Roadmap for Social Inclusion 2020-2025* <https://www.gov.ie/pdf/?file=https://assets.gov.ie/259391/5bcb78ff-a5fd-45db-9e6a-f187980f603c.pdf#page=null>

^{vi} Government of Ireland (2020). *Roadmap for Social Inclusion 2020 – 2025*. www.gov.ie/pdf/?file=https://assets.gov.ie/46557/bf7011904ede4562b925f98b15c4f1b5.pdf

^{vii} DIRECTIVE (EU) 2022/2041 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 19 October 2022 on adequate minimum wages in the European Union. <https://eur-lex.europa.eu/eli/dir/2022/2041>