

JOSEPH ROWNTREE FOUNDATION

PROPOSAL REGISTRATION FORM

Project title
A Minimum Income Standard For Britain

Total cost of project (inc. VAT)	Length of project	Anticipated start date (if known)
	19 months (months)	01 May 2006

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Please indicate the geographical areas covered by the research

England	<input checked="" type="checkbox"/>	N. Ireland	<input type="checkbox"/>	Scotland	<input checked="" type="checkbox"/>	Wales	<input checked="" type="checkbox"/>	Non UK	<input type="checkbox"/>
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Organisation	Universities of York and Loughborough
Department	Centre for Research in Social Policy (CRSP) at Loughborough, and the Family Budget Unit (FBU) based at York
Proposer	Professor Jonathan Bradshaw (FBU), Sue Middleton (CRSP) and Karen Kellard (previously at CRSP, now at BMG Research)
Title	A Minimum Income Standard for Britain

1 INTRODUCTION

This proposal is submitted by Professor Jonathan Bradshaw of the University of York, representing the Family Budget Unit (FBU), and by the Centre for Research in Social Policy (CRSP) at Loughborough University. It proposes a project to develop minimum income standards by combining the normative budget standards methodology (FBU) with the Consensual Budget Standards (CBS) method developed by CRSP.

2 BACKGROUND

Following on from its centenary year, the Foundation is making renewed efforts to search out and promote solutions to poverty in this country. Politicians from all parties are committed to addressing relative poverty – with the government seeking to eliminate child poverty, defined in relative terms, by 2020. Yet this debate is going on without a robust definition of a minimum standard below which we do not wish people’s incomes to fall.

Poverty is presently being measured in three main ways, but none of these are producing a socially agreed minimum standard:

a) *Relative income measures*, especially the widely used 60 per cent of median income, allow changes to be tracked annually. However, this arbitrary measure is not a standard rooted in a considered view of what people need to live on. Weightings for family members (“equivalence scales”) are also arbitrary.

b) *Measures of deprivation* allow calculations of how many people are poor in the sense that they cannot afford what most people regard as necessities. JRF has previously supported work in this area, notably the ‘Breadline Britain’ and Poverty and Social Exclusion series, and the ‘Small Fortunes’ survey. However, deprivation measures tell us how

deprivation is associated with low income but not what level of income people need to avoid poverty.

c) *Budget standards* define minimum acceptable incomes by calculating what is needed to afford an acceptable living standard. In general, budget standards are based on a costed list of items deemed as essential. These have been widely used internationally. Many European countries have officially accepted assessments of incomes needed for an adequate standard of living, as a guide to social security policy but not a determinant (Veit-Wilson, 1998). In some cases, such as Sweden and Norway, this involves budget standards drawn up by official boards, and used as guides for local authorities when setting social assistance levels. In Australia, recent detailed budget standards drawn up by researchers have actively informed the setting of, amongst other things, minimum wage rates and housing benefits (see, for example, Saunders et al., 2004). In Jersey budget standards have been used to inform the development of a new means-tested income support system (Middleton and Roberts, 2004).

The main such standards in Britain, calculated by the FBU, have not been properly recalculated since 1998 (Bradshaw 1993, Parker 1998, Parker 1999). CRSP has also developed a methodology for calculating 'consensual' budget standards, but this has not yet been applied to the general population in Britain. A further approach – the Minimum Income for Healthy Living (MIHL) budget standard – has been developed at the London School of Hygiene and Tropical Medicine for single young people and for older people, with a particular focus on nutrition and exercise. The MIHL's methods, particularly on nutrition, overlap greatly with the FBU approach, but its overall methodology, which is "top down" in style, would be hard to reconcile with a consensual method (Deeming, 2005). The MIHL work will therefore inform but not be part of the present project.

Approaches to budget standards based on the views of experts have not yet been reconciled with those based on ordinary people's views. This proposal outlines a way of combining the merits of these two approaches to provide a robust, defensible and scientifically grounded minimum income standard for different family types. A brief outline of each approach – developed respectively by the FBU and CRSP – is given below.

2.1 The Family Budget Unit Approach

The FBU approach involves experts determining what items should be included in the budget to achieve a given living standard, informed by recognised standards (e.g. nutritional and heating standards), subject experts (e.g. dieticians), consumer surveys, manufacturer's evidence (e.g. about product life-spans), expenditure and consumption data and inclusion criteria. Spreadsheets are derived describing each item, the quantity required, its lifetime and price based on actual prices in shops. In addition, the FBU has validated its findings with focus groups and by considering the distribution of actual expenditure as reported in the Expenditure and Food Survey.

Although the FBU has been updating its budgets in line with movements in the commodity price index (<http://www.york.ac.uk/res/fbu/>) these budgets are now out of date, requiring both rebasing and merging with more consensual approaches to ensure they are representative of the current social and economic context.

2.2 The Consensual Budget Standards Approach

The 'consensual budget standards' (CBS) method developed over the last decade at CRSP takes a similar approach to the FBU but instead of panels of professional experts, ordinary people representing different family or household types are brought together to form budget standards committees considering minimum needs. The rationale for this is that people living in a particular household type are best placed to construct a budget for such a household.

The CBS approach assumes that for society to agree a particular minimum standard of living, there needs to be informed negotiation and agreement about what constitutes a minimum, via a derivative of focus group methodology. However, it has not so far had a method of verifying these standards against expert knowledge or research.

The CBS approach has already been used successfully in Britain to assess the costs of bringing up children (Middleton et al., 1994); children with severe disabilities (Dobson et al., 1998); in Jersey to produce budget standards for all household types (Hartfree et al., 2001; Middleton, 2001) and most recently in Britain to develop budget standards for disabled adults (Smith et al., 2004).

2.3 The Project's Approach to the "Minimum"

This project aims to specify a minimum acceptable standard below which it is unacceptable (scientifically, morally and socially) in today's society for any individual or family to fall. Previous CBS research has shown that ordinary people can, through group discussion, define the minimum. Their definitions go beyond having enough food, warmth and shelter, to include sufficient resources to participate in society and to maintain human dignity, consuming those goods and services regarded as essential in modern Britain. However, the minimum clearly excludes items that may be regarded as "aspirational": it is about fulfilling *needs* and not "*wants*".

In specifying a minimum income, it is important to acknowledge that not everybody's needs are the same, even within a single household type. Many features of an individual's life may create additional needs, such as living in a very remote area, having an impairment or living in a particularly expensive neighbourhood. Thus a national "minimum" does not create an acceptable living standard for every individual. Given that public policy in many areas does not currently acknowledge additional needs, it would be valuable for future research on the extra needs of particular groups to build on the baseline established in this project.

3 AIMS

The research aims to bring together the FBU and the CBS methodologies to:

- develop budget standards for different household types in Britain, using a methodology that is both scientifically rigorous and defensible;
- generate sufficient information to provide detailed explanations of the rationale underlying the budget standards. Previous experience with budget standards (see for example, Smith et al., 2004, Dobson and Middleton, 1998) suggest that this strengthens significantly their value in the eyes of policy makers and other audiences;
- provide budget standards that are firmly grounded in consensus among ordinary people living in each household type, whilst being informed by 'expert' advisers to ensure conformity to necessary guidelines (such as nutritional standards);
- inform continuing debates about what is a minimum acceptable level of income that enables full participation in today's society; and
- provide budget standards that they are relatively straightforward to uprate or recalculate over time, to account for changes in living standards or social attitudes, and suggest a simple method for doing so.

4 POLICY AND PRACTICE RELEVANCE

The availability of robust minimum income standards will represent a substantial step forward in current debates about poverty in which JRF is closely involved. It will not replace other measures, but will help to 'ground' them in an informed estimate of how much income households need to avoid hardship. Such research will play an important part in the current process of building understanding of the nature of poverty in Britain and consensus over the need to tackle it.

With both the latest deprivation survey (1999) and the latest calculation of budget standards (1999) becoming increasingly out of date, there is a need now to strengthen the evidence base. JRF is uniquely placed to produce such evidence, independently, as it has done for the past century.

Income standards, which exist in various forms around the world (see above, and Veit Wilson, 1998), can help underpin policies seeking to provide income adequacy through social security systems. This does not mean that they predetermine the level at which benefits are set.

One can distinguish between:

- Poverty measures arising from research about minimum income levels at which people can live adequately;
- Minimum income standards accepted as a political criterion of adequacy; and
- Social assistance levels based on political decisions about how much governments can afford to pay.

An independent body such as JRF can only ever produce the first of these, but the stronger the credibility of such measures, particularly in terms of their relationship to public attitudes, the more that governments and political parties are likely to heed them. A key reason for proposing the present project now is that in a climate of an active debate and high political ambitions with respect to poverty, a credible minimum income standard is likely to have a much greater impact than it might have had ten or twenty years ago.

5 RESEARCH DESIGN, METHODS AND ANALYSIS

This section summarises the proposed research design and methods (Section 5.1), the production of the income model from the budget standards (Section 5.2) and the proposed approach for updating and rebasing the budget standards over time (Section 5.3). Fuller details of

the design, methodology and analytical procedures have been included in Appendices.

5.1 Research Design Stages

The research design comprises a series of stages, as illustrated in Figure 1, with each stage directly informing the development of the subsequent stage.

In summary, there will be five stages of consensual discussion groups with the general public (orientation groups, task groups, checkback groups, final negotiation groups and geographic groups). Group members will be drawn from the family and individual types under discussion in each case. At each stage a new set of participants will take part, except in the final negotiation groups where members will be drawn from the previous stage. At various stages before and after these 'general public' groups there will be input from the 'expert professionals', to contextualise the discussions as well as providing scientific input and guidance to specific areas of the budgets.

Each stage is described in further detail below, with the structure of each set of groups included in Annex A. The design initially produces a set of budget standards for the **individuals** within families listed below. These standards are then combined to produce budget standards for **family types**, using decisions made in the later group stages about:

- *economies of scale* (for example, the 'savings' associated with having a second child through the reuse of items such as prams, clothes etc.), based on individuals' own experiences of the extent to which such economies are achieved in practice, combined with evidence from expert opinion, for example about how much the benefits of domestic heating, car ownership, internet access, white goods etc can be shared; and,
- *perceived variations in need* according to gender or age.

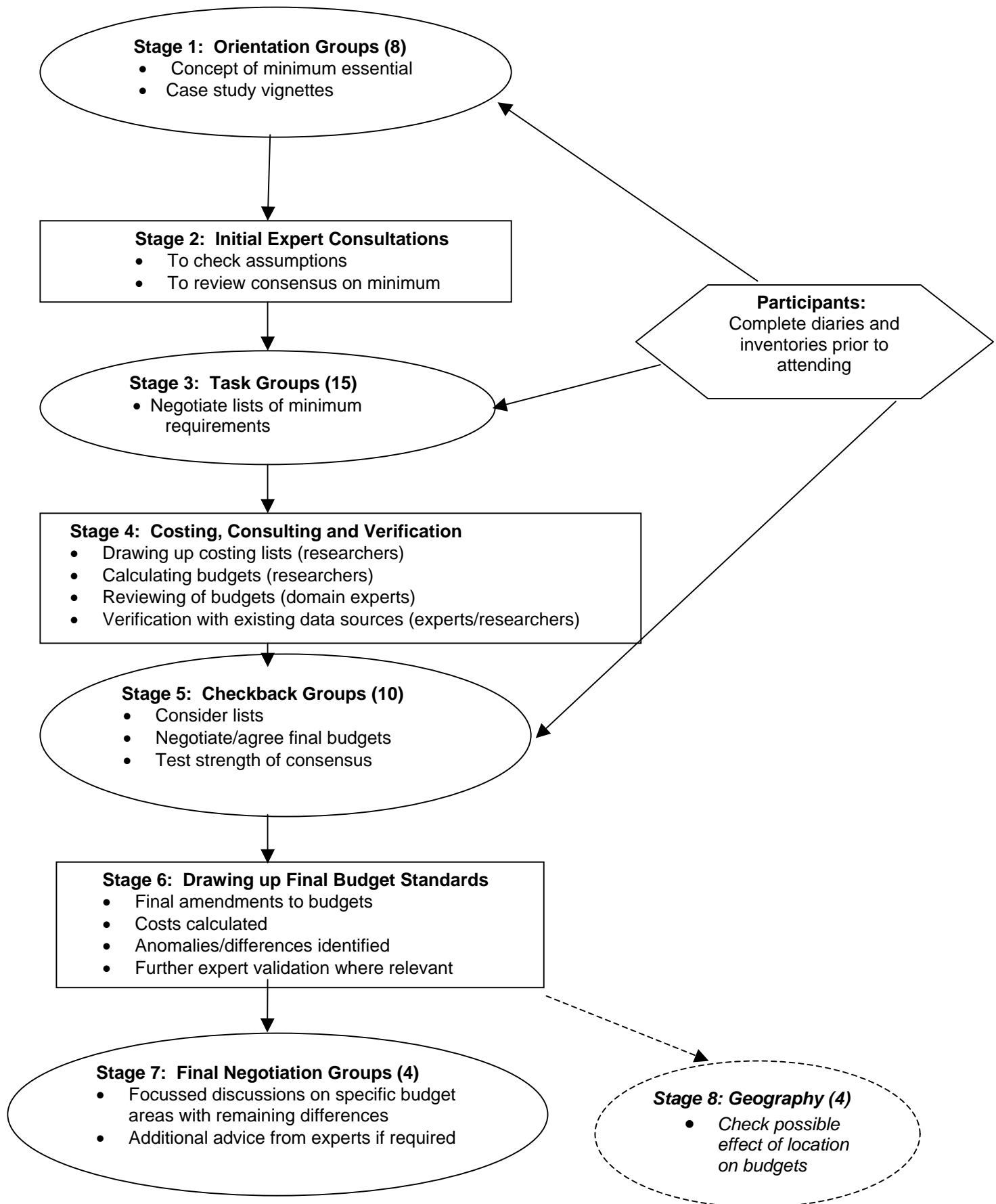
Individual budget standards produced for:

1. Single female adults no children
2. Single male adults no children
3. Partnered female adults no children
4. Partnered male adults no children
5. Partnered female adults with children
6. Partnered male adults with children
7. Lone parents
8. Single female pensioners
9. Single male pensioners

10. Partnered female pensioners
11. Partnered male pensioners
12. Baby/toddler*
13. Preschool child*
14. Primary school aged child*
15. Secondary school aged child*

* These budgets will be drawn up in the groups by parents with children in the relevant age group.

Figure 1 Minimum Income Standards Research Stages



Annex B shows the list of budget areas participants will be asked to discuss. These have been drawn up based on previous budget standards research.

Stage 1 Orientation Groups

The two main aims of the orientation group stage are to discuss and agree a definition of 'essential minimum' to be used in the subsequent group stages, and to develop and agree a case study vignette (see Annex C).

Eight orientation groups will be held, each around 1½ to 2 hours long. At the orientation stage the 'expert professionals' will provide (via material used by facilitators) some background information to group participants on the concept of 'minimum'. This may include, for example, how the concept relates to internationally agreed definitions of human rights and the context of recent debates over defining minimum standards.

Stage 2 Initial Expert Consultation

Once the case study vignettes have been agreed and a consensus reached on what defines 'minimum', an expert consultation will take place to check the validity of assumptions made in the groups, for example, in specifying characteristics of the imaginary individual and household in each case study. If straightforward errors have been made (such as a particular household's entitlement to benefits), experts are authorised to make revisions in what is subsequently presented to the task groups. If controversial assumptions are made they can flag these up to task groups. Nevertheless, the expert input at this stage will remain a 'light touch'.

Stage 3 Task Groups

The second set of groups will be tasked with detailed work on budget items. These groups will either consist of a day long workshop, or two sessions with the same participants held one week apart. Previous experience has indicated that this is sufficient to produce the detailed budget lists.

Participants will go through each area of the budget to discuss and agree what the minimum essential need is for the relevant case study individual, using the definition of 'minimum' agreed at the previous phase. An important task of the moderator in this context will be to remind participants continually that they are defining *needs* and not *wants*: that this is a minimum not an aspirational budget.

At this stage, there is no discussion of *financial* need; what is discussed and agreed is the *actual* need. For example, the group will not discuss how much money the case study person might need for transport, but will discuss the actual transport need, such as a bus journey to and from work each day.

The budget areas to be covered are included in Annex B. Budget lists of items identified in previous research (see Middleton et al., 1998; Hartfree et al., 2001; Parker, 1998 and 1999) will be used as the starting point on which group participants can build. Discussions will include agreeing the number of each item deemed necessary, how long each item would last ('replacement' or 'consumption' rate), whether the item should be new, or second hand or 'handed down' (if relevant) and where the item should be obtained (e.g. which shop).

Some areas of the budget need to be discussed rather differently. For example, in discussing food, participants will construct a sample menu, outlining the basic food and drink required, along with the necessary contents of a 'store cupboard'.

At the end of each task workshop, there will be a list of consensually agreed minimum needs (typically noted on flipcharts) for each budget area, with notes made of any items or areas for which the group were unable to reach a consensus (to follow up at subsequent stages).

A final task for participants at this stage will be to review and consider the lists in their entirety, and reflect on whether there are any areas of the budget for which they feel they have been too restrictive or too generous in their judgements about the provision of a 'minimum'.

Stage 4 – Costing, Consulting and Verification

The lists from the task group will then be costed by the researchers. Some initial work by the researchers is needed at this stage to complete a full list of items in the budget, for example in translating a sample daily menu into a detailed food list for the whole week, having regard to what the task groups say about the need for variety. The costings will be drawn up on the basis of prices at outlets agreed by the groups. An initial overall budget will note outstanding matters that need to be resolved in the 'check back' phase.

Once the initial budgets are produced, the experts will make their most important input, validating the budgets to assess:

- a) whether essential material needs are properly covered, with respect to accepted standards of nutrition, health, housing etc.
- b) how the budget standards relate to spending patterns as shown in existing expenditure data (from the Expenditure and Food Survey).
- c) how the items in the budget relate to consumption and ownership patterns, as shown in data on percentage of the population who own/consume particular types of item.

There are two elements of the budget that require particular attention at this stage – food and fuel. The food elements in the weekly budgets will need to be checked against the Dietary Reference Values (DRVs) drawn up by the Department of Health, and other guidelines for healthy eating. They also need to be compared with actual home food purchasing patterns reported in the National Food Survey. The aim will be to ensure that the budgets are not below the recommended minimum healthy level, and to point out to check-back groups if they differ greatly from actual food consumption patterns.

For items beyond these essentials for healthy living, the expenditure, consumption and ownership data referred to above will be examined to check whether budgets seem to deviate excessively from what is spent in reality by households on modest incomes. A consultant Home Economist will also contribute to providing expertise on the other commodities in the budgets.

In cases where the expert evidence is not in agreement with the judgements made by the lay panels, the experts will need to distinguish between various levels of disagreement:

- (i) Where there is a minor disagreement, it should be *ignored*. The job of the experts is not to impose their own precise judgements, rather to identify areas where the panels' judgements seem significantly different from what may be considered reasonable.
- (ii) Where there is a more significant disagreement, the experts should *flag up* some further considerations that the 'checkback' group (see below) should take into account.
- (iii) Where experts feel strongly that a certain feature needs to be reconsidered, they may wish to *recommend* to the 'checkback' group that it be reconsidered. It would still be open to the group to retain it, or to modify it in a way different from that recommended by the experts.

- (iv) In certain cases it will be open to experts to *insist* on a change. This may be, for example, if a budget were clearly too low to provide an acceptable nutritional standard. The research team would need to endorse this judgement before it was imposed, with an underlying principle that this is a safeguard to be used only in extreme cases: the aim of the project is for the budgets ultimately to be decided by panels, and informed rather than decided by experts.

Stage 5 The Checkback Stage

This stage in the research involves a series of 10 group workshops, similar in composition to the task groups but with some able to check more than one budget (e.g. a mixed group of single men and women checking the budgets for both single males and single females).

These 'check back' groups will test the strength of consensus, both among themselves and in terms of agreement with the task groups (and with other groups at this stage if appropriate).

Participants will discuss lists of items compiled by the task groups, alongside comments by the experts on individual items or on the overall composition of the budget. They will be asked whether they agree with the items and if they should be amended in any way. At first, the calculated costs of the budget area will not be revealed. Participants will then be provided with the cost information, and with any expert comments regarding expenditure levels, and again will be asked, in light of this information, whether they think the 'minimum' they have allowed for is too high or too low and whether they wish to change the lists. Any changes will be noted and the budgets revised accordingly. As in the earlier stage, participants will then be asked to think about the implications of their minimum budgets, in terms of cost. However, at this stage they will also be asked to think about the implications of the budgets in a national context, for example, whether and how they might amend the budgets if they were told that the country could not afford to meet the costs involved.

During this stage, the component budgets for individual adults (and children) in particular household types will be added together to show costs for a full household, taking into account economies of scale defined by the groups.

Stage 6 Drawing up the Budget Standards

Following the check-back groups the budget standards will be amended and finalised by the researchers and the essential minimum budget standards will be drawn up. There will also be further validation by experts on near-final budgets, who will look principally at (a) those areas where they have raised serious concerns (categories (iii) and (iv)) at the previous stage, and (b) any areas where the checkback groups have made substantial changes not related to the expert input. Where either of these raise significant concerns, the experts can feed these through to the final negotiating groups, on a similar basis to the previous round. A further check by experts at this stage will consider whether assumptions about economies of scale, negotiated by the checkback groups in order to provide whole family budgets, seem plausible in light of actual patterns of expenditure on particular items.

Stage 7 Final Negotiation Stage

The research design also allows for a final checking and verification stage. It will include any further discussions that might be necessary to negotiate any remaining differences in the budget standards. Previous experience suggests that occasionally differences emerge in the final budget standards that need to be resolved. Past examples include unresolved differences between men and women on spending on social activities, food and telephone. Four groups have been costed for at this final stage, though it should be appreciated that it is not possible to determine the exact number until towards the end of the research process. It is anticipated that group members here will be drawn from the final checkback group stages, as this will ensure that those participating are fully conversant with the approach and aims of the exercise (thus avoiding unnecessary additional time and resources).

In cases where there are significant issues to be resolved arising from expert opinion, a spokesman for this opinion (for example, the fuel or nutrition expert) would attend the relevant group to negotiate a final settlement. The final arbiter in the case of a deadlock would be the research team.

Stage 8 Geographic Check

Whilst costs (or indeed attitudes) may vary in different parts of the country as well as between urban and rural areas (e.g. fuel, transport etc), the aim of this research is to develop a *minimum* below which nobody should fall. It should also be noted that current financial support mechanisms take no account of such variations in need. Recruitment will, therefore, aim not to draw people from groups or geographical areas

with atypically high needs (see further below). Separate studies may be needed for some groups with specific needs (for example, those living in remote rural areas, carers or particular minority groups).

Nevertheless, as an additional check at the end of this process, four groups from different parts of the country will consider the validity of a sample of the final budgets. These groups will be drawn from a range of areas in different parts of Britain: central Scotland, a large South Wales town, outer London and a non-remote rural area. The aim is not to map geographic variation, nor to investigate geographically atypical areas. Rather, it is to inform the project of whether the geographical locations of the main exercise might have affected the results to any significant degree, and to take this into account when presenting the results.

Recruitment

In the above stages, up to 41 groups of nine people each are proposed. Those attending the groups will be purposively selected to ensure a mixture of age, gender, and socio-economic circumstances.

Recruitment will be undertaken by BMG Research, who have established links throughout Britain. The main research will be based in two areas of the Midlands, chosen on the basis of census data that show them to be as “typical” as possible of Britain as a whole, in the sense that they do not have strongly atypical geographic, demographic or economic features. Derby and Kidderminster, a larger town and a smaller town at opposite ends of the Midlands, are possibilities.

5.2 Producing an Income Model from Budget Standards

Having established a budget standard for different family types the question arises what gross income (before taxes and benefits) is required to achieve that level of minimum disposable income. This is necessary to know both how much people in work need to earn to get above the standard and whether out-of-work benefits will provide sufficient income to afford the budget – taking account of existing levels of taxes, benefits and tax credits.

The FBU has produced a model allowing such a calculation to be made annually. It has developed a computerised programme for calculating the income required to meet any budget, but so far this does not take account of income tested benefits and therefore is of limited use. This problem will be dealt with by developing a spreadsheet model that has a clear interface which anyone can understand, and which can be easily updated annually with changes in tax benefit parameters – making the

model accessible to organisations ranging from trade unions to those advising on money management, to courts determining the capacity of people to pay debts.

Further details about the development of this model can be found in Annex F.

5.3 Adjusting Budget Standards Estimates Over Time

One of the major criticisms levelled at budget standards methods of estimating minimum incomes is that they are a 'moving target', with the cost of the initial budgets changing annually with prices and with the content of the budgets liable to change over time as standards of living increase and consumer priorities possibly change. Median income measures are, of course, also a moving target with the 60 per cent of median figure increasing on an annual basis. This is dealt with by using a base year of median income with which incomes in subsequent years are compared. We intend to produce proposals for adjusting budget standards over time that will provide a more rigorous method of dealing with changing incomes and living standards.

Whilst the initial budget standards can be relatively easily updated on an annual basis by recosting items in the budgets, over time it will be necessary to adjust the budget standards to reflect rising living standards. Making such adjustments only occasionally is problematic, since it potentially causes estimates to jump every time the standard is rebased, with estimates prior to that jump understating what families need by today's standards.

In summary, the project will:

- a) Propose a basis for periodic rebasing of the budgets.
- b) Produce a basis for reporting an "annually adjusted estimate" of income standards in between rebasings, in addition to annual recosting of the budget standards.

Further details of how it is proposed to produce these models for updating the budget standards can be found in Annex D. Note that it will not be part of the present project to carry out these updates, only to specify how future work may do this economically.

6 ETHICAL ISSUES

All research in CRSP is submitted to Loughborough University's Ethical Advisory Committee for approval. CRSP works in accordance with their guidelines, as well as those from bodies such as the Social Research

Association and the British Sociological Association. CRSP researchers and recruiters have obtained clearance from the Criminal Records Bureau.

At the recruitment stage, all those in contact with potential respondents will carry identification, and will make themselves known to any relevant gatekeepers or local authorities (such as the local police or local community workers).

Informed consent is always sought from participants, to ensure that they understand the purpose and aims of the research, how it will be conducted and the demands it will place on participants. All respondents are assured of confidentiality and anonymity¹. CRSP also complies fully with the Data Protection Act etc.

At a wider ethical level, the team acknowledge the responsibility to produce results that are as reliable as possible and do not create misinformed judgements that could ultimately damage people's lives through wrong information about what constitutes minimum income standards. This project has many safeguards built in to reduce the risk of obtaining distorted information, including care over recruitment to the groups, checkback of the consensus reached at the first stage with completely different groups and the further cross-checking of this consensus against informed opinions of experts.

¹ Unless serious concerns emerge about the safety or well-being of the respondent or others.

7 TIMETABLE

The proposed timetable for the research covers a 19 month period, and assumes a start date of May 2006 and a reporting date toward the end of 2007.

Date	Activity	
	CRSP Tasks	York Tasks
May 2006	Preparation for project launch. Small conference (see dissemination)	Contribute to project launch and conference. Obtain EFS, join data sets, prepare preliminary analysis.
June	Recruitment for orientation phase Prepare instrumentation	Help with instrumentation for orientation phase.
July	Orientation phase	Orientation phase
Aug	Analysis of Orientation groups Recruitment for task groups	
Sept	ADVISORY GROUP 1 Task groups	ADVISORY GROUP 1 Task groups
Oct	Task groups	Task groups
Nov	Prepare budgets	Expert consultation
Dec	Cost budgets	Expert consultation
Jan 2007	Complete budget costs ADVISORY GROUP 2 Recruit checkback groups Prepare instrumentation	Complete expert consultation ADVISORY GROUP 2 Help prepare instrumentation
Feb	Checkback groups	Checkback groups
Mar	Revise/amend budgets	Expert consultation Complete EFS analysis
Apr	Recruit final negotiation and geographic groups Begin qualitative analysis	Prepare grossing model and user interface
May	Final groups	Final groups
June	Final amendments to budgets	Final expert consultation

Continued...

July	Geographic Groups Analysis and report	Geographic Groups Report
Aug	Analysis and report	Report
Sept	Analysis and report ADVISORY GROUP 3	Report ADVISORY GROUP 3
Oct	Budget standards report submitted	
Nov	Report Launch Web-site	Report Launch Web-site

8 STAFFING AND MANAGEMENT

The proposed project team has a wealth of experience of poverty research and in particular budget standards research, as well as of qualitative approaches more generally. Colleagues at York and Loughborough have worked together on a number of previous occasions, including on the Poverty and Social Exclusion Survey of Britain. **Sue Middleton**, Director of CRSP, and **Professor Jonathan Bradshaw**, University of York, will co-direct the project, although the project will be managed from CRSP who will take overall responsibility for its completion. They will be assisted by **Karen Kellard** of BMG Research, formerly Assistant Director of CRSP, who has extensive experience of CBS methods. She will supervise the recruitment process, which will be undertaken by BMG, as well as assisting with fieldwork and with the overall co-ordination of the project.

Monthly project team meetings, involving members of both teams, will be held to ensure effective liaison and co-ordination, as well as progress toward project milestones.

8.1 CRSP Staff

In addition to Sue Middleton, **Noel Smith** and **Yvette Hartfree** (Research Fellows in CRSP) both have significant previous experience of CBS methods. They will share moderation of the CBS groups with Nina Oldfield and be responsible in CRSP for the day-to-day management of the work. A junior research associate with relevant experience will work full-time on the project throughout to ensure continuity and co-ordination.

8.2 BMG Research

BMG Research will be responsible for recruitment and practical aspects of administering the CBS groups, and will also undertake data input from the recruitment questionnaires. BMG is an independent economic and

social research consultancy based in Birmingham and specialising in research, evaluation and consultation support. Founded in 1986, BMG has extensive experience of qualitative research management including all aspects of the focus group process, and has specialist sections for recruitment and data management.

8.3 York Staff

Professor Jonathan Bradshaw will lead the team. He will be assisted by: **Dr Nina Oldfield** has been the Family Budget Unit researcher since she worked on the original Budget Standard for the UK. She will act as liaison with CRSP on behalf of the York team, participating in every stage of the group work, and will manage the input of the experts.

Emese Mayhew will undertake the Expenditure and Food Survey analysis. She is skilled and experienced in the analysis of large data sets.

8.4 Experts

Professor Steven Wilcox will build the tax benefit model and we have also budgets for a **programmer** to write the user friendly interface to the model.

Bill Wilkinson who works for Energy Audit will take responsibility for consulting on the energy part of the budget. He has previously provided this expertise to the FBU.

Professor Michael Nelson is Professor of Human Nutrition at Kings College, London. He has been responsible for the FBU food budgets since the start. The calculations of the nutritional adequacy will be undertaken by **TINUVIEL** a specialist software company.

A **Home Economist** will also be recruited to provide specialist advice on the some of the other commodities in the budget including clothing, furnishings etc.

9 DISSEMINATION

The central output will be a short accessible report and Findings, in the format specified by the Foundation. However, we are certain that the results of this project will be of great interest to the policy community, the research community and the general public. We therefore anticipate a wide range of opportunities for dissemination, including articles, interviews, events and briefings for government departments and others. It is also proposed to establish a website containing downloadable

working papers explaining the methodology, spread sheets and the grossing model, allowing users to adapt variable costs items.

Such dissemination will have multiple objectives, notably:

- To feed the findings directly into policy deliberations inside and outside government, including discussion about the public monitoring of poverty and the setting of public targets and objectives;
- To raise public understanding and awareness of what it means to be poor in contemporary Britain;
- To stimulate further academic interest and work in this area, building on a minimum standard as a baseline for defining the needs of different groups.
- To enable a wide range of users to adapt the budgets standards for use for their own purposes and in their own localities

As a starting point in building interest and seeking consensus around minimum income standards, the proposal also includes an early event to 'launch' the project, in the form of a small conference with a range of interested parties. This will include about 50 participants from the scientific community, from interested groups and from government.

10 OTHER SUPPORT

No other support has been sought for this research.

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ANNEX A Structure of Consensual Budget Standards Groups

Table A1 Proposed Orientation Groups

Groups of:	Group composition	Family type(s) being discussed
Female adults, working age, no children	Mix of single, partnered, no children	Single adults Couple, no children
Male adults, working age no children	Mix of single, partnered, no children	Single adults Couple, no children
Male pensioner	Mix of single and partnered	Single pensioners Partnered pensioners
Female pensioner	Mix of single and partnered	Single pensioners Partnered pensioners
Partnered adults, working age with children	Partnered parents with main caring responsibility for dependant children from 0-16	Parents with dependant children Babies and toddlers Pre-School Primary school Secondary school
Partnered females, working age, with children	Mothers of dependant children of 0-16	Parents with dependant children
Partnered males, working age, with children	Fathers of dependant children of 0-16	Parents with dependant children
Lone parents, working age, with children	Lone parents with main caring responsibility for children aged from 0-16	Parents with dependant children Babies and toddlers Pre-School Primary school Secondary school

Table A2 Task Groups

Groups of:	Budgets constructed for:
Single female adults no children	Single females no children
Single male adults no children	Single males no children
Partnered female adults no children	Partnered females no children
Partnered male adults no children	Partnered males no children
Partnered female adults with children	Partnered females with children
Partnered male adults with children	Partnered males with children
Lone parents	Single adults with children
Single female pensioners	Single female pensioner
Single male pensioners	Single male pensioner
Partnered female pensioners	Partnered female pensioners
Partnered male pensioners	Partnered male pensioners
Parents of baby/toddler	Baby/toddler aged 0-1 year
Parents of preschool	Pre-school child aged 2-4 years
Parents of primary	Primary school child aged 5-10 years
Parents of secondary	Secondary school child aged 11-16 years

Table A3 Checkback groups

Groups of:	Checking budgets for:
Parents of babies/toddlers and pre-school	Babies/toddlers and pre-school
Parents of primary school children	Primary
Parents of secondary	Secondary
Single adults, working age, no children	Single males, working age, no children <i>and</i> Single females, working age, no children (to merge)
Partnered adults, working age, no children	Partnered males, working age, no children <i>and</i> Partnered females, working age, no children (to merge)
Single adults, working age, with children	Single adults with children
Partnered adults, working age, with children	Partnered males, working age, with children <i>and</i> Partnered females, working age with children (to merge)
Single pensioners	Single female pensioner <i>and</i> Single male pensioner (to merge)
Partnered pensioners	Partnered male pensioner <i>and</i> partnered female pensioner (to merge)

ANNEX B Budget Areas Covered

Table B.1 Budget Areas Covered: Weekly Amounts

Budget areas for which costs might be expected to arise at least once a year. These costs are then converted to weekly amounts.

Food	Insurance
Clothes	Fuel (heating, lighting, cooking)
Toiletries, cosmetics and hairdressing	Holidays
Cleaning materials	Christmas
Leisure and other external activities	Healthcare
Other regular purchases and spending*	Childcare
Telephone**	Transport***
Housing	

* For example, newspapers, magazines, stamps, birthday cards and presents, giving to charity, household maintenance.

** The cost of the telephone, rental and/or calls.

*** In some cases public transport or taxis, in others car running costs.

Table B.2 Budget Areas Covered: Furniture and Equipment

Items and equipment that will incur costs over longer periods of time.

This produces budgets standards for minimally equipping a home.

Lounge (main furniture items, television, radio etc.)
Bedroom (including bedding, as well as main furniture items)
Dining room/area (including crockery, cutlery etc.)
Bathroom
Kitchen (including cooking utensils and cleaning equipment, as well as electrical goods)

ANNEX C The 'Case Study' vignette

Participants arrive at the CBS groups having completed consumption diaries and household inventories for their own household (see further below). In order to move the discussion away from their individual experiences and circumstances to focus on a minimum living standard, participants in the main phases of the research are given a case study description of an individual. This case study is agreed by group members at the orientation stage as a representation of someone for whom they are drawing up a minimum budget standard. The case study person includes agreed assumptions about the type of accommodation they live in, type of employment, health and so forth.

ANNEX D Further Details of Design and Methodology

a) The 'Consensual' Focus Group

Skilled moderation is required to ensure that the group members understand the purpose of the group and their role within it, that ground rules are set and adhered to, that key issues specified in the discussion schedule are covered and that all members of the group have the opportunity to, and are encouraged to, contribute to the discussion and debate. The facilitator also needs to ensure that consensus is reached as far as possible for all areas of the budget standard. In addition to the facilitator, a second researcher will ensure that all changes to budgets are noted, with real-time recalculations (using Excel) at the checkback stage enabling group participants to be informed of the financial impact of the changes they have agreed.

b) The Recruitment Questionnaire

The recruitment questionnaire is used to check eligibility for the focus groups, as well as collecting some socio-demographic data about respondents to ensure that a 'mix' is recruited for each group. Questions are included about household composition, housing tenure, age, current/previous employment etc.

c) The Discussion Schedule

The discussion schedule, or 'topic guide' contains a list of all of the areas of the budget (clothing, food, furniture, fuel, activities etc) (see Annex B for example). This is then worked through with respondents, with the facilitator using flip charts to record the items agreed as necessary, the number of each item agreed as necessary, the proportion of new to second-hand that is acceptable (e.g. for clothing, furniture etc), durability or replacement rates and where items should be bought. A slightly different approach is adopted for some areas of the budget such as food and fuel (see Section 5.1 above).

d) The Inventories and Diaries

Prior to attending the focus groups participants will be asked to complete consumption diaries and inventories of household items. Asking participants to think about the things that they own and consume provides an important context to their subsequent discussions. Previous experience suggests that participants attend the group having thought, sometimes for the first time, about their consumption and, most importantly, about their needs.

ANNEX E Analytical methods

The data collected during the CBS stages of the research are of two main types: qualitative contextual data that explain the rationale behind budget decisions; and numerical data collected as part of the groups, which is then 'transformed' into weekly or one-off financial data. In addition, a significant amount of analysis will be undertaken using the Expenditure and Food Survey datasets.

a) *Analysis of the qualitative (focus group) data*

After the focus group discussions are transcribed, they will be coded and thematically analysed. The analysis conducted will explore themes and issues for each of the groups and explore differences and similarities across household types.

b) *Analysis of the budget standards data*

During the task and check-back focus groups lists of items will be identified and agreed by participants as those that are essential to maintain a certain standard of living. After each of these stages the lists of items and services will be costed at retail and other outlets agreed by the participants. Once costings have been obtained an Excel spreadsheet will be constructed which will list the items, the costs, and the replacement value for each of the case studies. The spreadsheet data will then be used to calculate the minimum essential budget standard for the different household types.

The exercise will also result in a comprehensive database (potentially of over 200 cases) of ownership and expenditure and thus could be used for secondary analysis (although we have not costed for this).

c) *Analysis to compare budgets with behavioural/expenditure data*

The purposes of this analysis are not to determine the budgets but to compare them with national evidence about how families of different types spend their money. This will be done using EFS data (combined from 2001/1, 2002/3 and 2003/4) to explore the expenditure patterns of different family types and how these vary by income level and other characteristics (such as employment status, geography and benefit/tax credit status).

ANNEX F The Income Model

The Housing Corporation has funded Professor Steve Wilcox to produce a “ready reckoner” of the tax and benefit system and this has been used to estimate housing affordability for the JRF Housing Review. The spreadsheet programme takes account of the rules for all the main means-tested benefit. His programme enables for any given family type the possibility of looking up the net income derived from a gross earnings level and vice versa. As part of this project Professor Wilcox will adapt his model so that it can be used to estimate what earnings or benefits are needed to meet the budget standards for each family type.

This will then be designed into a spreadsheet model with a clear user friendly interface and made available on a website. This work will be undertaken by Professors Steve Wilcox and Jonathan Bradshaw supported by a person with the technical expertise to write the interface.

ANNEX G Rebasing the Budget Standards

The project will produce a proposed basis for:

a) **periodic rebasing of the budgets.** This should be possible for only a fraction of the cost of the present exercise by examining only a small subset (e.g. one or two) of the family budgets. To translate the results into new budgets for all families, the initial results will be used to produce a set of “equivalence scales” considered valid over a much longer period. The project will produce a view, based on analysis and expert opinion, on (a) how often the rebasing needs to take place (e.g. every 5 years); (b) how many budgets need to be looked at on each rebasing and (c) for how long the equivalence scales derived from the initial exercise can be assumed to be a reasonable approximation of the relative needs of different family types.

b) **“annually adjusted estimates”** of income standards in between rebasings, in addition to annual recosting of the budget standards. This will initially be an experimental uprating system, based on the hypothesis that minimum income standards are likely to rise in real terms over time as the country grows more prosperous, but may not necessarily rise at the same rate as incomes generally. A minimum family budget tends to contain more material necessities and fewer luxuries than the budget of an average family. As general living standards rise, most people’s consumption of basic items such as food will rise at a slower rate than their rising incomes. But how will their view of a basic budget for a low income family change? Evidence from the Expenditure and Food Survey will be examined to observe how spending patterns on different items actually change over time among lower income groups in response to rises in their incomes.

This evidence will be used to make a best guess at the relationship between rises in the real median income of each family type and rises in the quantity of goods and services that comprise an agreed minimum income standard. Such analysis will be used to estimate the rising quantity and cost of the components of each family budget, distinguishing price rises of different categories of item, and hence to re-estimate budget standards annually.

However, it must be emphasised that an initial formula for making this calculation will be provisional. The most reliable evidence of how social expectations of a minimum tend to change in relation to changing general incomes will be a comparison of the budgets arrived at by

panels at two points in time. The first rebasing of these budgets would provide such evidence, and allow the formula for annual upratings to be refined. It will also be useful in the initial project to consider what budgets would be produced by the FBU's 1998 budgets uprated by the provisional formula.