

MINIMUM INCOME STANDARD

WORKING PAPER THREE

First Analysis of the Expenditure and Food Survey

Background

The MIS will be determined by the focus groups, moderated by expert opinion. However when the MISs have been established we will need to observe how they compare to actual expenditure. For this purpose we are undertaking analysis of the Expenditure and Food Survey. This note and the attached excel spread-sheet presents the results of some preliminary analysis we have undertaken while waiting for the MIS budgets to be produced.

Methods

We have taken the Family Budget Unit budgets uprated to April 2006 and for each component compared the budget with actual expenditure by decile group of total expenditure. For this we have:

- Combined the EFS data for 2001/2, 2002/3 and 2003/4. When 2004/5 becomes available we will add that. The purpose of combining the data sets is to enable us to have adequate numbers of less prevalent family types in the MIS budgets, though inevitably our choice is still constrained. In order to match the FBU family types we took single tax/benefit units with the following specifications
 1. Single pensioner (men over 65, women over 60)
 2. Pensioner couple (men over 65 and women over 60)
 3. Single parent + two children <16
 4. Couple + two children <16
 5. Single man aged 20-40
- Uprated the expenditure to April 2006 using the commodity RPI for the different commodities by month i.e. April 2001 has been uprated to April 2006.

As well as presenting the expenditure for each decile group we have additionally presented the expenditure of the family units who are dependent on Income Support/MIG/Pension Credit.

Results

In the Excel charts we have compared expenditure using £ per week and budget shares (% of total expenditure). There are comparisons for

Clothing
Food and catering
Household goods
Personal Care
Tobacco
Alcohol

Household Services and
Fuel
(scroll along the bottom)

Among the results that are of special interest

- For most family types and for most commodities the FBU budget is higher than the expenditure of the lowest deciles. For pensioners this is partly because the income distribution is very constrained – there is little difference between deciles).
- As we have been expecting the FBU fuel budget is low – especially for single pensioners and single men. The first five deciles of single pensioners and the first two of lone parents are in formal fuel poverty – spending more than 10 per cent of their budgets on fuel.
- For all family types the FBU budget for household services and housing is very high.
- The FBU alcohol budget is also high although it is constrained to meet healthy drinking guidelines. This probably the result of under reporting in the EFS.
- The FBU does not allow a budget for tobacco but nevertheless there is spending on it – Over £7 per week on average for lone parents on IS.

Comments and criticisms on this preliminary analysis are welcomed, as are suggestions for further work.