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Minimum Income Standards: How Might Budget Standards be set for the UK?

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Abstract

Britain's New Labour government will spend some 133 billion this year on social protection for vulnerable groups with low incomes such as pensioners, disabled people, and working families with and without children. It also regularly reviews the National Minimum Wage for workers. Although its intentions are laudable, the government can be criticised for setting income floors with little or no grounded assessment of individual welfare requirements. Budget standards, originating in Rowntree's work on poverty at the close of the nineteenth century, offers an alternative for setting minimum incomes. Used by Beveridge in 1942 to rationalise the proposal for social security levels, they have largely been neglected by successive governments and were recently rejected by New Labour in its review of child poverty measures. Academic research, however, continues to identify non-arbitrary income thresholds. The transparency of evidence to maintain a defined standard of living along with the minimal personal costs involved are key attractions. The challenge remains to find a generally acceptable standard. How much emphasis should be given to scientific prescriptions for health compared to popular cultural practices captured by national surveys of poverty and social exclusion or agreed by the consensus of ordinary citizens in focus groups? This article considers the current debate within UK social policy.

Introduction

A minimum real income guaranteed for all helps to define a modern welfare state (see Veit-Wilson, 2000a). In the UK, New Labour has set minimum income floors for large sections of the population: pensioners, disabled people, working families with children, as well as setting a National Minimum Wage (NMW) for all workers (see Millar, 2003). Critics argue that these income floors have been set and maintained on a largely *ad hoc* basis and point to the failure of successive governments to determine social security standards on which to assess adequacy: what Veit-Wilson calls 'Minimum Income Standards' (MIS) (Veit-Wilson, 1998).

Many argue that the government should adopt 'budget standards' to set and monitor MIS (Age Concern, 2003; UK Public Health Association, 2003). The approach defines standards for different types of personal expenditure – on

items, goods, services and activities – to arrive at total weekly budget(s) (Bradshaw *et al.*, 1987; Bradshaw, 1993). For some, such as Startup (2002) and the Zacchaeus 2000 Trust (2004),¹ ‘poverty’ should be defined in this way to be used alongside the government’s headline (statistical) measure: those living on less than 60 per cent of median income. This call was rejected in the recent review of child poverty measures (Department for Work and Pensions, 2002, 2003a, 2003b). However, the government continues to face pressure to establish an independent ‘Minimum Incomes Standards Commission’ (MISC) to consider the issues (Veit-Wilson, 2000b; Lord Morris of Manchester, 2003; Zacchaeus 2000 Trust, 2004).

The budget approach is in essence a simple and intuitive methodology for defining MIS including ‘poverty’ threshold(s). It provides an explicit framework for selecting personal requirements needed or deemed necessary to maintain a particular predefined standard of living. Components are translated through prices into budgets required to purchase them. The main task is to decide what should be included; answers will, of course, reflect *who* is defining the standard and *how*. In the UK there are three dominant strands of empirical research. The first section outlines these before the article moves on to consider principal differences and theoretical traditions to which they appeal; questions over adequacy are then located within a broader literature on ‘poverty’ measurement. The final section concludes that, despite agreement here on the potential benefits of this method for determining MIS, major theoretical differences remain that cannot easily be squared and this undermines their political appeal. A level of *triangulation*, maybe even *integration*, is possible, but key differences are likely to ensure the debate continues.

UK budget studies for setting income standards

The budget methodology achieves a standard that can define and assess adequacy, but how might a standard be formulated? What personal requirements are to be included and on what basis are these to be selected and by whom? Three very different programmes of research provide possible answers.

FBU ‘low cost but acceptable (LCA)’

In recent times the budgetary approach developed by Rowntree has become synonymous with research by the Family Budget Unit (FBU), which formed at the University of York in 1985. After a sojourn at King’s College, London, it has recently returned to York under the direction of Professor Jonathan Bradshaw. It has produced two budget standards: a ‘Low Cost but Acceptable’ (LCA) and a more generous ‘Modest but Adequate’ (MBA). It is the LCA that has captured most attention in the campaign to fight poverty and it is this standard that is considered here.

The standards tend to be based upon empirical survey data of how people actually live and how they aspire to live. Decisions about whether or not to include particular items within their LCA standard are based upon:

- the 'ownership rates' (that is, prevailing patterns of consumption in society drawn from national surveys of poverty and social exclusion) and,
- the 'socially accepted standard' (that is, consensus on what are the essentials or 'necessities' of modern living also drawn from the surveys) (Bradshaw, 1993).

Thus, the LCA standard includes items *owned* by 80 per cent of households or regarded as *necessities* by two-thirds. A refrigerator, for example, is included but would have been an unlikely inclusion in the late 1960s. Today, 99 per cent of households have one (Gordon *et al.*, 2000) compared to 55 per cent in 1968–69 (Townsend, 1979). The MBA threshold refers to items owned by 50 per cent of the population, which produce a higher, more affluent, standard of living. Once items from surveys have been defined as LCA components, prices and lifespan are required to calculate budgets. In their work on textiles and soft furnishings, for example, they report that LCA kitchen towels last six years, other towels and bed sheets 12 years, and these are then priced at a range of outlets to determine minimum costs (Parker, 1998). Expert knowledge is also used to help set standards: for example, energy models are used to determine the necessary fuel costs for specified homes. Sometimes the behavioural data from the social surveys are modified in light of expert knowledge and official recommendations. In the food budget, for example, the results of the National Food Survey are adjusted according to expert knowledge on *healthy* eating to 'represent a pattern of consumption characteristic of [in this case] older households' (Parker, 2000: 22). A distinction is made between two sets of component costs:

- 'Standard costs' are deemed not to vary much by area, such as food and clothing. Here pricing levels from national retailers, supermarkets and mail order catalogue suppliers feature.
- 'Variable costs', such as housing and transport, do vary by area. These have mostly been grounded in York, but other areas covered include Swansea (Parker, 2002a), London's East End, including a standard for Muslim families with children (Parker, 2001a, 2001b), and Brighton (Ambrose, 2003).

A final stage of the research gathers feedback on the budgets from experts and consumers.

Income standards have been reported for older people and for families with children costed at both their LCA and MBA level (Parker, 1997, 1998, 2000, 2002b). Recently they have 'up-rated' their LCA for families with children (Parker, 1998) and also their LCA for pensioners (Parker, 2000) to April 2004 using the Retail Price Index (Family Budget Unit, 2004a, 2004b). As we shall see, their work has been influential in helping government determine policy.

LSHTM 'minimum income for healthy living (MIHL)'

A standard for *healthy living* – Minimum Income for Healthy Living (MIHL) – was developed by a team of scientists led by Professor Jerry Morris at the London School of Hygiene and Tropical Medicine (LSHTM). Morris (2002) argues that the government has ignored requirements for personal health in its minimum income policies. His public health standard is therefore based on relevant scientific consensus and other solid research relating to health. Personal requirements for health can be defined and minimally priced for specified populations to form MIHL. Consensual evidence from over half a century of worldwide research provides the basis: in nutrition, physical activity, housing (a home), psychosocial relations and social inclusion. The argument follows that today's society should ensure that all, especially the vulnerable, have at least the opportunity to satisfy basic health requirements (Morris *et al.*, 2000; Morris, 2002, 2003).

Their first study (and only published study to date) reported a MIHL for single young men (aged 18–30) triggered by the introduction of the NMW (Morris *et al.*, 2000). Morris and colleagues noted that during the intensive preliminary discussions about the NMW, there was virtually no reference to requirements for personal health. They argued that a policy setting a NMW should take account of the minimal income required to remain healthy. Their budget for nutrition, for example, drew upon consensually accepted dietary guidelines to calculate required nutritional intake and minimally costed these. The budget for physical activity provided a choice of least expensive dynamic aerobic sports that included expenditure for such items as training shoes, or for purchase of a bicycle plus helmet and kit. The psychosocial budget included a variety of expenditures: on telephone, postage, sports, social club and trade union subscription, for example. Scientific knowledge gaps, such as clothing requirements, are 'plugged' with data on actual (average) weekly expenditure for the target population at the lower end of the national income distribution (bottom 30 per cent, using the Family Expenditure Survey). The study included a sensitivity analysis to test a few key assumptions, for example access to a low-priced supermarket or dependence on local shops for food, and geographical region. The NMW provided £121.12 (net, April 1999) for a 38-hour week for those aged 22 and over, and £106.47 for 18–21-year olds, while MIHL was reported at £131.86 (April 1999 prices). A second study on older people (65 and older) is nearing completion, supported by Age Concern England.

The MIHL is derived from empirical research, and consumer spending is used only in the absence of health knowledge. Such data are avoided in the first instance, since the aim is to establish a minimum level of expenditure for healthy living based upon current scientific knowledge, unconstrained by income, prevalent taste, habit or custom. Morris identifies a third stage of 'acceptability', which involves consulting with those for whom the MIHL has been compiled.

Here the translation of health knowledge is tested for acceptability with possible, but equivalent, modification (that is, there is no room for negotiation with solid health knowledge, but there can be scope in the potential application). This stage was not reported in the first study.

CRSP 'consensual budget standards (CBS)'

A quite different approach for establishing minimum income standards has been developed by Professor Sue Middleton and colleagues at the Centre for Research in Social Policy (CRSP), University of Loughborough. Here personal requirements are defined by 'lay experts' living in the circumstances for which the budget standard is to be compiled (rather than be determined by 'traditional experts' as in MIHL). According to Middleton (2000a), the methodology uses ordinary people to act as their own budget standard committees. For example, representative pensioners compile standards for pensioners and so on. Consensus is reached through discussion and negotiation on the minimum personal requirements for physical, mental, spiritual and social well-being. The method involves a sequential series of discussion groups. First, a 'case study' is agreed (that is, a hypothetical person with similar circumstances to the discussants) and concepts and priorities defined. Second, the groups draw up personal requirements through a process of discussion to define a minimum. Diaries and inventories are kept by participants to assist this process. Third, components are then priced by researchers, at outlets agreed by the groups, to produce draft budgets. These are then 'checked back' to participants to test the strength of the agreement. The lists and prices are then adjusted to produce a final Consensual Budget Standard (CBS).

The advantage of their work, they argue, is that it moves away from views and opinions of politicians, civil servants, academics and professionals about what is essential. Instead it considers the actual expenditure choices and judgements that are made in real life by people as they manage their money. They claim that the resulting CBS are much more likely to be accepted by society and, therefore, policy initiatives arising from them might have a greater chance of public approval. Much of the work has been carried out in Jersey, with pensioners, couples with and without children, lone parents with dependent children, and people with disability (Middleton *et al.*, 1998; Middleton, 2000a, 2001; Hartfree *et al.*, 2001). They reported, for example, that pensions in Jersey needed to be increased by 2 per cent, from £94.99 to £96.77, to ensure their minimum standard for single female pensioners, and an increase of 13 per cent was needed for lone parent families: from £210.03 to £238.11 (Middleton, 2000b). Recently they have reported on the additional needs and associated financial costs of disability in the UK (Smith *et al.* 2004).

The bases for the standards are very different, reflecting different theoretical traditions in social policy. MIHL applies health knowledge, LCA the popular

cultural practices captured by national survey, and CBS the people's agreement in focus groups.

Different traditions, different perspectives

This section considers principal differences. It focuses on *who* is defining personal requirements and *how*, setting these within the different traditions.

Expert prescriptions and cultural conventions

How budgets are composed is key. MIHL components are determined by scientists using health knowledge, which is quite different to the social science bases of LCA and CBS. In LCA, components are determined by consensus from national surveys, and in CBS from focus group discussion. The MIHL is the more prescriptive in that it lays down what the minimum level of living should be according to expert knowledge. It is not totally prescriptive, since it relies heavily on behavioural data when expert knowledge is absent: particularly for clothing, household goods, services and some components of travel. The LCA is far less prescriptive than MIHL, although it has prescriptive elements, particularly for a healthy diet and for heating where expert knowledge is applied. CBS avoids expert knowledge and so prescription altogether; instead it focuses solely on what ordinary citizens themselves feel their requirements are.

In the usual classifications, such as Bradshaw (1972) or Culpitt (1992), 'needs' prescribed by experts (the 'old welfare paradigm') are diametrically opposed to 'felt needs' expressed by communities (the 'new welfare paradigm'). MIHL is clearly within the 'top-down' tradition of expert prescription, the approach that has dominated welfare provision in the UK since the days of Beveridge. Movement away from this, along a continuum, represents increasing interest in the 'bottom-up' approach to needs assessment, typified by CBS. The bottom-up approach is suitably argued by Williams (1992) and demonstrated in Percy-Smith (1996). Here, diverse social requirements are identified so that universal welfare provision can be squared with diversity and difference.

Implicit in the budget studies is a rejection of the idea that 'needs' (however differently defined) are merely 'wants'. But what distinguishes basic human needs from some of our wants, and when do some of yesterday's wants become today's necessities? Such questions are at the heart of the current debate and are considered next.

Needs, wants, lacks, capabilities and necessities

MIHL is derived from solid biomedical and social knowledge on basic health requirements. Basic human needs – those things required to achieve the objective of physical health, such as nutritional food and water, a home and so on – have

been well argued, as have the ‘capabilities’ required to achieve them (Maslow, 1954; Doyal and Gough, 1984, 1991; Sen, 1999; Gough, 2003). If the capabilities are lacking, then harm or loss will result (see, for example, Sen, 1981). Notions of harm and loss, physical as well as psychosocial, that we will come onto, help to mark a distinction between basic human needs and wants (Millar, 1999; Gough, 2000). A sense of basic human needs underpinned Rowntree’s classic budget study that introduced the notion of a measurable ‘poverty line’ which he considered to be the lowest income at which ‘physical subsistence’ could be maintained (Rowntree, 1901, 2000). In health today the goal, of course, is beyond subsistence, and MIHL includes social expenditures as noted above. Evidence on the psychosocial requirements for healthy living – including membership and participation – continues to grow from clinical, epidemiological and social scientific research (see Morris and Deeming, 2004). Rowntree too had recognised the importance of the social aspects of ‘human needs’ (Rowntree, 1918), which he applied to his later studies: expenditures, for example, to cover radios, books, newspapers and holidays (Rowntree, 1941; Rowntree and Lavers, 1951). However, it was basic physical survival–subsistence rather than social adequacy that guided Beveridge’s social security scales. These scales, whether due to ‘muddle or mendacity’ (Veit-Wilson, 1992), were not sufficient for social expenditures. They provided only for the costs of four basics: nutrition, clothing, fuel and rent:

The flat rate of benefit proposed is intended in itself to be sufficient without further resources to provide the minimum income needed for *subsistence* in all normal cases. (Beveridge, 1942: 122, emphasis added)

The (social) inadequacy of social security was confirmed by an official review in the 1960s that included budget standards (Veit-Wilson, 1999). A healthy living standard for all – the MIHL – is proposed at the start of our new century against the standard of minimum subsistence that dominated the last. Government should ensure that these basic health requirements *can* be achieved and, from this Public Health perspective, it should support healthy choices to help ensure they are met.

The ‘democratic’ approaches of the social sciences, LCA and CBS, as Middleton (2000b) calls them, take the view that if society is to accept a MIS, and the consequent financial costs, then consensus on the constituents of a minimum is required. They, of course, find consensus by different methods. LCA tends to achieve this from empirical survey data of ownership and perceived necessity, and CBS from group discussions. The base for LCA is ‘Breadline Britain’, a series of surveys begun in the early 1980s (Mack and Lansley, 1985; Gordon and Pantazis, 1997; Gordon *et al.*, 2000), building on earlier work. It was Townsend (1979) who clearly defined the relative extension of basic human needs to social ‘necessities’ for participation in developed societies. His work marked a paradigmatic shift

from standards prescribed by experts (MIHL and the Rowntree tradition) to relative consensus standards derived from surveys (Veit-Wilson, 1986, 1987).² Developed societies do not restrict their interpretation of necessities to basic needs alone (Pantazis *et al.*, 1999), argued by Adam Smith (1776, 1999).³ The minimum living standard society regards as acceptable is likely to rise with increasing national prosperity within this relative framework. This is because, as Gordon and Pantazis (1997) argue, the number of people who perceive common possessions and activities as necessary will increase, although the picture is by no means straightforward (Gordon *et al.*, 1999). If purchasing power for those at the bottom of the income distribution does not increase commensurately with that above, then the result may mean increasing *relative* poverty as witnessed in the UK: 14 per cent in 1983 (Mack and Lansley, 1985), rising to 21 per cent in 1990 (Mack *et al.*, 1998) and to 24 per cent in 1999 (Gordon *et al.*, 2000). It is society's increasing affluence, indicated by ownership and consensus on necessity, that LCA tracks: a CD player, for example, is the latest edition to this standard (Ambrose, 2003). But it is this pace that has led to criticism from those with other views about 'poverty'; witness, for example, Peter Lilley's comments: 'an austere low-cost budget – a budget that allows the poorest only a video recorder, a camera and a television set' (House of Commons Debates, 1992). CBS offers a different approach for determining consensus as described; it is determined from discussion groups rather than survey responses. This avoids 'consensus by coincidence', a point noted by Walker (1987), who suggested that a consensual definition of a monetary poverty line would be best derived from the deliberations of discussion groups. This provided CRSP with the lead for CBS (Middleton, 2000a).

The bases for determining personal requirements are clearly not the same: they are epistemologically different. In LCA a potential want becomes a social need or necessity if it is recognised by most people in society. In CBS a potential want becomes a social need if there is consensus amongst discussants. Recent surveys, for example, suggest a mobile phone, yesterday's *want*, is fast becoming today's *necessity*, owned and used by about 80 per cent of adults compared with 10 per cent in 1997 (e-MORI, 2004; National Statistics, 2004). For the scientists defining MIHL, potential components only become personal health requirements if there is solid research evidence, whatever the population says. The studies appeal to two very different traditions of poverty research. LCA is very much within the Townsend tradition with its relativist consensus standards, and CBS is to an extent. While MIHL appeals to the Rowntree tradition, particularly his later studies that included social expenditures, the focus of MIHL is healthy living, not poverty *per se*. These traditions and methods *are* important, and particularly so when they are translated into public policy to tackle 'poverty' by politicians (Veit-Wilson, 1998, 2000c).

Different standards of adequacy?

Importantly, the proponents of budget standards have attempted to identify income thresholds that appear less arbitrary than those currently offered by politicians. There is general agreement between the researchers on the utility of 'need' (physical and social) for determining provision within our new era of welfare rights and social responsibilities (Dean, 2003). How personal requirements are interpreted is crucial: what Fraser (1989) calls the 'politics of need interpretation'. The studies presented here make differing and implicit assumptions about personal welfare requirements. They arrive at calculable standards of living that are conceptually different. The very essence of each approach has been summarised in Figure 1.

Valid comparison of the minimum income thresholds produced by each approach is not yet possible. To date the studies have reported on different populations. Further research should help to shed more light on any differences. Morris is currently leading work on an MIHL for older people and so a direct comparison between LCA and MIHL for people aged 65–74 should be available soon. It is likely that the different methodologies will produce different standards for the same populations; indirect evidence implies this. Work by Fahmy and Gordon (2002) suggests that the LCA produces a lower standard than the MIHL. Fahmy and Gordon derived 'synthetic estimates from 1991 Census data' for MIHL, LCA and Rowntree 1901 subsistence. Their Rowntree estimate produced the lowest standard, and MIHL the highest. They claim that these outcomes are to be expected since the definition of poverty used by Rowntree is more restrictive than the LCA, so it is unsurprising that the standard specified is considerably lower. Similarly, they argue that it is not unreasonable to suppose that the income needed to live healthily (MIHL) is likely to be greater than that needed solely to avoid poverty (LCA, Rowntree). Calculating a budgetary MIS for the UK is, of course, as much a political enterprise as it is a scientific endeavour. Any interested government or MISC would have to consider what is 'affordable' and 'acceptable' to society: the potential costs to the public purse as well as potential benefits. It would be forced to weigh up personal requirements for health as well as popular requirements that allow participation.

Income adequacy thresholds

Each budgetary approach offers a standard: the notion of a defensible standard of income adequacy for minimally acceptable living requirements for specified populations. The standards, however, are little more than abstractions, constructed for heuristic and prescriptive purposes. They can, of course, relate to some real target level of living, if the incomes are spent exactly as constructed. But, as constructs, they are to an extent 'artificial' and this raises questions about their 'real adequacy'. Another way to operationalise adequacy of income then, in a lived sense, might be to consider the income levels at which a specified,

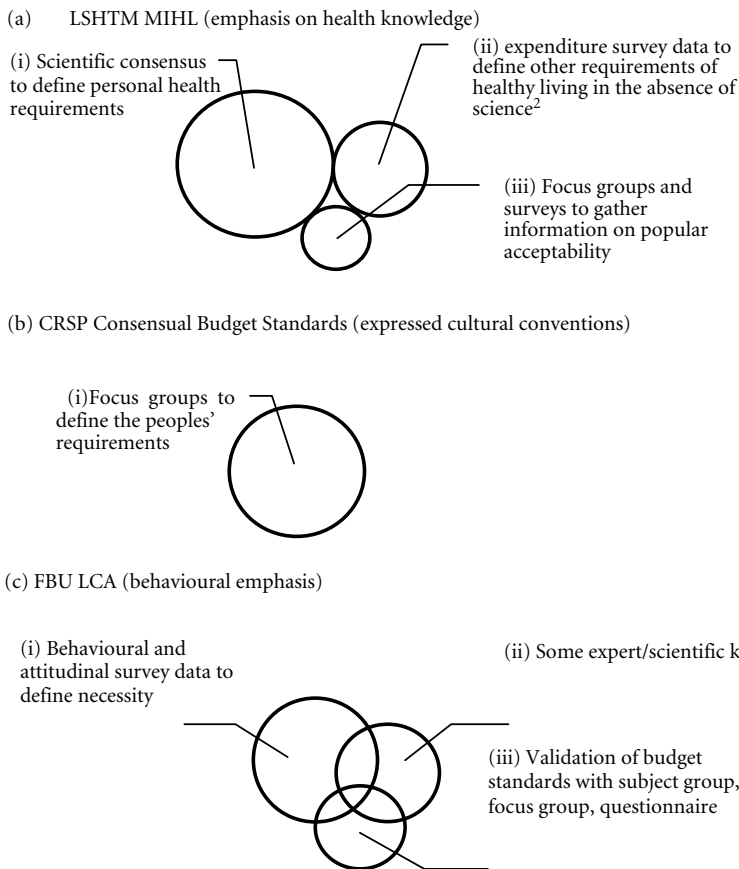


Figure 1. The budget methodologies compared¹.

Notes:

¹ The size of the circle attempts to indicate methodological emphasis and the numbers the sequential steps. The size of the circle however does not necessarily reflect the actual contribution to the final standard.

² Basic necessity here is defined indirectly: an allowance is made using average expenditure data at the lower end (bottom 30% in the first study) of the Family Expenditure Survey.

³ Basic necessity here is defined empirically using survey data on item ownership, the 80% cut off, as well as attitudes to items that should be considered necessities of modern living.

desirable, standard of living is in fact achieved. Townsend suggested that one option might be to consider the income level at which households actually achieve a healthy eating standard recommended by experts, the domain where the science is perhaps most secure, rather than prescribe an income based on budget standards. He claimed this to be the fairest and most realistic poverty threshold (Townsend, 1954). He went on to elaborate and argued that: ‘to establish a minimum income standard is meaningless unless we also show that there are

some families with that income who do in fact secure a defined level of nutrition' (Townsend, 1962: 220). He considered the expert judgements involved in defining the traditional prescriptive budgets as unnecessary, the dominant paradigm at the time, and regarded his approach to be less restrictive to 'the poor', who are generally encouraged to limit their spending to these prescriptions. Those who do not are generally regarded as being in poverty through their own fault, because of spending on 'non-essentials'. This is an *aspect* of Rowntree's 'secondary poverty': the emphasis is on agency, as opposed to structural 'primary poverty'. Debate over the adequacy of prescriptive standards has a long history, particularly for dietary standards (see, for example, Smith and Nicolson, 1995), which raises many questions about individual behaviour, including ignorance, education and personal preference. The debate has also moved to the social science base of LCA. The recent study by McKay (2004), for example, denies 'real' poverty to people who spend money on 'non-necessities' but lack socially defined 'necessities'. He reports that households that cannot afford necessities (even two or more) invariably have a number of non-necessities, an average of eight. He claims this behaviour suggests that 'the poor' are not accepting the division of particular items into necessities and other goods. Any such divisions are, of course, likely to be avoided in CBS as consensus is obtained through open collective discussion.

The budget studies may be politically 'adequate' to achieve a target level of living but they – especially MIHL and LCA – may not be adequate for society, particularly if social exclusions and unhealthy lifestyles persist. The focus of this article, and the budget studies themselves, has largely been on the former, while the Townsend argument exposes the latter.

Policy futures

Importantly, multiple overlapping measures of poverty are likely to be more reliable than any single dimension (Bradshaw and Finch, 2003). A growing coalition is therefore calling for a budget standards measure of poverty to be used alongside the government's statistical measure of income inequality: those living on less than 60 per cent of median income (Zacchaeus 2000 Trust, 2004). But, given the different budgetary approaches to choose, how might any interested government or independent MISC proceed to support the statistical measure with budget standards? Possible options include: 'off the peg' *adoption* of a single approach, *integration* of all three or some form of data *triangulation*.

Adoption

This is unlikely at present as the government rejected a budget MIS for measuring child poverty in its recent review. Instead, it preferred to add its own measure of 'absolute low income' along with a measure of 'material deprivation and low income' to support the already existing statistical measure, 'relative low income' (60 per cent of median income). Absolute low income was fixed at the

relative low-income threshold for 1998/99, £210 a week in 2003 prices. This will be adjusted for inflation as the government monitors its progress to eradicate child poverty (Department for Work and Pensions, 2003b).

Although adoption is unlikely, at least explicitly, the LCA continues to be influential in helping *inform* government policy, particularly on pensions (Social Security Committee, 2000). For example, the government appeared to respond to pressure: when the LCA for single pensioners was reported to be £90 a week to avoid poverty (excluding housing), it increased the Minimum Income Guarantee for pensioners from £78.45 to £92.15 for single pensioners (West, 2003), while the current Pension Credit Guarantee of £109.45 for a single person and £167.05 for a couple are not dissimilar to the LCA for pensioners: £111.92 for a single woman, £113.85 for a single man, £164.43 for a couple (April 2004 figures, excludes rent and alcohol) (Family Budget Unit, 2004b).

MIHL, as the latest contribution to a century of work on budget standards, might appeal to the current climate of 'science informed policymaking' (Cabinet Office, 1999; Performance and Innovation Unit, 2001) and, as an evidence-based public health standard that promotes enables healthy living, should appeal to a government committed to improving population health and reducing stubborn health inequalities (Morris and Deeming, 2004). A standard for health might also help to curb the growing level of health and social care consumption that is a direct result of poor diet, inadequate housing and physical inactivity, as well as the 'exported costs' to other areas of public expenditure such as the NHS (Ambrose, 2003).

Integration

In rejecting a budget MIS for measuring child poverty, the government claimed that: despite a wide range of research into budget standards, there is no *simple* answer to the question of what level of income is adequate. Different research methods tend to make different *assumptions that are essentially subjective* (Department for Work and Pensions, 2003a: 44, emphasis added).

Why should there be a *simple* answer to questions of adequacy? Are the studies *essentially subjective* as suggested? Or are they underpinned by objective evidence? Is scientific consensual health knowledge subjective: the epidemiological studies, randomised control trials (RCTs), systematic reviews, meta-analyses? Is the social scientific research subjective: the empirical surveys that allow us to discover what are reliable objective facts about society and their beliefs are produced by the collective actions of social groups. As Durkheim (1895, 1982) argued, 'the first and most fundamental rule is: consider social facts as things'. Clearly, the studies have very different appeals and respective merits. They all, however, share a key objective, which is to operationalise personal requirements for welfare. They try to escape circularity by avoiding current expenditure as far as possible because it is constrained by income. LCA

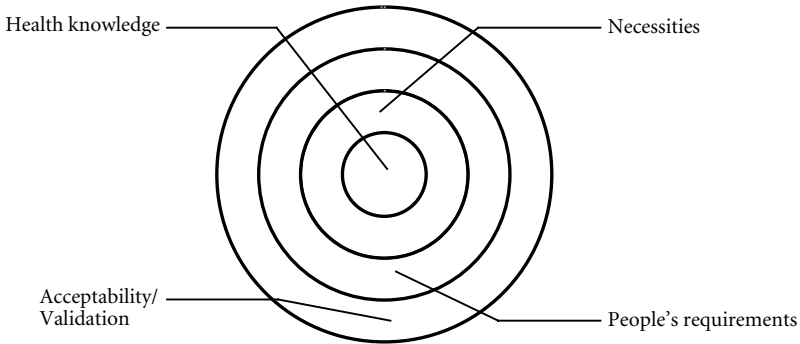


Figure 2. An example of how the budget approaches may be integrated.

and CBS are derived from first principles, based upon empirical consensus on the components of modern living. MIHL too avoids consumer expenditure as much as possible by using empirical health knowledge instead because it is unconstrained by income, taste or habit. And, since this is a shared principle, these approaches might be integrated for consistency, while appealing to the respective merits. Requirements for health, explicitly defined with personal costs, seem to be core, then other requirements defined by consensus, again explicitly defined with personal costs. Other requirements can be calculated from first principles, as in LCA, rather than reinforcing the constraints of current spending at the lower end of the income distribution as in MIHL. The LCA will keep pace with society's necessities if regularly reviewed. Figure 2 shows how the different approaches could be integrated. Focus group validation and/or pilots form a final stage. Such a budget standard could be calculated entirely from first principles without recourse to current expenditure constrained by income.

Triangulation

A further option that might capture the different merits is *triangulation*. Here multiple different sources of data/information might be used as a way of producing more reliable standards. This could be limited to the standards established by the budget studies considered here. This would be a future aspiration as comparisons are not yet available. Improved coordination and collaboration between research centres would help to ensure research is produced on comparable populations to assist triangulation. Official funding for budget standards research might be justified given the relatively low costs of it and given the scale of current government spending on social protection. Another option is to widen the definition of triangulation to include other relevant information and data from a variety of fields, as well as the budget studies themselves. Veit-Wilson (1998, 2000b) advocates this for establishing MIS for the UK. He identifies evidence

to assist government, including surveys of population, public opinion, diet and nutrition, health, household incomes and expenditures. He argues that there is no reason to expect all approaches to indicate exactly the same answers. It is therefore better to acknowledge that, for the purpose of setting a MIS, what is needed is judgement about triangulating a variety of different but comparable indicators rather than argument about the precision of any one set of empirical findings.

Conclusion

The appeal for MIS to be explicitly defined by research evidence (biomedical, social and so on) on personal requirements seems difficult to counter. There is a long-established role for government to provide effective social protection for vulnerable groups such as older people and this tends to have popular support (National Centre for Social Research, 1999): a commitment that will cost the public purse some 133 billion during 2005–06 alone (HM Treasury, 2005). The government also regularly reviews the NMW with little objective assessment of individual requirements. The article has reviewed the three main strands of academic research that use a budget standards methodology: all offer potential for setting transparent MIS for the UK. Ultimately it is a judgement for politicians to consider whether any of the approaches discussed are acceptable for anti-poverty policy. The recent DWP review of child poverty measures concluded that they are not and so it may be some time before ‘Rowntree’s unfinished project’ (Veit-Wilson, 2000d) is implemented with official MIS set and reviewed using methods described here.

Notes

- 1 The Zacchaeus 2000 Trust is a coalition of 66 NGOs that is calling for an independent and transparent Minimum Incomes Standards Commission (MISC) (Zacchaeus 2000 Trust, 2004).
- 2 Veit-Wilson has also pointed out that, although Rowntree is regarded as the instigator of a definition of *absolute* poverty, his definition in fact recognised the degree to which social norms can influence what items are selected (Veit-Wilson, 1986). Conceptual distinctions between *absolute* and *relative* standards have become increasingly blurred, and such distinctions are increasingly confusing and generally unproductive (see, for example, Springborg, 1981; Townsend and Gordon, 1991; Davey Smith *et al.*, 2001; Morris and Deeming, 2004). Today our understanding of ‘poverty’ is framed by the definitions of poverty – ‘absolute’ and ‘overall’ – agreed at the 1995 UN World Summit on Social Development (see Townsend and Gordon, 2002).
- 3 Smith argued: ‘By necessities I understand not only the commodities which are indispensably necessary for the support of life, but whatever the custom of the country renders it indecent for creditable people, even of the lowest order, to be without. A linen shirt, for example, is, strictly speaking, not a necessary of life. The Greeks and Romans lived, I suppose, very comfortably though they had no linen. But in the present times, through the greater part of Europe, a creditable day-labourer would be ashamed to appear in public without a linen shirt, the want of which would be supposed to denote that disgraceful degree of poverty

which, it is presumed, nobody can well fall into without extreme bad conduct. Custom, in the same manner, has rendered leather shoes a necessary of life in England. The poorest creditable person of either sex would be ashamed to appear in public without them. In Scotland, custom has rendered them a necessary of life to the lowest order of men; but not to the same order of women, who may, without any discredit, walk about barefooted' (Smith, 1776, 1999: 465). Interestingly, Smith notes the different cultural interpretations of necessity.

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