
A exploratory and Detailed Analysis of the Difference in the Cost of a Minimum Standard of Living between the UK and Ireland for One Household Type

Working Paper

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Introduction

The purpose of this paper is to compare the cost of a minimum acceptable standard of living between the UK and Ireland. To make the comparison, the paper utilises research carried out in the UK by the Centre for Research in Social Policy (CRSP) at the University of Loughborough, and the Vincentian Partnership for Social Justice (VPSJ) in Ireland. Both organizations use Consensual Budget Standards (CBS) methodology to draw up minimum acceptable standard of living 'baskets' for individuals and households in their respective countries¹. This paper draws on one sample household type; an urban two parent household with two children of pre-school and primary school going age. As this paper only examines one household composition, there is scope for a much more extensive comparison between the two datasets. The data used in this paper is based on the cost of a minimum standard of living in 2012.

The aim of the paper is to compare the cost of a minimum standard of living between the two countries and to highlight not only the difference in cost for categories of expenditure, but also the variation and similarities in what is considered necessary for a minimum acceptable standard of living.

The remainder of the paper is divided into the following sections:

- Establishing the Cost of a Minimum Standard of Living
- The Process of Comparing the UK and Irish Datasets
- The Cost of a Minimum Standard of Living in the UK and Ireland
- Discussion and Conclusion

Establishing the Cost of a Minimum Standard of Living

A Minimum standard of living is described by the VPSJ as a standard of living that meets a person's physical, psychological and social needs (Mac Mahon et al, 2006). While both the VPSJ and CRSP research is based on the notion of what people need rather than what people want, 'It is about having what you need in order to have the opportunities and choices necessary to participate in society' (Bradshaw, 2008: 1). It is the standard below which people cannot be expected to live with dignity.

¹ The necessities, i.e. the goods and services required for a minimum essential standard of living are compiled into what are referred to as shopping 'baskets' and priced in stores identified by focus groups. The food basket for example contains all the food items that the household need for a minimum standard of living.

The methodology for calculating Consensual Budget Standards (CBS) involves members of the public in reaching agreement (consensus) about what people need as a minimum and drawing up budgets to meet those needs:

'The rationale for this is that people living in a particular household type are best placed to construct a budget for such a household. The CBS approach assumes that, for society to agree a particular minimum standard of living, there needs to be informed negotiation and agreement about what constitutes a minimum, via a derivative of focus group methodology' (Bradshaw et al, 2008:3).

When the final consensus is reached by focus groups the research team compiles lists of items, allocates an amount of time each good and service is expected to last, and prices them in outlets agreed by the groups. Experts are consulted where necessary, for example, to ensure that the food basket meets the requirements of a balanced, nutritious and healthy diet for the individual or household in question, or that the amount allocated for household fuel ensures that a home is adequately heated. The final budgets vary by household type, composition of the household and location.

Consensual Budget Standards represent a needs based threshold, grounded in a social consensus about the goods and services that members of the public think are necessary for a minimum standard of living. The actual expenditure choices and judgements that are made by people in real life on the ground as they manage their money contribute to the final consensus. Ultimately, the people themselves are the 'experts' (Middleton, 2000: 62-63).

Both the VPSJ and CRSP have published a number of minimum standard of living Reports, and the current tranche of research upon which this paper is based, was published in Ireland in 2006 and the UK in 2008². The Irish and UK datasets are updated on an annual basis to take into account changes in inflation. The baskets are also reviewed periodically to ensure they continue to reflect and include what members of the public think are necessary for a minimum standard of living.

The Process of Comparing the UK and Irish Data

For the purposes of this paper, one sample household type is used as the basis of the comparison; an urban two parent and two child (pre-school and primary school) household. The data in this paper relates to the cost of a minimum standard of living in 2012.

² See Mac Mahon et al, 2006; Bradshaw et al, 2008. Full references contained in the bibliography.

In 2012, CRSP conducted a rebase of all households with children. To that end the baskets for households with children 'have for the first time [since 2008] been researched again from scratch' (Davis, et al, 2012). New groups comprising members of the public specified what households need in order to reach an acceptable standard of living in 2012. This involved a complete repeat of the original work compiling budgets, starting again from a 'blank sheet' (Davis et al, 2012).

In 2012 the VPSJ using new focus groups, carried out a review of the contents of the basket. The review of the baskets involved focus groups examining changing attitudes towards what is considered necessary for a minimum essential standard of living between 2006, when the expenditure baskets were first drawn up, and 2012. Unlike the CRSP approach, the review of the baskets did not involve drawing up and pricing entirely new baskets. The contents of the existing baskets were reviewed, and where necessary goods and services were added or subtracted depending on the views of the focus groups. The lifespan and where items were purchased was also reviewed. Subsequently, any necessary adjustments were made to the baskets based on the discussions with focus groups and expert opinion where necessary. As a result, the contents of both the CRSP and VPSJ baskets were re-examined in 2012, which makes the two datasets more readily comparable.

Both the UK and Irish datasets contain numerous goods and services that members of the public in each country believe are necessary for a minimum standard of living. All the items, both goods and services, are then compiled into broad categories of expenditure. While both CRSP and the VPSJ use the same methodological approach, the contents of the basket are not identical and vary depending on the views of focus groups in each area. Furthermore, the broad categories and which items fall under each particular category of expenditure also varies. Tables 1 & 2 outline the Irish and UK broad categories of expenditure.

Table 1 Irish Categories

Food	Household Goods	Transport	Childcare
Clothing	Household Services	Insurance	Housing
Personal Care	Communications	Personal Costs	Household Fuel
Health	Social Inclusion & Participation	Education	Savings & Contingencies

Table 2 UK Categories

Food	Housing Costs: Rent/water/council tax/household insurance/fuel/other housing costs	Transport
Alcohol & Tobacco	Household Goods & Services	Social & Cultural Participation
Clothing and Footwear	Personal Goods & Services	Childcare

In order to compare category costs and not just the overall cost difference between the two datasets, it was necessary, where possible and appropriate, to adjust the contents and also the categories of the UK basket for the household type in question to make it more comparable to the Irish dataset. The UK areas of expenditure are divided into nine categories, while the Irish categories number sixteen. For that reason it was necessary to examine the contents of each of the UK categories of expenditure and for the purpose of the comparison reassign some items in the British categories to the categories used in the Irish approach. For example, CRSP did not establish a separate category for education. However, it was possible to create a UK education category by extracting the cost of the school uniform and school shoes from the clothing and footwear category and the laptop and school trip from the social and cultural participation category. A similar process was used to create UK health, communications and insurance categories of expenditure, which were largely comparable to the Irish categories. The outcome of this adjustment is that for the purposes of this paper, the UK and Irish categories of expenditure are broadly comparable and now contain many of the same goods and services. However, it is important to be clear that during this process no goods or services were removed from the UK basket and what has been established as a minimum acceptable standard of living in the UK remains the same.

When the reorganisation of the UK basket of goods and services was complete and the final weekly cost for each category of expenditure was established, the cost of each category of expenditure was converted from British pound to Irish euro. This was done using Purchasing Power Parity (PPP).

'PPPs serve both as currency convertors and as spatial price deflators. They convert different currencies to a common currency and, in the process of conversion, equalise their purchasing power by eliminating the differences in price levels between countries.

In their simplest form, PPPs are nothing more than price relatives that show the ratio of the prices in national currencies of the same good or service in different countries' (Eurostat-OECD, 2012: 13).

The PPP for private consumption in 2012 from British pound to Irish euro gives a conversion rate of 1.3161³. That is to say that £1 = €1.3161⁴.

The next section of the paper examines the cost of a minimum standard of living, as established by CRSP and the VPSJ in their respective countries. The paper highlights that while the methodology used by CRSP and the VPSJ is the same, the results vary depending on the views of focus groups and also the policies and services that are in place in each country.

The Cost of a Minimum Standard of Living in the UK & Ireland

Table 3 details the cost of a minimum standard of living in Ireland and the UK in 2012 as established by the VPSJ and CRSP research teams. The cost of rent/mortgage has been excluded from the analysis. UK prices have been converted to Irish euro prices for 2012 using PPP. The table also highlights the difference in cost between the two baskets for each category of expenditure.

Table 3 The Weekly Cost of a MESL and the UK 2012 for a two parent and two child household, pre-school and primary school.

Category	Irish	UK	Difference
	Weekly Cost		
Food	€ 108.60	€ 139.69	€ 31.09
Clothing	€ 26.20	€ 48.25	€ 22.05
Personal Care	€ 19.29	€ 37.81	€ 18.52
Health	€ 12.12	€ 10.21	€ 1.91
Household Goods	€ 22.09	€ 53.28	€ 31.19
Household Services	€ 8.35	€ 41.18	€ 32.83
Communications	€ 15.00	€ 11.16	€ 3.84
Social Inclusion	€ 72.26	€ 115.84	€ 43.58
Education	€ 9.44	€ 10.09	€ 0.65
Transport	€ 57.88	€ 85.98	€ 28.10
Household Energy	€ 39.95	€ 30.11	€ 9.84
Personal Costs	€ 5.75	€ -	€ 5.75
Insurance	€ 49.27	€ 14.60	€ 34.67
Savings & Contingencies	€ 28.18	€ -	€ 28.18
Total	€ 474.36	€ 598.21	€ 123.85

³ Further details can be found here: http://stats.oecd.org/Index.aspx?datasetcode=SNA_TABLE4

⁴ PPPs are revised twice a year in June and in December. The data was accessed in August 2013 and the PPP rate used in this paper was the published rate at the time of writing. The PPP rate has since been revised in December 2013. Therefore Further details can be found here: <http://www.oecd.org/std/prices-ppp/purchasingpowerparities-frequentlyaskedquestionsfaqs.htm#FAQ5>

The table illustrates that there is approximately €124 difference in the weekly cost of a minimum standard of living between Ireland and the UK, with the UK basket of goods costing approximately 21% more than the Irish basket. The categories that demonstrate the greatest price disparity are social inclusion, household services and insurance, while education, health and communications show only a marginal difference in cost. Each category of expenditure is examined below.

Food

	Irish	UK	Difference
Food	€ 108.60	€ 139.69	€ 31.09

Food is the largest weekly spend for both households and accounts for 23.4% of the total weekly spend for the UK household and 22.9% of total weekly spend for the Irish household. The Irish food basket, had up until the review in 2012, been predominantly priced in Tesco and the majority of items were Tesco own brand. However, the review focus groups signalled a change in consumer shopping patterns, opting for the food to be priced in Aldi reflecting the growing presence of German chains in the Irish retail market. This differs from the UK experience, where the review focus groups agreed that food and drink should continue to be priced in Tesco, as had been agreed in the original research. Whilst it was acknowledged in the UK research that 'discounted supermarkets such as Aldi, Lidl and Netto were thought to offer equivalent products at a lower price, in all working-age groups, with and without children, participants said that, partly in view of time constraints, people should not need to shop around in order to afford a minimum food basket' (Davis et al, 2012: 12).

There is a €31 difference in the cost of the food baskets. A proportion of this difference can be explained by the inclusion of alcohol in the UK food basket which is not included in the Irish food basket. The UK basket allows for the consumption of alcohol at home. For this particular household the cost of 4 cans of lager and a bottle of wine per week are included in the basket. This, when converted to the Irish euro price using Purchasing Price Parity (PPP), comes to €8.67 per week.

The UK basket, also allows a small sum of additional money to be included in the food basket to purchase extra food at Christmas. The sum of money allowed is £15.00 for each adult and £5.00 for each child. When this is converted to Irish euro, it is approximately €52 per annum, which is €1.00 per week. The inclusion of alcohol and the additional money included for food at Christmas accounts for €9.68 of the UK food basket.

A more detailed examination of both food baskets reveals further variations that can also account for a proportion of the price difference. Examining various categories within the food basket shows that the total cost of fresh and frozen fruit and vegetables for the Irish household is €21.70 per week, while the corresponding amount spent in the UK is €30.19, which is a difference of €8.49. In terms of the cost of fresh meat there is not a large difference in the amount spent on these goods. The amount spent on fresh meat in the Irish food basket is €22.81, while the UK basket contains €21.91 worth of fresh meat products.

It is evident from the analysis of the food baskets that the contents of the baskets are not identical and therefore while the methodology used to establish the basket is the same, it does not necessarily follow that the items will be the same.

Clothing

	Irish	UK	Difference
Clothing	€ 26.20	€ 48.25	€ 22.05

The cost of the minimum clothing basket is €26.20 for the Irish household and €48.25 for the UK household.

Dividing the cost amongst the household members reveals that the cost of the mother's clothing in the Irish dataset is €7.92 per week, whereas the corresponding cost in the UK dataset is €14.89 per week, which is a difference of €6.97 per week. Examining the basket reveals that while high street stores were identified by focus groups in both areas, there is a disparity in the quantity of clothing included in each basket, with additional clothes included for the mother in the UK basket when compared to her Irish counterpart. For example, while the Irish basket contains a smart top and skirt, it does not contain any dresses, whereas the UK basket allows for the purchase of three dresses per year; one formal dress for special occasions, one casual dress and one summer dress. The weekly cost of these three dresses alone is €2.42 per week. To give another example, the UK female basket also allows for a greater quantity of Summer clothes, such as shorts, Summer skirts and Summer trousers, whereas the Irish basket only allows for two pairs of three quarter length Summer trousers per year. This also contributes to the price disparity between the two baskets.

A similar divergence emerges for the male head of household clothing costs. In the Irish dataset the cost of clothing for the adult male in the household is €6.50 per week, while the weekly cost of clothes for his UK counterpart is €13.56, which is a difference of €7.06. The UK clothing basket

contains a greater quantity of clothing when compared to the Irish basket. The UK basket for example allows for two suits; one bought in Tesco and one bought in Next, both with a lifespan of two years. While the Irish basket only contains 1 suit, which it must be noted, is similar in price to the combined value of the two suits in the UK basket, and it has a greater lifespan and is expected to last 5 years. In addition, the UK basket contains five pairs of jeans, with a lifespan of two years, which in total cost €1.76 per week, while the Irish male head of household clothing basket contains only two pairs of jeans, with a lifespan of two years and a weekly cost of €0.35. The difference in the cost of clothing for the two parents alone accounts for €14.03 of the overall difference in the cost of the clothing budget between the two datasets.

Examining the difference in the cost of clothing for children reveals that the clothing costs for children at primary school are broadly similar, but there is a considerable difference in the cost of clothing for the child of pre-school age. In the VPSJ data the cost of clothing for a child at primary school is €6.78 per week, which is higher than the corresponding CRSP figure of €5.90. However, for the child of pre-school age, the cost of clothing is €5.00 per week in the VPSJ data, but more than double in the CRSP data at €14.00 per week. Examining the contents of the two clothing baskets for the pre-school child reveals a number of differences between the two baskets that can account for the difference.

Examining the clothing basket for a pre-school child reveals that there is a difference in the quantity of clothing allowed. In the Irish basket for example, four jumpers and two cardigans are allowed for per year, which come to €0.50 cent per week. In the UK basket, six jumpers, four cardigans and two hooded tops are allowed for per year, which costs €1.67 per annum. In terms of footwear for example, the Irish basket contains 1 pair of sandals per year; 1 good pair of shoes (Clarks) per year; 1 pair of high street shoes per year; and two pairs of high street trainers per year. The cost of all footwear is €1.18 per week. The UK basket on the other hand allows for 1 pair of good shoes (Clarks) every 17 weeks, which is notably more than the what is allowed for in the Irish basket; 1 pair of sandals per year; 1 pair of boots (Clarks) per year; 2 pairs of 'cheap' party shoes per year; and two pairs of Adidas trainers per year. The cost of footwear per week in the UK basket is €4.74 per week, which is €3.56 higher than the weekly cost of footwear in the Irish pre-school clothing basket. While it is recognised in both datasets that pre-school children need more clothes than older children 'because they are growing faster and therefore need clothes to be replaced more frequently' (Davis et al, 2012: 13), it appears that clothes & footwear are replaced more frequently in the UK basket than in the Irish basket.

Personal Care

	Irish	UK	Difference
Personal Care	€ 19.29	€ 37.81	€ 18.52

The personal care category includes items and services necessary for personal grooming, including toiletries and sanitary items. The UK personal care basket is again considerably higher than the Irish basket, with the UK household spending over €18 more per week on personal care items than the Irish household.

Examining the basket in greater detail reveals a number of differences between the two baskets. For example, £10 or approximately €13 when converted using PPP, is allowed per month on cosmetics for the female head of household, which the equivalent to €3.04 per week, whereas in the Irish basket the spend on makeup is €0.76 per week. The UK basket also includes pull-up pants for the pre-school age child which cost €6.44 per week. The Irish dataset has not included this item and this too contributes to the difference in price between the two households. In addition, the UK personal care basket also contains baby wipes, which add €1.57 per week to the UK basket. This item was not included by the Irish focus groups and this can also explain a proportion of the difference in cost between the two datasets.

Further analysis of the personal care basket also uncovers that while the contents of both baskets are broadly similar, the lifespan of some items differ. For example, in the UK basket 150ml of deodorant lasts 3 weeks, while the same size deodorant lasts 4 weeks in the Irish basket. The difference in life spans, which in turn affects the cost of a minimum standard of living, also contributes to the difference in the cost of the personal care basket between the two households and the difference in cost overall.

Health

	Irish	UK	Difference
Health	€ 12.12	€ 10.21	€ 1.91

The cost of health care for a two parent and two child (age 3 & 10) household is slightly more expensive for the Irish household when compared to their UK counterparts. Included in this category of expenditure are doctor (Irish basket only), dentist and optician visits, and prescriptions

medication. Both the UK and Irish baskets also include over the counter medication and other health related costs such as a first-aid kit and plasters.

Doctor visits are available free of charge on the National Health System (NHS) in the UK. In Ireland, only those with a medical card or a GP visit card are entitled to attend a GP free of charge. As the costs given above do not in this instance assume any entitlement to secondary benefits, the full costs of doctor visits are included in the Irish health basket. The inclusion of doctor's visits in the Irish basket comes to €3.99 per week.

Under the UK NHS system, children are not subject to fees for dental or optician care. The costs that are given for these services in the UK basket relate to the adults only. The UK health care basket includes the cost of a dental check up every six months for each adult and also includes the cost of one treatment per year for each adult. However, it must be noted that these treatments are subsidised by the NHS. The Irish basket on the other hand includes the cost of 1 dental check up per annum for each household member, but does not include the cost of any additional treatment such as fillings etc, as it is assumed that all household members are in very good health.

In 2012, both review and rebase groups in the UK agreed that an amount should be added to the budgets for working-age adults (both with and without children) to cover the cost of a pair of glasses every two years. Prior to this, while the baskets included the cost of an eye test every two years, the cost of purchasing a pair of glasses was not included. The Irish basket on the other hand allows for an eye test every two years, which is in line with standard guidelines, but unlike the UK, the review focus groups did not specify the need to include a sum of money for prescription glasses.

The analysis of the cost and content of the healthcare baskets reveals that additional healthcare treatments are contained in the UK basket indicating that the concept of an appropriate minimum standard differs between the two countries. Furthermore, the provision of certain free healthcare services in the UK, such as free GP visits, also has a bearing on what households need to spend in order to ensure that their physical, psychological and social needs are met.

Household Goods

	Irish	UK	Difference
Household Goods	€ 22.09	€ 53.28	€ 31.19

The household goods category is a very large category of expenditure and contains everything from bed linen to household furniture and appliances. There is a notable difference in the cost of the household goods between the two countries, which is €31 per week more for the UK household when compared with its Irish counterpart.

Analysing the baskets unearths a number of differences in the cost and content of items between the two baskets. One of the most prominent differences is that the UK basket allows €12.85 per week for household maintenance. The Irish basket does not have a direct equivalent, but includes a number of items that are necessary for household maintenance, such as a garden tool set, a home tool set, nails, plunger, paint and brushes. The combined value of these items is €1.06 per week, which is much less than the figure set aside for household maintenance in the UK basket. This therefore accounts for approximately one third of the €31 difference.

The difference in the cost of household goods can also be explained by the cost of goods in each country. For example, the total cost of carpet for the household, which in both cases covers 3 bedrooms, the hall, landing and stairs and the dining/lounge area, comes to €2.71 per week in the Irish basket, but costs €3.94 per week in the UK basket. While the length of time the carpets are expected to last are broadly similar in both datasets, there is a difference in the actual price of the carpet and hence this contributes to the UK basket being more expensive. This is just one example of how a difference in the cost of a particular item contributes to the overall difference in the cost of this category of expenditure.

Furthermore, the UK basket contains a number of items that are not included in the Irish household goods basket, including a rake, shovel, garden table and chairs, a garden strimmer and a shed. These items add €0.64 per week to basket. Although these items only explain a very small proportion of the difference between the CRSP and the VPSJ data, it highlights that the baskets reflect the perceptions and choices of focus groups in two different countries.

Household Services

	Ireland	UK	Difference
Household Services	€ 8.35	€ 41.18	€ 32.83

The UK household services basket is made up of water rates and council tax. In fact, these two items make up the entire household services basket for the UK household and account for 6.8% of the

total cost of a minimum standard of living. Included in the Irish household services basket on the other hand is the cost of window cleaning, waste charges and a boiler service. The boiler service was added to the basket during the review process, based on advice from Sustainable Energy Ireland (SEAI) that recommends a service once a year to ensure that the boiler is operating efficiently and safely. Council tax and water rates are not applicable to Irish households, although water charges are imminent and will be in place by 2015. This particular category of expenditure highlights that the cost of a minimum standard of living in any country is of course dependent on the taxes and charges that are in place. While the provision of some services such as free GP care will lower the cost of a minimum standard of living, the inclusion of taxes and charges will of course increase it.

Social Inclusion & Participation

	Ireland	UK	Difference
Social Inclusion	€ 72.26	€ 115.84	€ 43.58

The social inclusion and participation basket differs considerably between the two households. The UK basket includes sums of money to allow for birthday presents, Christmas presents and attending parties. For example almost €100 (£75) is included in the UK basket to buy a Christmas present for the pre-school child, while almost €40 (£30) is included for spending on a birthday present for a child of the same age, in addition to €65 (£50) to cater for a birthday party for this child. For the 10 year old child a sum of money is also included for birthday and Christmas presents. For example approximately €130 (£100) is allowed for the 10 year old child's birthday party, including the gift and party/outing. For Christmas presents (including wrapping and cards) €130 (£100) is also allowed. For both child age groups additional money is included to allow the children in the household to attend birthday parties and give small gifts and cards. Also included are sums of money for parents to buy gifts for each other and also other family members (not the children) and friends. Approximately €196 (£150) is included for Christmas gifts and €184 (£140) is included for birthday gifts.

The Irish basket does not specifically include sums of money for gifts. Parents in the focus group said gifts would be bought from some the money they put aside in the savings and contingencies category. This can explain a proportion the difference in the cost of the social inclusion and participation basket between the two households. €5.00 per week, which is equivalent to €260.00 per annum, is included in the savings and contingencies budget for each child, and €10.00 a week is set aside for the couple in the savings and contingencies category. Focus groups said a proportion of this would be spent on Christmas and birthday presents. It appears that while there is a significant difference in monetary terms between the Irish and UK social inclusion category of expenditure,

there is also a difference in how events such as Christmas and birthdays are catered for in each dataset. Once again, while the methodology used is the same, the contents of baskets are not identical.

A final point to note about this category is that both the UK and Irish social inclusion and participation baskets include a week's self catering holiday. Holidays are considered by both sets of focus groups as a minimum essential need and the spend on holidays is broadly similar. The weekly cost of this is €24.37 a week in the UK basket and €22.10 a week in the Irish basket, which is a difference of €2.27 a week.

Education

	Ireland	UK	Difference
Education	€ 9.44	€ 10.09	€ 0.65

The UK dataset did not have a specific education category. In order to compare education costs between the two households it was necessary to re-categorize a number of items to create a UK education category similar in content to the Irish education category. Included in this category of expenditure are not only education costs specific to the primary school going child, but also the cost of a laptop, paper and ink.

Unlike the Irish education system, school books and stationery are provided free of charge in the UK and as a consequence are not included as a cost in the UK basket. The cost of books and stationery in the Irish basket is €3.39 per week. Despite this, the cost of education is slightly more expensive in the UK minimum essential basket when compared to the Irish education basket.

Comparing the cost of the school uniform reveals that both the UK and Irish basket includes school shoes that cost approximately €40. Included in the Irish basket is one pair of shoes that are expected to last the year. In the UK basket on the other hand, school shoes have a much shorter life span of 17 weeks and consequently a higher cost per week. The weekly cost of school shoes in the UK basket is €2.28, compared to €0.77 per week in the Irish basket.

With regard to school and education trips, the weekly cost of these items for the Irish household is €0.80 per week. This is to cover day trips e.g. a trip to a museum etc, while the corresponding amount in the UK basket is €2.24 per week. The UK basket spend on these items is greater and also includes the cost of a child going on a Y6 residential trip, with the cost being spread over 6 years. There is not an equivalent trip in the Irish basket.

The cost of a laptop, printer and associated accoutrements is also slightly higher in the UK basket at €3.33 per week, when compared to €2.75 in the Irish basket. Despite the fact that the UK basket does not include the cost of books and stationary as they are provided free of charge by the state, the greater quantity of school shoes, and the higher cost of school trips etc results in the UK minimum essential education basket being marginally more expensive than Irish education basket.

Transport

	Ireland	UK	Difference
Transport	€ 57.88	€ 85.98	€ 28.10

The modes of transport used by this household type differ and hence the difference in cost. The transport costs in the Irish case are based on this urban household utilising public transport (bus) to full effect. A small amount is also included for the children to allow travel at weekends etc, but it is assumed that the children are within walking distance of schools etc.

The composition of the UK transport basket is very different from the Irish transport basket as it uses a combination of private and public transport. In the rebase of the UK baskets in 2012 there was a shift in what focus groups considered necessary for minimum transport needs. The rebase groups decided that 'each household needed one car in order for the families with children to meet a minimum acceptable standard of living...two-parent households included a bus pass, as the car would be shared and one person would still need to use public transport. They also included one bike per household' (Davis et al, 2012:16).

The UK focus groups cited a car as 'essential' in order to meet the needs of both parents and also children 'to enable them to have the opportunities and choices relating to work and social activities' and public transport was seen as 'inflexible' (Davis et al, 2012:16).

As a consequence, the UK transport costs emerge as more expensive due to the combination of modes of transport included in the basket which are not included in the Irish transport basket.

Household Energy

	Ireland	UK	Difference
Household Energy	€ 39.95	€ 30.11	€ 9.84

The weekly cost of household energy is more expensive for the Irish household, by almost €10.00 per week, which over the year is just over €500.00. This is one of the few areas where the cost is more expensive for the Irish household than for the UK household.

Personal Costs

	Ireland	UK	Difference
Personal Costs	€ 5.75	€ -	€ 5.75

In the Irish MESL baskets, trade union subscriptions, donations to charity and the cost of a passport come under the personal costs category. There was not a corresponding category in the UK basket and these items did not appear to be included in the UK basket at all for this household type. The Irish focus groups argued that a small sum of money should be included for charity donations, to allow for the buying of raffle tickets, donating to fundraising drives etc. While the sum of money allowed for is small, focus groups stressed the need for this as they viewed it as an essential component of being able to participate in customs and activities that are considered the norm by society in general.

The 2012 Irish review focus groups added in a passport to the MESL baskets. While holidays abroad are not included in the basket, focus groups saw the need for a passport as it can be used as an official form of identification. Official identification is often required when opening bank/post office accounts etc and focus groups identified the passport as a minimum essential item.

This reemphasises that while the methodology used to construct the baskets is the same, the contents of the basket differ according to the differences in the perceptions of what constitutes a minimum standard of living in two different countries.

Insurance

	Ireland	UK	Difference
Insurance	€ 49.27	€ 14.60	€ 34.67

There is a significant difference in the cost of Insurance, however this can be explained by what is included in the two baskets. The UK insurance basket includes the cost of home contents insurance and car insurance. The Irish basket, does not in this instance, include the cost of car insurance as

transport costs are based on public transport. The cost of home contents insurance is €4.03 in the Irish basket.

The Irish basket, which in the costs given in this paper, do not take account of any secondary benefits such as a medical card, includes the cost of private health insurance for parents and children. The weekly cost of private health insurance for the Irish household is €45.24. Irish focus groups were of the opinion that if a household was not entitled to a full medical card the cost of a basic health insurance plan should be included in the minimum essential standard of living baskets. The review focus groups were acutely aware of the high cost of private health insurance and the financial pressures associated with the recession, but there was a consensus among the groups was that private health insurance is a necessity rather than a luxury. Interestingly, a study commissioned by the Health Insurance Authority in 2012 found that 'the numbers believing Private Health Insurance (PHI) is a necessity not a luxury has fallen from 67% to 59% - again reflecting the pressures of the recession on peoples spending ability and priorities. Nonetheless, only 20% of people agree there is no need for PHI as public services are adequate (down from 26%)' (Health Insurance Authority, 2012: iii). As a consequence of the inclusion of private health insurance in the Irish basket there is a significant difference in the content and cost of the UK and Irish insurance categories of expenditure.

Savings and Contingencies

	Ireland	UK	Difference
Savings & Contingencies	€ 28.18	€ -	€ 28.18

The Irish minimum essential baskets contain a savings and contingencies category, the UK does not have an equivalent category of expenditure. The Irish savings and contingencies category includes €8.08 for Life Insurance, €10.00 for the adults in the households for savings and contingences and €5.00 for each child towards savings and contingencies.

The Irish focus groups felt strongly that in households with dependent children, the cost of Life Insurance should be included in the basket, in order to provide for children in the event of a death of a parent.

As noted earlier (in the section on social inclusion and participation), a proportion of money from the savings and contingencies category is to go towards birthday and Christmas presents, while the remainder is to cover unexpected expenses such as having to attend a funeral or take a taxi etc. The

Irish focus groups did not specify the amount to be spent on Christmas/birthday presents and therefore it was not possible for the purposes of this paper to assign a set amount to the social inclusion and participation budget.

Once again, this category of expenditure illustrates that the focus groups in the CRSP and VPSJ research have different perceptions regarding what is necessary for a minimum essential standard of living. The inclusion of life assurance in the Irish minimum essential baskets for households with children is evidence of this.

Discussion and Conclusion

This paper compares the cost of a minimum standard of living between Ireland and the UK for a two parent and two child (pre-school and primary school) household. The paper uses the research of the Vincentian Partnership for Social Justice (VPSJ) and the Centre for Research in Social Policy (CRSP), University of Loughborough. Both organizations are the leading researchers on Minimum Income Standards in their respective countries.

Both organizations use Consensual Budget Standards methodology to ascertain the cost of a minimum essential standard of Living (MESL). A MESL is derived from a negotiated social consensus on what people believe is a minimum. Through exhaustive work with focus groups, detailed baskets of the goods and services vital to a household type's minimum needs are compiled. These baskets define the minimum needs for household's to live at a socially acceptable level. Experts are consulted in order to ensure that the negotiated consensus meets basic criteria e.g. nutritional standards. Each focus group consists of people from a mixture of social and economic backgrounds, and represents the household under consideration e.g. focus groups of parents with children determine the minimum requirements of such households. In order to ensure reliability and validity three different focus groups are established for each household type. The process is detailed, time-consuming and thorough.

The paper demonstrates that while the methodology used by the VPSJ and CRSP is the same, the contents of the baskets and life-spans assigned to items differ depending on the views of focus groups in each jurisdiction. Included in the Irish basket for example is Life Insurance for households with dependent children. This is regarded as a minimum essential item by the Irish focus groups, but not included in the UK basket.

Furthermore, this analysis also underscores how the cost of a minimum essential standard of living is influenced by the provision of services and the application of taxes and charges. For example, in the

UK, water rates and council tax applies, and this increases the cost of a minimum standard of living, while at present no such charges exist in Ireland. In addition, while GP visits, school books and school stationary are provided free of charge in the UK, there is no such automatic entitlement in Ireland and therefore these items must be included in the Irish basket.

Comparing the cost of the baskets between the two areas shows that when the UK prices are converted to Irish euro prices using Purchasing Price Parity (PPP), the basket of goods and services is notably more expensive in the UK, costing approximately €124 more per week when compared to its Irish counterpart. Some of the largest areas of difference include transport, food, social inclusion and participation and household services.

Consensual Budget Standards represents a needs-based threshold of acceptable living standards, grounded not on arbitrary measures but on a blend of social consensus and expert advice. This social consensus was established by members of the public in each country over the course of successive series of focus group work. This research establishes a benchmark grounded in the lived experience of people. It complements other poverty measures and can be used to assist in the formation of income support policies to tackle poverty and enhance social inclusion at each stage of the life cycle.

To conclude, variation in the cost of a minimum standard of living among member countries of the EU can be expected to relate to the types and prices of the necessary goods and services in each country, the availability and extent of essential services such as health and education, and also the consensus among members of the public as to what constitutes a minimum acceptable standard of living and the minimum level below which people cannot be expected to live with dignity. Such variations do not take from the importance of establishing Minimum Income Standards at EU level to eradicate poverty and the usefulness of Consensual Budget Standards in the establishment of this standard. Consensual Budget Standards methodology allows for flexibility and takes into account diversity in expectations and patterns of expenditure.

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