

# A minimum income standard for Northern Ireland

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## How minimum income standards compare between Britain and Northern Ireland.

The first Minimum Income Standard for Britain was launched in 2008 and represents an important new benchmark for economic well-being. This study asks if this standard is applicable for Northern Ireland and whether it is possible to have a 'UK-wide MIS'.

The study:

- is based on what members of the public think people need for a minimum, socially-acceptable standard of living;
- compares standards for Great Britain and Northern Ireland for selected household types; and
- examines how prices compare and whether what people need differs between the two places.



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# Executive summary

The first minimum income standard for Great Britain was launched in 2008. A minimum income standard (MIS) is the income required for a specified household type to reach a socially acceptable minimum living standard. It is based on research on what members of the public, informed by experts where appropriate, think is needed to achieve this minimum living standard. The 2008 MIS was based on research undertaken in Great Britain.

The aim of this research is to investigate the extent to which the MIS Great Britain findings are applicable to Northern Ireland and whether it is possible to develop a 'UK MIS'. To meet this purpose, this project examined how a Northern Ireland MIS compares with a Great Britain MIS.

The research comprised desk-based research, expert advice on fuel costs and housing, on-the-ground pricing at Northern Ireland retailers and a number of focus groups with members of the public in Belfast and Omagh. For comparability with MIS for Great Britain, groups in Northern Ireland were drawn from urban areas and the research does not take into account additional costs associated with living in rural areas.

Comparing MIS in Northern Ireland and Great Britain involves two questions. First, do things cost more or less in Northern Ireland? Second, do different things need to go into a budget because of different views among the public about what is essential?

In terms of the first question, we found that in most cases the prices of goods included in the budgets were the same in Northern Ireland as in Great Britain. This is 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 most notable exceptions were household fuel (heating, hot water, electricity), which is more expensive in Northern Ireland, and local taxes (rates and council tax), which are cheaper.

The focus groups were used in order to

investigate the second question. While there were some differences, most of the budget items that they identified were similar to those included by Great Britain groups.

## Results

The MIS budgets for Northern Ireland were similar to those for Great Britain. Higher budgets in some spending areas for Northern Ireland were offset by lower budgets in others.

The research considered the needs of various household types and found that (excluding housing and childcare costs):

- for a single person of working age, a minimum budget is 90p a week or 0.5 per cent higher in Northern Ireland than in GB;
- for a pensioner couple, it is £6.65 or 3.1 per cent lower in Northern Ireland;
- for families with children, the differences are sometimes greater, depending on the age of the children, but the examples calculated are still within 5 per cent;
- for a couple with a baby and a preschool child, the Northern Ireland budgets are £10.41 a week or 2.8 per cent less in Northern Ireland, while, for a lone parent with a primary and secondary school child, they are £15.88 or 4.5 per cent more.

Apart from local taxes and fuel, other significant areas of difference included telephone costs, personal goods and services (especially hairdressing costs), social and cultural participation, and transport. On this latter point, unlike the Great Britain groups, families with children in Northern Ireland believed that owning a car is a minimum requirement. Car ownership creates higher overall transport costs for some families but – because of the cost of alternatives (public transport and taxis) – this was not true for all families.

## Conclusions

Given the overall similarities between the Great Britain and Northern Ireland budgets, the minimum income standard for Britain can fairly be described as representing a minimum standard for the whole of the UK.

However, the research highlights some differences in the breakdown of spending needs required to achieve a minimum living standard and this could help inform social policy. For example, a larger portion of the budget in Great Britain than in Northern Ireland is comprised of local taxation. Some families on low incomes have council tax or rates rebated in both places and 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. People falling below 60 per cent of median income (the main government poverty line) are almost all unable to reach a minimum standard of living as defined by this research. The results further show that, for most, benefits fall well below the minimum income standard and that the minimum wage is too low for most people to reach a minimum standard of living.

# 1 Introduction

This report details the methodology and results from minimum income standard research in Northern Ireland. A minimum income standard (MIS) is the income required for a specified household type to reach a socially acceptable minimum living standard. In contrast to poverty measures based on arbitrary percentages of average income, the minimum income standard is calculated based on a requisite basket of actual goods and services, as decided by members of the public and selected experts.

In July 2009, the Joseph Rowntree Foundation launched the updated 2009 minimum income standard for Britain. Further details about MIS are available on the MIS website: [www.minimumincomestandard.org/](http://www.minimumincomestandard.org/) and are summarised in Box 1. An online calculator at [www.minimumincome.org.uk](http://www.minimumincome.org.uk) shows the minimum budgets and gross incomes required for different family types.

## Box 1: MIS in brief

### **What is MIS?**

The minimum income standard is the income that people need in order to reach a minimum socially acceptable standard of living in Britain today, based on what members of the public think. It is calculated by specifying baskets of goods and services required by different types of household in order to meet these needs and to participate in society.

### **How is it arrived at?**

A sequence of groups have detailed negotiations about what things a family would have to be able to afford in order to achieve an acceptable living standard. Experts check that these specifications meet basic criteria, such as nutritional adequacy, and in some cases feed back information to later groups who check and amend the budgets. Each group

typically comprises six to eight people from a mixture of socio-economic backgrounds, but each group has people from the particular demographic category under discussion – for example, pensioner groups decide the minimum for pensioners.

### **What does it include?**

Groups in the original research defined MIS as follows:

*A minimum standard of living in Britain today includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.*

Thus, a minimum is about more than just survival. However, it covers needs, not wants: necessities, not luxuries. In identifying things that everyone should be able to afford, it does not attempt to specify extra requirements for particular individuals and groups – for example, those resulting from living in a remote location or having a disability. So not everybody having more than the minimum income can be guaranteed to achieve an acceptable living standard. However, anyone falling below the minimum does not achieve such a standard.

### **To whom does it apply?**

MIS applies to ‘nuclear’ families comprising a single adult or couple with or without dependent children. It covers most such households, with its level adjusted to reflect their make-up. It does not cover families living with other adults, such as households with grown-up children.

### **Where does it apply to?**

MIS was calculated as a minimum for Britain, to which the present published figures apply.

### **How is it related to the poverty line?**

MIS is relevant to the discussion of poverty, but does not claim to be a poverty threshold. This is because participants in the research were not specifically asked to talk about what defines poverty. However, it is relevant to the poverty debate in that almost all households officially defined as being in income poverty (having below 60 per cent of median income) are also below MIS. Thus, households who face relative poverty on this measure are generally unable to reach an acceptable standard of living as defined by members of the public.

### **Who produced it?**

The original research was supported by the Joseph Rowntree Foundation (JRF). It was conducted by the Centre for Research in Social Policy (CRSP) at Loughborough University in partnership with the Family Budget Unit at the University of York.

### **When was it produced and how is it being updated?**

The original research was carried out in 2007 and the findings presented in 2008 were costed using April 2008 prices. In July 2009, it was updated to reflect changes in prices to April 2009. In the longer term, it is planned that it will be periodically 'rebased' to reflect changes in attitudes to what needs to be in a minimum household budget.

minimum income standard refers to a standard of living that *nobody* should have to fall below, but does not necessarily meet *everybody's* needs. MIS for Great Britain provides for urban households and recognises that rural households are likely to experience different and additional living expenses. Indeed, CRSP is currently investigating these rural costs for the Commission for Rural Communities. Northern Ireland is 'more rural' than Great Britain. For example, the Department for Social Development (DSD, 2008) classifies 32 per cent of Northern Ireland households as 'rural'. The Expenditure and Food Survey classifies 21 per cent of Great Britain households as rural (ONS, 2008).<sup>1</sup> Nevertheless, to allow for a true comparison between Northern Ireland and Great Britain, income standards are considered only for urban Northern Ireland.

MIS for Britain is based on research undertaken in mainland Britain and no check has so far been made that its findings are applicable to Northern Ireland. The purpose of this project is to investigate if and how we can construct a 'UK MIS'. To meet this purpose, this project will examine how a Northern Ireland MIS compares with an MIS for Great Britain. In particular, comparison between the Northern Ireland and Great Britain MIS budgets will be about examining the extent to which the budgets for Great Britain MIS provide for the same living standard for people in Northern Ireland.

It is important to keep in mind that this study focuses on the needs of urban households. A

## 2 Methodology

This chapter describes the methodology that was used in MIS Northern Ireland. The project comprised three distinct phases:

- desk-based research;
- MIS focus groups;
- supplementary pricing.

### Desk-based research

Any difference between a Northern Ireland and Great Britain MIS would be either because *costs* differed between the two places or because *needs* differed. The main purpose of the desk-based research was to consider the former. The starting point for the pricing policy comparison was to look at the stores that were used in drawing up budget items for MIS Great Britain and examine the extent to which the same items and services could be acquired in Northern Ireland at the same costs from the same retailers.

The first question was whether the same retailers used in the Great Britain MIS were prevalent in Northern Ireland. In MIS Great Britain, 44 stores were used to price the items in the household budgets. Of these 44 stores, 39 had branches in Northern Ireland. In the Great Britain budgets, food and a range of other items were costed at Tesco because this is the most prevalent supermarket in Great Britain. Tesco is also the most prevalent supermarket in Northern Ireland, with 47 branches spread over the country. The desk-based research also checked and was able to confirm the prevalence of other UK-wide chain stores in Northern Ireland.

The second question was whether the same stores charged the same prices in Northern Ireland as Great Britain. Of the 39 stores that operated in Northern Ireland, only the Co-Op did not operate

a uniform pricing policy. Co-Op prices vary by region. Wary of the potential that UK-wide pricing policies could still mean that prices might vary in specific locations to take account of the nature of the local competition, the team undertook some on-foot pricing comparisons in Great Britain and Northern Ireland. A basket of 25 items (a selection of staple and non-staple goods) was priced at Tesco to find out if there were significant differences between their Northern Ireland and Great Britain prices. Apart from the cost of minced beef being higher in Northern Ireland compared to Great Britain, there was virtually no difference in prices.

Over 80 per cent of items in the Great Britain budgets were costed at the 38 stores operating uniform pricing policies across the UK. This means that the majority of items in the Great Britain budgets were available at the same price in Northern Ireland. At the same time, the desk-based research highlighted the 20 per cent of items and services that needed to be priced specifically for Northern Ireland.

### MIS focus groups

The purpose of the MIS focus groups was to address if and how needs – requirements for a minimum, socially acceptable living standard – compared between Northern Ireland and Great Britain. Four groups were held in Northern Ireland:

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

Day-long workshops were held with all groups except working aged adults who participated in an evening group. The groups worked to construct seven budgets:

- single working aged man with no children;
- single working aged woman with no children;
- single male pensioners;
- single female pensioners;
- couple pensioners;
- lone parents with two children (primary and secondary);
- couple parents with two children (infant and preschool).

Groups developed budgets for like households – that is, pensioners constructed budgets for pensioners, lone parents constructed the budget for the lone parent family and so forth. Budgets were constructed for hypothetical case studies of the households in question; participants did not focus on their own needs but developed budgets to meet the needs of households like their own.

All groups included a mix of men and women. Two groups were held in Omagh and two in Belfast. As discussed above, groups were deliberately recruited from urban locales to ensure comparability between the Northern Ireland budgets and Great Britain budgets, which were based on urban locations.

A recruitment questionnaire was used to ensure a reasonable mix of participants in terms of religious background and socio-economic group. The latter criterion is a constant and key feature of MIS methodology, which ensures that budgets do not reflect the expectations of either poorer or wealthier people but provide a universal minimum standard for all citizens.

Although the Northern Ireland research used MIS methodology, it represented a scaled-down version of MIS Great Britain. Unlike MIS Great Britain, MIS Northern Ireland did not involve four successive stages of groups (orientation groups, task groups, checkback groups and final

negotiation groups), but rather relied on a single stage (task groups). While MIS Northern Ireland involved the four task groups described above, MIS Great Britain involved 15 task groups.

However, the Northern Ireland groups were focused on the same definition of a ‘minimum living standard’ as used throughout the MIS Great Britain work:

*A minimum standard of living in Britain today includes, but is more than, just food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.*

Groups were constantly reminded to ensure that all decisions about what items and services to include or exclude in the budgets had to reflect this definition. It was also emphasised and reiterated to groups that MIS is about needs not wants.

Task groups in MIS Great Britain constructed lists of items and services from scratch, starting with a blank sheet. In MIS Northern Ireland, groups created lists from scratch for some budget areas but for other budget areas they were asked to review the acceptability of lists developed in MIS Great Britain and revise them as necessary. There were a number of reasons for this approach.

- Having some pre-completed lists helped to make better use of group time. This enabled us to progress through less controversial issues (for example, bedroom furniture), while allowing more time to discuss more complex issues (for example, social and cultural participation).
- When groups of people are deliberately convened they are naturally motivated to fulfil a task. If the Northern Ireland groups were presented only with completed lists they would have been likely to change something because of this ‘need for purpose’ rather than on the basis of perceptions of minimum essential need.
- Having some blank areas for the groups to complete meant that, through comparison with the Great Britain budgets, we were able to test the reliability of the method.

**Table 1: Use of pre-completed and ‘blank sheet’ approaches in budget construction**

Budget areas developed from pre-completed lists	Budget areas developed from scratch
Living room, including telephones	Personal care, including toiletries, hairdressing and health care
Kitchen	Transport
Food	Social and cultural participation, including recreation and leisure, holidays and Christmas and birthdays
Bedrooms	
Clothes	
Bathroom	

Table 1 provides an overview of which budget areas were developed from pre-completed lists and which from scratch.

### Supplementary pricing

As explained above, the desk-based research showed that most prices in the Great Britain budgets could be used in the Northern Ireland budgets. However, where this did not apply, there was a need for a further pricing exercise. All prices in the budgets are accurate to April 2009. There were two main elements here: general on-foot pricing; and local, non-retail and technical pricing exercises.

#### On-foot pricing

On-foot pricing in Northern Ireland was necessary for items required from retailers that:

- operated in Great Britain but not in Northern Ireland; or
- had been highlighted by groups as being a more familiar local alternative to retailers used in MIS Great Britain.

For example, Wilkinsons is a British chain store selling a wide range of hardware and household goods, which does not operate in Northern Ireland. A large number of items in the Great Britain budgets had been priced at Wilkinsons and so these items needed to be repriced on foot at the closest Northern Ireland equivalent chain store. A general consensus from the Northern Ireland focus groups was that this was B&M Bargains,

formerly known as Au Naturelle. Around two-thirds of the items priced at Wilkinsons in the Great Britain budgets could be found and repriced at B&M Bargains in Belfast. Of the remaining one-third, most were repriced at Tesco, Argos, B&Q and Boots.

As far as possible, items originally costed at second-hand shops in Great Britain were costed on foot at second-hand shops in Northern Ireland.

A number of clothing items were repriced, on the recommendation of the Northern Ireland focus groups, despite the original store having branches in Northern Ireland. A general consensus from the Northern Ireland focus groups was that, where possible, items that were originally priced at Matalan should be repriced at Dunnes, which operates mainly on the island of Ireland, and Primark with Heaton's, which is unique to the island of Ireland. For the sake of cost, these items were repriced online with the closest equivalent items. Where items originally priced at Matalan were not found at Dunnes, then they were repriced at Heaton's, and vice versa. Where an item could not be found in Dunnes or Heaton's, it was priced at a UK-wide chain store.

#### Non-retail and technical pricing

Housing-related costs were based on actual properties in Omagh. Groups agreed minimum housing requirements for different household types: a single person needed a one-bed flat; couple pensioners required a two-bed flat; while the families with two children required a three-bed house. Omagh District Council then provided postcodes, rent and domestic rates for actual social housing properties that matched these specifications. The postcodes were used to identify home contents insurance from Endsleigh.

As in MIS Great Britain, a heating engineer calculated how much fuel would be needed for the requisite property types in Omagh. All property dimensions and heating system data were taken from house types surveyed by the Northern Ireland Housing Executive in 2009 in the Omagh area. While heating costs in the Great Britain MIS were based on natural gas, there is limited mainline gas supply in Northern Ireland outside Belfast and Derry, and oil is the most common household fuel. Prices in Omagh for oil were taken from oil comparison websites and electricity was priced

at Northern Ireland Electricity (April 2009). The keypad meter used in Northern Ireland is a kind of prepay meter that gives a better price than for quarterly billing. All the properties in the study (one-bed flat, two-bed flat and three-bed house) were assumed to have efficient oil-fired heating with good controls and a secondary electric fire in the living area.

Food costs were based on menus constructed by the Great Britain groups, which were then checked by a nutritionist for nutritional adequacy and to ensure that they met the current government guidelines for healthy eating. The dietary analysis was carried out by Tinuviel using WISP (a software programme). A more detailed explanation of this method is available on the MIS website: [www.minimumincomestandard.org/](http://www.minimumincomestandard.org/). These menus were reviewed by the Northern Ireland groups.

In terms of health care, the research noted that prescription charges in Northern Ireland were reduced to £3 per item by the Northern Ireland Assembly in January 2009, with a view to abolition in April 2010. Dental costs were based on actual charges provided by six Belfast dentists.

The MIS Northern Ireland groups felt that families with children needed to have a car. Groups specified that, as a minimum, the families would need a 'run-around' car that would cost around £1,000 and last for three years. The lone parents' group suggested they would need a three-door car, while the couple parents' group felt they needed a five-door car. After an examination of the Parker's Car Price Guide (May 2009), the closest match for the former was a W registered (2000) Peugeot 1.1L Zest, while, for the couple parents, the closest match was a Y registered (2001) Citroen Saxo Forte 1.1L. Because of the low emissions of these models, the Parker's website also revealed that they would be liable for £125 a year car tax. Kwik Fit, which has branches in Northern Ireland, provides a £99 annual service. Northern Ireland's Driver and Vehicle Agency charges £30.50 for an MOT. Motor insurance is based on a third party policy from Endsleigh for a driver aged over 25 with three years' no claims bonus living in Omagh (using the postcode provided by the District Council). The couple parents' group felt that the family would need

around £20 a week in petrol for predominantly town-based journeys. For the same purpose, the lone parents' group felt that £50 a month would be sufficient.

Detailed spreadsheets were constructed of all items, prices and weekly budgets for the seven household types. These spreadsheets are available on the MIS website: [www.minimumincomestandard.org/](http://www.minimumincomestandard.org/).

## 3 Results

This chapter presents the Northern Ireland minimum income standard budgets, compares them with the Great Britain budgets and examines key areas of difference. The comparison uses research on actual prices in April 2009 gathered both in Northern Ireland and in Great Britain.<sup>1</sup>

The budgets considered here exclude housing costs. Following the standard practice of measuring income before housing costs/after housing costs, these are understood as comprising rent/mortgage and water rates. Housing costs are not useful for comparing budgets because rents vary considerably both within Northern Ireland and across the UK, and because water rates are charged in Great Britain but not, for the time being, in Northern Ireland. The budgets also do not include childcare costs. These too vary widely, particularly in relation to families' needs, from those who require blanket nursery, after school and holiday provision, to those who require no paid for childcare.

### Overview

Table 2 provides an overview of the findings. In the case of single pensioners and single working aged adults without children, detailed budgets were constructed for men and women. Differences between male and female budgets reflect differences in requirements for food, clothes and personal goods and services (for example, toiletries and hairdressing). A simple mean average of male and female budget totals is provided to help when making comparisons.

To help consider the significance of differences between the Northern Ireland and Great Britain budgets, a 5 per cent margin of error is suggested. This is 5 per cent of the Great Britain budget (excluding housing and childcare costs) for the respective household types. Having a margin of error is useful. Given the nature of the research, there is no expectation that the Great Britain and

Northern Ireland budgets would be identical, even if the Northern Ireland groups identified matching needs and costs to the groups in the Great Britain MIS. Since some difference is inevitable, it is necessary to think about the parameters for judging whether differences are enough to suggest the acceptability of a UK MIS or not. Although the 5 per cent margin of error is an arbitrary threshold, it aims to serve this purpose.

Table 2 shows that, in the Northern Ireland MIS, the budgets for single people – pensioners and working age without children – are closest to the Great Britain MIS. The budget for a single working aged man without children in Northern Ireland is 10p a week less than for his counterpart in Great Britain. For both pensioners and working aged adults, in Northern Ireland and Great Britain MIS, budgets for women are more than those for men. The averaged Northern Ireland single pensioner budget is £2.24 more than for Great Britain. The averaged Northern Ireland single working adult without children budget is 89p more. The next closest budgets are for the pensioner couple, with the Northern Ireland budget £6.65 a week less than the Great Britain budget.

The budgets showing most difference are those for families with children. However, rather than a consistent difference, we see that the budget for couple parents with two children is £10.41 a week *less* for Northern Ireland than Great Britain, while that for a lone parent with two children is over £15.88 *more*.

Nevertheless, all Northern Ireland budgets are within 5 per cent of the Great Britain budgets. There is a 4 per cent difference for the lone parent family budget, 4 per cent for female single pensioners, about 3 per cent for the couple parent family and couple pensioners, and all other budgets are within 2 per cent.

Table 2: Summary of Northern Ireland (NI) and Great Britain (GB) MIS budget totals (excluding housing and childcare costs), £ per week

	NI	GB	Difference	5% margin
Couple pensioner	206.43	213.08	-6.65	10.65
Single pensioner				
Average	140.44	138.20	2.24	6.91
Male	130.17	131.47	-1.30	6.57
Female	150.71	144.93	5.79	7.25
Single, working aged adult without children				
Average	164.41	163.51	0.89	8.18
Male	162.42	162.51	-0.10	8.13
Female	166.40	164.52	1.88	8.23
Couple parents with two children (infant + preschool aged child)	360.18	370.59	-10.41	18.53
Lone parent with two children (primary + secondary school aged children)	368.94	353.06	15.88	17.65

5 per cent margin = 5 per cent of GB budget for respective household type.

## Budget comparisons

Table 3 shows that, although the budget totals are similar between the Great Britain and Northern Ireland MIS, there are differences at the level of particular commodity categories. Within Table 3, differences of more than 10 per cent are highlighted. Some budget areas in the Northern Ireland MIS are markedly higher than for the Great Britain MIS and some are markedly lower, and the end totals represent a balancing out of these swinging differences.

## Council tax and domestic rates

In the Great Britain MIS, figures for council tax are based on actual properties in Loughborough. Similarly, in the Northern Ireland MIS, domestic rates are based on actual properties in Omagh. In both cases, the figures refer to social housing and to a range of minimum accommodation types required for different household types (for example, one-bedroom flat for single working aged adult without children; three-bedroom house for lone parent with two children).

For all household types, the budget required for council tax is far more than that for domestic rates. While it should be remembered that these figures are used as indicative examples, this does reflect the Expenditure and Food Survey

finding that the average weekly council tax paid in Great Britain in 2006 (£18.20) was almost twice the average weekly domestic rates figure in NI (£10.49; ONS, 2008). In the MIS budgets, for most of the household types, council tax is about 60 per cent more than rates and about 40 per cent more for the lone parent family. The couple pensioner and couple with two children rates in Northern Ireland are about £12 per week less than council tax. For other household types in Northern Ireland, they are £7 or £8 less. Despite having the same accommodation as the couple with two children, for the lone parent family, the difference in council tax/rates is less because council tax is reduced automatically by 25 per cent for all lone parents; in Northern Ireland, the full rates are applied and means-tested rates relief is provided for those applicable.

This difference in the cost of council tax and domestic rates has an impact on the overall results. Table 4 shows what the budget totals would look like if council tax and domestic rates were excluded from the budgets (along with housing and childcare costs). Before, when including council tax/rates, all the Northern Ireland budgets were within 5 per cent of the Great Britain budgets. After excluding council tax/rates, differences become wider and only two of the budgets are within the 5 per cent margin (couple

Table 3: Northern Ireland and Great Britain MIS budgets by commodity categories for different household types (excluding housing and childcare costs), £ per week

	Couple pensioner		Male single pensioner		Female single pensioner		Male single working aged adult		Female single working aged adult		Couple parents + 2 (infant and preschool aged child)		Lone parent + 2 (primary school aged child and secondary school aged child)	
	GB	NI	GB	NI	GB	NI	GB	NI	GB	NI	GB	NI	GB	NI
Food	62.56	65.85	37.65	38.39	46.36	47.43	47.81	48.21	43.50	43.92	99.82	104.24	85.14	90.10
Alcohol	8.22	8.72	3.06	3.41	2.95	3.33	5.06	5.06	4.00	4.00	6.58	6.58	3.98	3.98
Clothes	10.28	10.40	4.01	4.01	6.18	6.27	6.61	6.71	9.09	9.26	28.13	29.07	32.58	34.28
Council tax/domestic rates	18.30	6.42	13.73	5.97	13.73	5.97	13.73	5.97	13.73	5.97	21.35	9.07	16.01	9.07
Household insurances	1.80	1.23	1.86	1.13	1.86	1.13	1.86	1.30	1.86	1.30	2.67	1.80	2.42	1.80
Fuel	12.24	15.87	11.07	14.00	11.07	14.00	10.31	12.71	10.31	12.71	21.67	27.90	21.67	25.31
Other housing costs	3.75	3.75	2.99	2.96	2.99	2.96	2.38	2.38	2.38	2.38	7.54	7.54	1.94	1.94
Household goods	11.61	12.09	10.19	9.90	10.19	9.89	9.81	9.75	9.81	9.75	21.20	21.43	20.65	21.64
Household services	9.57	9.00	5.30	8.37	5.30	8.37	10.22	7.66	10.22	7.66	13.62	17.00	20.35	17.11
Personal goods and services	24.46	25.78	9.75	10.68	12.44	20.03	6.20	7.68	11.20	14.56	33.28	38.15	20.08	29.33
Transport	4.97	4.65	4.93	4.65	4.93	4.65	17.70	24.93	17.66	24.91	31.17	39.82	37.20	36.23
Social and cultural participation	45.32	42.69	26.94	26.69	26.94	26.67	30.84	30.06	30.75	29.97	83.56	57.58	91.04	98.15
<b>Total</b>	<b>213.08</b>	<b>206.43</b>	<b>131.47</b>	<b>130.17</b>	<b>144.93</b>	<b>150.71</b>	<b>162.51</b>	<b>162.42</b>	<b>164.52</b>	<b>166.40</b>	<b>370.59</b>	<b>360.18</b>	<b>353.06</b>	<b>368.94</b>

Highlighted cells indicate commodity categories for which the Northern Ireland budgets are over 10 per cent more or less than the Great Britain budgets.

Table 4: Comparison of difference between Northern Ireland and Great Britain budgets with and without council tax and domestic rates

	Total excluding housing and childcare	Total excluding housing and childcare, and council tax and domestic rates
	Difference between NI and GB totals as percentage of GB total	Difference between NI and GB totals as percentage of GB total
Couple pensioner	3	3
Single pensioner (male/female average)	2	8
Working aged adults without children (male/female average)	0.5	6
Couple parents + 2 (infant + preschool aged child)	3	0.5
Lone parent + 2 (primary + secondary school aged children)	4.5	7

pensioners and couple with children). Of the others, the Northern Ireland budget for a single working aged adult without children is 6 per cent more than the Great Britain budget, the lone parent family budget is 7 per cent more and the single pensioner’s budget is 8 per cent more.

Many households in rented accommodation in Northern Ireland are not directly responsible for paying rates and, depending on tenancy agreements, this can be the responsibility of landlords instead. Yet, even in these cases, it is likely that this cost is passed on to tenants through higher rents. As such, these findings illustrate the importance of maintaining relatively lower levels of domestic rates in Northern Ireland because to increase them to levels comparable with Great Britain would make the difference for many households between maintaining a minimum, socially acceptable standard of living or not. At the same time, the significance of council tax/rates should not be overemphasised. Excluding other commodity categories – such as fuel or personal goods and services – from the budgets would also alter the difference between the Northern Ireland and Great Britain totals, albeit to a lesser extent.

## Food and alcohol

Food budgets in Northern Ireland were all above those of Great Britain, but by small amounts. The similarity in the price of food and alcohol between the Northern Ireland and Great Britain budgets

reflects the spread and market domination of Tesco and other UK-wide supermarkets across Northern Ireland. The relatively small difference in the budgets does not arise because of price differences but because of differences in the specification of quality. A recurrent theme among the Northern Ireland focus groups was the importance of good quality, local meat. Older participants talked about the tradition of the ‘Sunday roast’. Although groups agreed to costing food at Tesco, a number of participants preferred to buy what they perceived as better quality meat from a local butcher. The groups agreed that, to reflect these views in the MIS, all budgets had to include at least one high quality cut of meat.

## Clothes

There is little difference in budgets for clothes and footwear between Northern Ireland and Great Britain. Some clothing was costed at UK-wide retailers and, as directed by groups, some was costed at local retailers not found in Britain, such as Dunnes and Heatons. We found that comparable items could be bought at comparable prices at UK-wide and local retailers. The higher clothes budgets for families with children in Northern Ireland compared with Great Britain is due mainly to the additional cost of nursery school uniform for the preschool child (such a uniform was not a necessity in the Great Britain MIS) and a higher cost for secondary school uniform.

## Household insurances

Figures for household insurance are based on quotes cited by Endsleigh for actual properties (representing the requisite range of accommodation types) in Loughborough and Omagh. In all budgets, home contents insurance is more expensive in Great Britain than Northern Ireland.

## Fuel

Fuel costs are based on the cost of electricity and piped gas in Britain, and electricity and oil in Northern Ireland. Details on the method for calculating fuel costs are given in the methodology chapter. Unsurprisingly, fuel costs are higher in Northern Ireland, ranging from 17 per cent more for the lone parent family (with school aged children) to 30 per cent more for the couple pensioner and couple family (with infant and preschool aged child).

## Household goods

Budgets for household goods are similar in the Great Britain and Northern Ireland budgets.

## Household services

The main cost in this commodity category is for telephones: mobile and landline, handsets, line rental and call charges. While descriptions of needs were consistent across Northern Ireland and Great Britain groups (for example, need for landline and mobile, need for budget for call charges), their specifications of the phone packages to meet these needs resulted in the diversity in the budgets for household services. This is probably a reflection of the times and the continual turnover of a wide array of deals and special offers available. For example, some of the Northern Ireland groups allowed less money for call charges on the basis that calls to friends and families at evenings and weekends were free. Others specified contract packages for mobile phones, as these could be as cheap and better value than pay-as-you-go packages.

Household services also include broadband charges. Like the Great Britain MIS groups, the Northern Ireland parents agreed that a basic personal computer with internet connection was a necessity for secondary school children. However, unlike the Great Britain groups, the parents felt strongly that households with preschool and primary school aged children also required internet access in order to meet a minimum living standard. The rationale here was primarily that the internet was necessary for children on educational grounds. Parents also suggested that being able to access information (for example, in relation to concerns about children's health) assisted them in their parental roles.

## Personal goods and services

Matched only by the difference in council tax/rates, the next point of greatest difference between Northern Ireland/Great Britain was for personal goods and services. For couple pensioners and single male pensioners, the difference was relatively modest, with Northern Ireland budgets less than 10 per cent higher than Great Britain. However, budgets are far higher than in the Great Britain budgets for the single working aged woman without children (30 per cent more), the lone parent family (nearly 50 per cent) and the single female pensioner (60 per cent).

The difference in these budgets is all the more marked since some costs in this category are lower in Northern Ireland than Great Britain. For example, this category includes prescription charges, which are less than half the price in Northern Ireland than in England (£3 per prescription compared with £7.20). What the difference in budgets particularly reflects are higher budgets set by groups for hairdressing. For example, the budget set by groups in Great Britain for hairdressing for the single working age woman without children was £10 a month while the Northern Ireland groups specified £30 a month. Compared with the Great Britain MIS, Northern Ireland groups set hairdressing costs at about £3 per week more for the single female pensioner, and £10 a week more for the lone parent and family of two children (based on the assumption that the family included a secondary school girl

who would have the same hairdressing costs as her mother). What suggests that these findings are less a quirk of the research and more likely a reflection of a difference in standards and costs in Northern Ireland was the consistency and strength of consensus about this issue within and between the Northern Ireland focus groups.

## Transport

Like the Great Britain focus groups, the Northern Ireland pensioners and working age adults agreed that their transport needs could be met primarily through public transport. As in Great Britain, bus travel is free to pensioners in Northern Ireland. Also in line with the Great Britain MIS, the Northern Ireland pensioners agreed a budget for occasional journeys by taxi. Both the Great Britain and Northern Ireland budgets for the working age adult without children include a bicycle and bus fares (specified by groups and costed for local bus service providers). Unlike their Great Britain counterparts, however, the Northern Ireland groups stated that buses could not be relied on to meet all routine travel needs and that an additional budget for taxis fares was necessary (£5 a week).

In a marked break from the Great Britain MIS, the parents' groups asserted that buses could not be considered an adequate primary form of transport and that, instead, a car was essential for families in Northern Ireland. The argument put forward by the groups was that reliance on buses would result in restricting children's choice of and access to out-of-school activities and hence put them at risk of being disadvantaged or socially excluded. Bus fares would still be required for the secondary school child, but the family would need a car.

The groups specified the type and condition of the car required (a basic, second-hand vehicle), fuel and maintenance costs, and criteria for costing motor insurance. Costs for MOT and road tax were also calculated and included. Further details are discussed in the methodology chapter. While the family groups in the Great Britain MIS included taxi fares for some routine trips, the Northern Ireland groups agreed that access to a vehicle negated the need for any taxi fares. Because of this, the

cost of running a vehicle (following the specification agreed by the groups) is not always much more than the alternatives. Compared with the public transport and taxi-reliant transport budget for the couple parent family in the Great Britain MIS, the Northern Ireland transport budget with a car for the same family type is £8.65 a week more. For the lone parent family, the transport budget is 97p less per week in the Northern Ireland MIS. These results reflect the fact that the lone parent household type includes two school age children, while the couple parent household type includes preschool age children. For each school age child, the Great Britain budget includes an additional weekly cost in taxi and bus fares: over £5 a week if the child is of primary school age and over £9 if of secondary school age. This means that, even though the minimum cost of a family with children running a car can come to £2,000 a year, transport costs without a car can sometimes be at a similar level in households where there are school age children.

## Social and cultural participation

After food (and excluding housing and childcare costs), the next largest budget area in the MIS was for social and cultural participation. This category included budgets for leisure goods, entertainment and recreation, including costs for Christmas and birthdays, and holidays. Table 5 shows that, for most household types, the Northern Ireland and Great Britain budgets are similar. The higher Northern Ireland budget for the lone parent family reflects a number of differences compared with the Great Britain MIS. This includes a larger budget for Christmas presents, more pocket money for the secondary school child and a larger budget for music lessons for the secondary school child. However, it is the Northern Ireland budget for the couple parent family with infant and preschool aged child that stands out most. The far lower budget for social and cultural participation is almost exclusively the result of the group's decisions about leisure and recreation activities. While the Great Britain MIS allowed a budget for £35 a week for parents' leisure and about £11 a week for specific activities for children, the Northern Ireland group agreed a £25 per week leisure budget for the whole family.

Table 5: Social and cultural participation, £ per week

	Couple pensioner		Male single pensioner		Female single pensioner		Male single working aged adult		Female single working aged adult		Couple parents + 2 (infant and preschool aged child)		Lone parent + 2 (primary school aged child and secondary school aged child)	
	GB	NI	GB	NI	GB	NI	GB	NI	GB	NI	GB	NI	GB	NI
Leisure goods	13.34	13.22	9.66	9.78	9.66	9.76	14.25	14.88	14.16	14.79	22.73	21.99	38.78	43.07
Entertainment and recreation	20.82	20.00	10.30	10.00	10.30	10.00	10.92	10.00	10.92	10.00	44.53	22.24	36.43	39.89
TV licence	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78	2.78
Holidays	8.38	6.68	4.19	4.11	4.19	4.11	2.89	2.40	2.89	2.40	13.53	10.58	13.04	12.40
<b>Total</b>	<b>45.32</b>	<b>42.69</b>	<b>26.94</b>	<b>26.69</b>	<b>26.94</b>	<b>26.67</b>	<b>30.84</b>	<b>30.06</b>	<b>30.75</b>	<b>29.97</b>	<b>83.56</b>	<b>57.58</b>	<b>91.04</b>	<b>98.15</b>

## 4 Conclusion

This research 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. For two of the five household types tested, the Northern Ireland budgets are within 2 per cent of the Great Britain MIS totals and for all five they are within 5 per cent. Moreover, these differences are not all in one direction: the required minimum is slightly higher in Northern Ireland in some cases and slightly lower in others.

In light of these results, the minimum income standard 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.

The research does not address the different and additional costs associated with living in rural areas. This is an especially pertinent point for Northern Ireland, where a greater proportion of households live in rural areas compared with Great Britain. Rural costs are being investigated in England for the Commission for Rural Communities. Similarly, it would be valuable in the future to examine the difference in costs incurred by Northern Ireland rural households in order to achieve the same standard of living as their urban counterparts.

What the present report does offer is a more local feel, showing how needs in Northern Ireland are structured somewhat differently from those in the rest of the UK. In particular, a minimum budget in Northern Ireland includes somewhat more on transport and on personal services but significantly less on rates (compared with council tax) and, in some cases, on leisure activities.

These differences can have significant implications for social policy. For example, while someone on benefits might have a similar overall cost of living in Northern Ireland as in the rest of the UK, someone on a low income will have a smaller portion of these costs covered by the

rate rebate in Northern Ireland than by council tax benefit in Great Britain. Such differences remain relevant when applying MIS to debates about required benefits and wages, even though the overall UK minimum income standard will in future be considered as applicable to Northern Ireland.

It is important to note that the benchmark represented by the minimum income standard in Northern Ireland has a similar position relative to benefits and the National Minimum Wage as has been documented for Great Britain. Safety net benefits (Income Support and Pension Credit) represent a slightly lower proportion of the MIS in Northern Ireland than in Great Britain, because they cover costs net of local taxes, and these costs are higher in Northern Ireland. However, the difference in this respect between Northern Ireland and Great Britain is dwarfed by the difference in the value of benefits between demographic groups in both places. A single person on Income Support receives 41 per cent of the MIS budget after rent and council tax in Northern Ireland, and 42 per cent in Great Britain. In contrast, Pension Credit is worth slightly more than the budget required by a pensioner couple in both places: 2 per cent more in Northern Ireland and 5 per cent more in Great Britain.

Similarly, the capacity of the National Minimum Wage (NMW) to meet minimum needs is dependent on the composition and working pattern of households both in Northern Ireland and Great Britain. For example, while the current NMW is £5.73 per hour, a single person working full-time requires £7.09 an hour to achieve the minimum income standard specified for Great Britain, and £7.12 an hour based on the budget for Northern Ireland. In both places most families with a single full-time earner cannot reach the minimum income standard on the minimum wage, although some families with dual earners – as well as lone parents who manage to work full time and avoid childcare costs – may be able to do so.

Finally, the Northern Ireland budgets can be compared to the official poverty line of 60 per cent of median income. In Northern Ireland, every family type requires at least 60 per cent of median in order to attain the minimum standard. So this research has shown that this otherwise arbitrary statistical measure of poverty is effective in defining a group of people all of whom have too little to attain a minimum acceptable living standard as defined by members of the public in Northern Ireland.

# Notes

## Chapter 1

- 1 This comparison is only illustrative; different urban–rural classifications are used in Northern Ireland and Great Britain.

## Chapter 3

- 1 This was the best way to give the closest possible comparison, but produces figures for Great Britain that are slightly different from the current published MIS figures for GB, which are based on index uprating of budgets priced in 2008.

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