

Public views about minimum acceptable living standards and their relevance for MPs' expenses: evidence from research

Introduction

If taxpayers are to help cover the cost to an MP of running more than one home, a central issue must be what standard of living in a subsidised home can be considered acceptable. The general public has made clear its repugnance for the idea of paying for swimming pools and home cinema systems. Some lines of debate have seemed to imply that MPs should also not be supported in buying everyday but trivial items such as bath plugs, presumably because they do not directly help an MP perform his or her duties, or because claiming for a complete list of items required to equip a home appears petty or 'money-grubbing'.

If any future system attempts to compensate MPs for the necessity of running two homes, it will be more robust if it can be related to what the public thinks is the minimum necessary cost of doing so. Anyone paying for a home and its furnishings makes many choices affecting comfort and convenience. An MP who chooses extra comfort beyond what they really need, at taxpayers' expense, may be seen as using the public purse to subsidise lifestyle choices rather than necessary extra costs. But this begs the question of what level of living should be considered an optional luxury and what level just covers 'necessities'.

Research by the Centre for Research in Social Policy (CRSP) at Loughborough University and the Family Budget Unit at the University of York, funded by the Joseph Rowntree Foundation, offers direct evidence of what items members of the public think are required for anyone in Britain in order to achieve a minimum acceptable standard of living. While this research was designed to consider what level of income society would not want someone to live below, it can also be interrogated to suggest assumptions about spending needs in the context of MPs' second homes. The idea of doing so is based on two hypotheses:

- 1) That many members of the public would find it appropriate to apply the same standards in the case of MPs' extra living expenses as they would apply when thinking about a minimum income for ordinary people. This does not require a belief that MPs should have only a minimum living standard acceptable for the whole population, but that insofar as they enjoy a higher living standard they should pay for it with their salaries rather than their expenses. In this view, the public is willing only to pay for the basic necessities associated with having a second home, with MPs free to top this up.
- 2) That the question of what standard of living should be paid for in a second home will apply to whatever alternative system is developed for MPs' expenses. This might include not just an explicit set of claimable expenses, but a flat-rate allowance or rise in salary. Providing there is acceptance of the principle of compensating MPs in some way for the additional cost of a second home, the evidence given below is relevant.

The research

A Minimum Income Standard for Britain is an ongoing research project based at CRSP. In 2008, the Joseph Rowntree Foundation published the first results in the form of a set of budgets and required incomes for households of different types. These are presently being updated in line with inflation to reflect prices in April 2009 (new figures published early July).

The research involved detailed discussions among groups comprising members of the public, in several waves that first draw up and then revise lists of items necessary for a family to enjoy a minimum acceptable standard of living today. In between these waves, the lists are checked by experts for aspects such as nutritional adequacy of the food budget. Nearly 40 groups were involved in the research, some involving full day discussions.

Crucially for the purposes of this exercise, the discussions involved detailed negotiation and building of consensus over what items constitute necessities, which people should be able to afford if they want them, and without which they could not maintain a socially acceptable standard of living. Participants in the groups showed a high level of common understanding about what they meant by 'minimum', and took seriously the task of drawing the line between 'needs' (which were included) and 'wants' (which were not).

In 2008, the calculation was that a single person without children would require £158 a week to live on excluding rent. Details of the project are at www.minimumincomestandard.org, where full lists of budget items can be found under 'household budget spreadsheets'.

Areas of the budget applicable to an MP living in a secondary home

Only parts of the budgets calculated by the groups are applicable to the extra cost of running a second residence. Many items such as food, clothing and leisure activities outside the home do not systematically require extra spending as a result of living in a second home. The main items that require this are housing costs including fuel and household goods. The following table shows an estimate of the cost in these and other categories of items that one would associate with running a home. It excludes rent or mortgage, which will be highly variable according to location. The total extra cost is estimated at £48.49 a week or about £2500 a year at 2008 prices.

Table 1 A minimum budget for a single person excluding rent/mortgage, 2008 (figures for 2009 available shortly)

Category	Minimum budget £ per week	Of which costs associated with running home	Which are associated with home
Food	40.34		
Alcohol	4.38		
Tobacco	0.00		
Clothing	7.64		
Water rates	4.71	4.71	All
Council tax	13.33	13.33	All
Household insurances	1.79	1.79	All
Fuel	9.00	9.00	All
Other housing costs	2.29	2.29	All
Household goods	9.50	9.50	All
Household services	9.99	7.08	Landline telephone but not mobile
Personal goods and services	8.40		
Motoring	0.00		
Other travel costs	17.03		
Social and cultural participation	29.73	0.79	Purchase of TV and DVD player weekly equivalent
TOTAL	158.12	48.49	

There are a number of reasons why some of these figures might need to be adjusted for the situation of an MP, including costs such as council tax that are higher in London and some extra costs that may be associated with the busy life of an MP such as having a cleaner. (Note also that this uses a single person's budget even though many MPs have partners, on the assumption that the system does not pay for the partner to live in the secondary residence - but if there are exceptions, figures for couples are also available.)

However, in some parts of the budget, particularly that covering household goods, the decisions taken by members of the public could be highly relevant to the consideration of what is a minimum need. In equipping a living room, for example, the groups specified everything from the quality of sofas, carpets and curtains to the size of televisions. They suggested which chain stores to buy items in, where they were priced by researchers. Specific examples of pertinent findings were:

- A television with digital capacity (to prepare for the digital switchover), together with a DVD player, were considered necessities. However, the total cost of owning these items was estimated at just 65p a week, based on a total purchase cost of £170 and lifespan of five years. The television was a 21 inch flat screen TV priced at £89.99 from Currys.
- In calculating the minimum cost of carpets, it is a false economy to price the cheapest on offer: mid-range would provide a longer lifespan. The weekly cost of carpeting a living room was estimated at 59p a week based on a total cost of £306.75 and a ten year lifespan.
- While a bath plug was not included (considered part of fixtures and fittings), a bath mat was costed at 1p a week based on a £3 purchase cost and a lifespan of five years.
- The budgets include a very wide range of other minor household goods, from kitchen utensils to duvet covers. However each of these has a very low weekly cost given their long life-spans. Of 96 items listed under household goods and services, the cheapest 69 items cost under 10p a week each and £2.37 a week in total.
- Groups specified that for a single adult, adequate accommodation consists of a one-bedroom flat. This would allow an estimate of the rental cost of accommodation in a given area, perhaps based on the median rent levels used to calculate local housing allowances. In addition, the minimum size of an acceptable property influences the amount that someone will have to spend on items such as fuel and carpets. An MP who chose to live in a large house may have fuel bills higher than is considered a necessary minimum.

Conclusion

The above findings give a flavour of some of the ways in which the minimum income standard research can help inform the issue of MPs' expenses. One thing that they show clearly is that the recurring cost of equipping a one bedroom flat and replacing items when they wear out is modest compared to certain identifiable recurring costs such as rent, mortgage, council tax, fuel and cleaning. In the items discussed above associated with buying things for the home (i.e. excluding things recurring costs such as council tax and telephone charges), the total weekly cost comes to just over £18 a week or about £940 a year. If MPs' salaries were to rise to pay for this, they would require an increase of about £1600 before tax, representing around 2.5 per cent of the present salary. There may be a case for using a lump sum or salary increase to cover such items, leaving a much smaller list of larger recurrent items (such as rent, council tax, cleaning, fuel) that are allowable in specific expenses claims, according to well defined rules.

If the Committee is interested in developing these ideas further, we can offer to analyse in greater detail what the research revealed about public attitudes to necessities, and to undertake further analysis to the Committee's requirements.

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