In 2008, JRF published the first ‘minimum income standard for Britain’ (MIS), based on what members of the public thought was needed to achieve a socially acceptable standard of living. This new research explores whether the standard is applicable to Northern Ireland.

Key points

- Most necessities in Northern Ireland can be bought at similar prices to the rest of the UK, notable exceptions being household fuel (more expensive) and local taxes (less expensive).

- Based on focus group discussions in Northern Ireland, most minimum needs were similar to those identified by people in Great Britain. One marked difference was that families with children in Northern Ireland believed that owning a car is a minimum requirement.

- The other main discrepancy was higher needs in terms of personal services (including substantially higher spending on hairdressing). However, in some cases the amount specified as a minimum needed for leisure activities was lower in Northern Ireland than in Britain.

- Overall, these differences mainly cancelled each other out. For single working-age adults and pensioners, the overall minimum budgets calculated for Northern Ireland were within 2 per cent of those for Britain, and for all households they were within 5 per cent.

- These findings indicate that, in future, the main MIS results can be considered to apply to the whole of the UK. However, the detailed breakdown of budgets for Northern Ireland is also relevant, and can help to inform policies to assist people on low incomes there.

- Across the UK, most people on minimum wage would not earn enough to meet the MIS. For most, benefits fall far short of the MIS. Almost everyone below the Government’s income poverty threshold cannot afford this minimum living standard.
Background

The minimum income standard (MIS) is the income that people need in order to reach a minimum socially acceptable standard of living based on what members of the public think. It was first calculated in July 2008 by a team of researchers from the Universities of Loughborough and York, following research in which groups of members of the public specified baskets of goods and services needed as a minimum by different types of household. In July 2009 the standard was updated to reflect changes in prices.

The original research was carried out mainly in the Midlands in England, with some checking for geographical consistency in other parts of England, Scotland and Wales. The standard was interpreted as applying to Great Britain; this new research has made checks to see if the MIS is valid in Northern Ireland.

Cost of living and standard of living: local differences?

The research investigated two issues arising when looking at the minimum income required by households in Northern Ireland compared with the rest of the UK (Great Britain). First, do things cost more or less in Northern Ireland? Secondly, do different items need to go into budgets because of people’s different views about what things are essential to achieve a minimum standard of living?

In most cases the prices of goods included in the budgets were the same in Northern Ireland as in Great Britain, because most of the stores used to price goods in the main research had outlets in Northern Ireland. Overall, more than 80 per cent of items in the budgets cost the same. The remainder had to be priced specifically for Northern Ireland.

In order to investigate the second question – that of possible differences in what to include in an essential budget – the original research technique of conducting discussions among members of the public was repeated selectively in Northern Ireland. Focus groups of different types of households were held in Belfast and Omagh. Most of the budget items they identified were similar to those selected in the English Midlands, but in some cases with specific differences in judgements about what was essential. For example, the Northern Ireland focus groups emphasised the importance of good quality local meat more than their equivalents in England. This meant including at least one high quality cut of meat a week in the Northern Ireland budgets, leading to a very small increase in overall food budgets.

As in the original research, the Northern Ireland groups were drawn from urban areas. The researchers recognised that some living expenses are likely to vary between urban and rural households, and other MIS research is currently looking at rural costs in England. However, given Northern Ireland’s relatively large population of rural households, it is important to note that this research did not take into account different or additional rural costs.

Results

The budgets for Northern Ireland drawn up through this research were mainly similar to those for Britain, but with some differences. Overall, higher budgets in some spending areas for Northern Ireland were offset by lower budgets in others. This meant that the total budgets were similar. The research considered the needs of various household types and found that:

- For a single person of working age, the minimum budget was 90p a week or 0.5 per cent higher in Northern Ireland than in Britain (based on the average of the budgets for a man and for a woman).
- For a single pensioner, a minimum budget was £2.24 a week or 1.6 per cent higher in Northern Ireland.
- For a pensioner couple, it was £6.65 or 3.1 per cent lower in Northern Ireland.
- For families with children the differences were sometimes greater, depending on the children’s ages, although the examples calculated were still within 5 per cent of the budgets in Britain. For example, for a couple with a baby and a pre-school child, the budgets were £10.41 a week or 2.8 per cent less in Northern Ireland, while for a lone parent with a primary and a secondary school child they were £15.88 or 4.5 per cent more in Northern Ireland.

These comparisons did not include housing or childcare costs.

As an example, Figure 1 shows, for a single working-age adult, how differences in various parts of the budget balanced out between Northern Ireland and Britain.
The most significant areas of difference emerging from the research were as follows:

- **Local taxation.** Northern Ireland has retained domestic rates, which tend to be lower than council tax in the rest of the UK for equivalent properties. According to the Expenditure and Food Survey (a large national survey), average weekly domestic rates in Northern Ireland are nearly half the average weekly council tax bill in Great Britain.

- **Domestic fuel.** Various household types in Northern Ireland were estimated to pay between 17 and 30 per cent more for domestic fuel than in Great Britain. This was mainly because piped gas is less widely available, resulting in the wider use of more expensive heating oil.

- **Household services.** The amounts specified for landline and mobile telephone line rental and usage were lower in Northern Ireland for some household types, but higher for others. This reflects difficulties in determining stable budget needs for telephone charges because deals and norms are changing rapidly.

- **Personal goods and services.** All groups specified higher spending in this area in Northern Ireland than in Great Britain. Prescription charges are lower in Northern Ireland, but all the Northern Ireland groups specified a significantly higher budget for hairdressing than in Great Britain. The consistency of this across the groups suggests that it reflects a different social standard.

- **Transport.** In a marked break from the groups in Great Britain, families with children in Northern Ireland believed that owning a car is a minimum requirement. They argued that doing without a car would restrict access to out-of-school activities and thus cause social exclusion (those without children in Northern Ireland, and all household types in Great Britain, said that public transport with occasional taxis could meet minimum transport needs). A basic second-hand vehicle was therefore included in the budget for Northern Ireland families with children. This created higher overall transport costs for some, but not all, families. The groups in Great Britain set relatively high public transport and taxi requirements for households with school-age children, which came to more than the cost of a second-hand car. A separate consideration, for those without children and without a car, is that the Northern Ireland groups specified higher taxi needs than in Britain. This is why the transport budget for a single person shown in Figure 1 is higher in Northern Ireland.

- **Social and cultural participation.** In most cases, the amount allowed for activities such as holidays, eating out and celebrating birthdays was similar in Northern Ireland to the rest of the UK. However, for families with children there were some significant differences. In particular, a couple with two small children were thought to need only half as much for entertainment and recreation, covering the cost of parents going out and activities for children. This helps to explain why the overall budget for this family type was lower in Northern Ireland than in Great Britain.
Conclusion

This study has shown that a few elements of a minimum budget in Northern Ireland are significantly different from Great Britain, but that most elements are very similar. The overall level of the minimum income standard is also similar, and not consistently higher or lower from one family type to another. In light of these results, the MIS for Britain can fairly be described as representing a minimum standard for the whole of the UK. Future reporting on MIS will therefore use this description.

Nevertheless, the Northern Ireland results are of value in offering a more local feel for the breakdown of the spending needs comprising the budgets. These differences can have significant implications for social policy. For example, a larger portion of the budget in Great Britain than in Northern Ireland comprises local taxation. In both cases, some families on low incomes have council tax or rates rebated. The net income requirements in Northern Ireland are higher.

As in Great Britain, the Northern Ireland results give a benchmark that can inform social policy. They show that safety net benefits cover less than half the MIS for working-age people without children, about two-thirds for those with children, and about the same level as MIS for pensioners claiming Pension Credit. They also show that the minimum wage is too low for most people to reach the MIS with a single earner in the family. Finally, they show that almost all those who fall below 60 per cent of median income – the main government poverty line – are unable to reach a minimum standard of living as defined by this research.

About the project

The Centre for Research in Social Policy at Loughborough University carried out this study. It involved extensive desk-based research and four focus groups, two in Belfast and two in Omagh, comprising:

- pensioners (from single person and couple households);
- couple parents with pre-school-age children;
- lone parents with school-age children;
- single working-age adults.

Day workshops were held with all groups except working-age adults, who participated in an evening group.

For further information

The full report, A minimum income standard for Northern Ireland by Noel Smith, Viet-Hai Phung, Abigail Davis and Donald Hirsch, is published by the Joseph Rowntree Foundation. It is available as a free download from www.jrf.org.uk


A minimum income calculator is also available, which lets people find out how their income measures up to the minimum income standard: www.minimumincome.org.uk

Read more Findings at www.jrf.org.uk
Other formats available.
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