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Developing expenditure questions: Findings from focus groups

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Developing expenditure questions: Findings from focus groups

IFS Working Paper W12/18

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Developing expenditure questions: Findings from focus groups

October 2012

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This project was funded by the Nuffield Foundation. The Nuffield Foundation is an endowed charitable trust that aims to improve social well-being in the widest sense. It funds research and innovation in education and social policy and also works to build capacity in education, science and social science research. The Nuffield Foundation has funded this project, but the views expressed are those of the authors and not necessarily those of the Foundation.

Content

1 Background and Methods

This project was funded by the Nuffield Foundation. The Nuffield Foundation is an endowed charitable trust that aims to improve social well-being in the widest sense. It funds research and innovation in education and social policy and also works to build capacity in education, science and social science research. The Nuffield Foundation has funded this project, but the views expressed are those of the authors and not necessarily those of the Foundation[1].

1.1 Background

Measuring material wellbeing and relative wealth is of fundamental interest to social researchers working across a variety of disciplines. The most commonly used indicator of material wellbeing is income. However, income measures are known to have limitations in terms of measuring material wellbeing. For example two households may have the same income but have very different living conditions depending on whether they have savings or access to credit. Therefore, there is a growing interest in not just measuring income, but also measuring *expenditure* i.e. how much money individuals actually spend.

Currently there is no established way to measure expenditure in the context of a general purpose survey. Therefore NatCen's Questionnaire Development and Testing (QDT) Hub, working in collaboration with the Institute for Fiscal Studies (IFS) and collaborators from Oxford and Cambridge Universities, are looking at how best to measure expenditure in a social survey context.

This report provides findings from the first element of this development work; a series of focus groups investigating how people think about household expenditure and what issues people may have in reporting household expenditure in a social survey context. The information collected in the focus groups will be used as a starting point for designing new questions on household spending for use in future social surveys. Subsequent stages of work will include cognitively testing any new questions produced and consulting a panel of experts over the proposed questions.

1.2 Methods

Focus groups

Six focus groups were conducted for this stage of the research. Focus groups were selected since they allow views to be obtained from a large number of participants efficiently. The subject matter is not too sensitive and is one where a group discussion

[1] More information is available at www.nuffieldfoundation.org.

could assist in generating ideas and views and so this approach rather than individual interviews was taken. We were interested in hearing what people spend money on and how easy or difficult it would be for them to report this, rather than asking in detail about their own spending. The intention was to explore the subject matter in general rather than testing specific questions, though we did give respondents the opportunity to comment on different question approaches. The focus of the research was methodological, rather than substantive. Probing was used to explore issues which would inform future questionnaire design, rather than gathering data on the spending habits and experiences of the focus groups participants.

The groups were designed to cover a range of geographical locations in England and also for the groups to be homogenous in terms of the key characteristics likely to impinge on household spending. The sampling, recruitment and focus group protocols are described in more detail below.

Recruitment

Participants were recruited from three different geographical locations; London, Manchester and Reading. Recruitment was carried out by a specialist recruitment agency. All recruiters used a screening questionnaire to identify individuals whose characteristics met the sampling criteria. An example screening questionnaire can be found in Appendix A.

There were between seven and nine participants in each group. In order to facilitate participation in the research, venues were chosen that had good public transport links and would be accessible for people with mobility difficulties. All participants were given £30 in recognition of the time and effort taken to attend the focus group.

Sampling

Purposive sampling criteria were used to ensure participants were recruited with a diversity of characteristics relevant to the research questions. This method of sampling is used to ensure that a full range of views and experiences can be captured. The groups were deliberately composed so that each group contained participants who had enough in common to generate some shared experience but some diversity to allow for a range of views and creative discussion. The main criteria used for group allocation were:

1) **Age group:** Participants were allocated to an 18-49 group or a 50+ group
2) **Household income:** Participants were allocated into high or low income groups based on their household income and the number of people (both adults and children) living in their household.
3) **Household composition:** Participants varied in terms of their household composition. Household compositions were clustered into the following categories:
    a. *Single* i.e. household has only one occupant;

b. *Couple* i.e. household contains a co-habiting couple or married partners but no-one else;
c. *Young family* i.e. household contains a single parent or a couple and children aged fourteen and under. No-one else lives in the household;
d. *Grown-up family* i.e. household contains families with children aged 15 or over (or some other form of adult relation);
e. *Shared* i.e. household contains a number of adults who live together are not in a relationship or family members. This includes houses containing lodgers or friends living together.

Table 1.1 shows the main sampling criteria used for each group held.

Table 1.1 Group composition

	Group 1	Group 2	Group 3	Group 4	Group 5	Group 6
Location	**London**	**London**	**Reading**	**Reading**	**Manchester**	**Manchester**
Age group	18-49	18-49	50+	18-49	Any age	50+
Type of household	Single or Shared	Couple or Young family	Single or Couple	Couple or Young family	Grown up or extended family	Single or Couple
Income group	Mixed	Low	Low	High	Mixed	High

Secondary targets were set so the participants recruited varied further by age-group, sex, highest qualification and ethnicity. This information was used to ensure further diversity across the sample as a whole. Tables 1.2-1.4 describe the overall sample composition in more detail.

Table: 1.2; Participant breakdown by sex

Sex	N
Male	20
Female	25
Total	45

Table: 1.3; Participant breakdown by age group

Age group	N
18-29	8
30-39	8
40-49	12
50-59	9
60+	8
Total	45

Table: 1.4; Participant breakdown by highest qualification

Highest qualification	N
Postgraduate Degree	2
Degree	6
Higher Education below degree level	6
A-Level or equivalent	7
O Level/ GSCE or equivalent	10
CSE or equivalent	8
Other qualification/ Foreign qualification	2
None	2
Unknown/ missing	*2*
Total	**45**

In addition 10 of the participants recruited were from ethnic minority groups.

Fieldwork

The focus groups were carried out by a moderator using a topic guide, which can be found at Appendix B. The purpose of the topic guide was to help focus and shape the discussion, while allowing each group to discuss relevant issues in an open way as they arose. Each group discussion lasted around one and a half hours. All groups were audio-recorded (with participants' consent) and transcribed verbatim for analysis.

Monitoring questionnaire

At the end of each group participants were asked to complete a short questionnaire to monitor their subjective views of their financial situation. The questions were adapted from those used in the English Longitudinal Study of Ageing (ELSA) and are shown in the box below.

Q1. Which of the phrases below best describes how you and your household are getting along financially these days?

Manage very well
Manage quite well
Get by alright
Have some financial difficulties
Have severe financial difficulties

Q2. How often do you have too little money to spend on the things your household needs?

Never
Rarely
Sometimes
Often
Most of the time

Q3.Does having too little money stop you from doing any of the following things?

Buying your first choices of food items
Having family and friends round for a drink or meal
Having an outfit to wear for social or family occasions
Keeping your home in a reasonable state of decoration
Replacing or repairing broken electrical goods
Paying transport costs to get to places you want to go
Buying presents for friends or family once a year
Taking the sorts of holidays you want
Treating yourself from time to time
None of these

The purpose of this questionnaire was to check that we had successfully recruited participants who varied in terms perceived financial wellbeing (as household income is not always considered a useful measure of material wellbeing in itself). The results from the monitoring questionnaire confirm that respondents did vary across the three measures used. Tables 1.5- 1.7 show the results of the monitoring questionnaire.

Table 1.5; Answers to Q1

Which of the phrases below best describes how you and your household are getting along financially these days?	**N**
Manage very well	12
Manage quite well	8
Get by alright	17
Have some financial difficulties	8
Have severe financial difficulties	0
Total	**45**

Table 1.6; Answers to Q2

How often do you have too little money to spend on the things your household needs?	N
Never	6
Rarely	11
Sometimes	17
Often	8
Most of the time	3
Total	**45**

Table 1.7; Answers to Q3 of material deprivation

Number of items that the respondent feels they cannot afford	N
No items selected	12
1-2 items selected	16
3-4 items selected	5
5-6 items selected	7
7+ items selected	5
Total	**45**

Data management and analysis

Data management and analysis was conducted using Framework; an analysis method developed by the Qualitative Research Unit at NatCen.

The first stage of analysis involves familiarisation with the transcribed data and identification of emerging issues to inform the development of a thematic framework. The framework is used to set up a number of matrices or 'charts' for each main theme. Charts have column headings on each sub-theme and rows for each group conducted. Data related to each sub-theme for each group is then summarised in the relevant cell. The context of the information is retained using a link back to the original transcript.

Organising the data in this way means that data can be read systematically; either by reading a row showing all information collected within a one group or by reading a column showing all findings across all groups on one theme. Links with the verbatim data are retained to allow easy checks to be made so that ideas are supported by evidence. The thematic charts allow for the full range of views and experiences to be analysed, compared and contrasted both across and within cases, and for patterns and themes to be identified and explored.

1.3 Structure of report

The rest of this report shall describe the key findings from the focus groups:

- **Chapter two** examines how participants understood the term 'household spending';
- **Chapter three** explores to what extent participants would be able to provide information on household spending in a social survey. The chapter discusses whether it is easier for respondents to recall 'total spending' or spending on different types of items (section 3.1-3.3), what reference periods are most appropriate to use (section 3.4) and issues related to perceived sensitivity (section 3.5);
- **Chapter four** explores the different ways household finances are managed in different households, who is responsible for managing the finances and how; and
- **Chapter five** discusses participants' views on existing survey questions on spending.

Implications for future questionnaire design and any survey administration issues are discussed at the end of each section.

Finally, **chapter six** provides a brief summary of the key conclusions and a summary of what steps are required for the next phase of the project.

Reporting conventions

The report deliberately avoids giving numerical findings, since qualitative research cannot support numerical analysis. This is because purposive sampling seeks to achieve range and diversity among sample members rather than to build a statistically representative sample. Qualitative research provides in-depth insight into the range and breadth of different views and the social context under which they occur; however the research cannot be used to indicate how prevalent a view might be within a population.

In places verbatim quotations are used to illustrate the findings. These are labelled to show the sex of the speaker and the group in which they participated.

The report highlights a number of queries relating to how measurement aims need to be further refined prior to further questionnaire development. These queries are shown in blue at the end of each relevant subsection.

2 Understanding of Household Spending

The first aim of the group discussion was to explore participants' understanding of the term 'household spending'. We were interested in examining what types of things people think about when asked about household spending and what terminology participants use to describe their spending.

2.1 Ambiguity within the term 'household spending'

As a starting activity participants were asked the open question of 'What sort of things does your household spend money on?'. Participants were encouraged to shout out types of expenditure with all items mentioned being recorded on a flipchart.

During this activity it was noted by participants that the term 'household spending' was ambiguous. A number of participants questioned whether they were being asked to think of all types of spending or just spending on items for use in the house:

"*Do you mean stuff in the house? Or just what you spend your salary on generally?"*
(Female, Group One)

Other participants stated that they would only consider expenditure related to *running a house* (such as mortgage, utilities and groceries) as 'household spending'. This indicates that the phrase 'household spending' could be problematic in a survey question as participants may apply unintended exclusion criteria and only report spending on items used in a home setting. Therefore any survey questions developed should not use the term 'household spending' in isolation; the questions developed must clearly indicate the intended scope, namely that participants should report the amount spent on *all types* of purchases.

2.2 Types of spending considered

In the group setting participants were able to generate a large quantity of items that make up household spending. The items participants thought about as part of the flip-chart activity are summarised in the box overleaf:

Items that make up household spending:

- Rent or Mortgage
- Bills or utilities (gas, electricity, council tax, water, TV license, landline, mobile phone, Sky TV, internet)
- Insurance (e.g. life, home, medical)
- Leasehold fees
- Food
- Takeaways/ meals out
- Lunch at work
- Clothes and footwear
- Travel fares (e.g. trains and buses)
- Car costs (e.g. insurance, MOT, petrol, tax)
- Parking permits
- Alcohol
- Tobacco
- Drugs
- Socialising
- Nights out- gigs/ pictures/ concert/ pub/ club
- Entertaining/ having guests
- Parties
- Weekends- boating/ theatre
- Treats (e.g. magazines).
- Gym and exercise classes
- Sports (e.g. golf, football, swimming)
- Hobbies
- Cinema
- Gambling (e.g. lottery, pools, betting)
- Presents (e.g. birthdays, Christmas, weddings)
- White goods (e.g. fridge, washing machine)
- Electrical goods (e.g. laptop, TV).
- Furniture
- Decorating
- House upkeep/ repairs/ DIY
- Window cleaning
- Gardening
- Toiletries
- Beauty (e.g. hair and make-up)
- Holidays
- Days out
- Magazines and newspapers
- Books
- Computer games
- DVDs
- CDs/ MP3s
- Childcare
- School uniform
- Children's activities and afterschool lessons
- School dinners/ packed lunch
- Nappies
- Pocket money
- Education (school fees, tuition, university fees)
- Professional memberships/ subscriptions
- Donations to charities/ sponsorships
- Opticians and glasses
- Prescriptions
- Pet care (e.g. food, vets)
- Loan repayments/ Hire purchase arrangements
- Credit card repayments
- Pension funds
- Investments
- Cleaning products/ cleaning bills/ ironing
- Cleaners
- Gardeners
- Looking after parents/ care

Participants were not asked to cluster different activities together as part of the flipchart exercise. A discussion of how types of spending could be broken down into different groups is categories provided in section 3.3.

There were a small number of items participants were unsure whether to count as a type of spending. For example, it was mentioned that some people may invest their money in stocks or shares or set aside part of their salary into a private pension. This was classified as a form of spending for the purposes of the flip-chart exercise, although participants who mentioned these items (correctly) did not consider them as a form of spending. This raises the issue as whether or not spending on investments should be considered as a form of *household spending* for the purposes of the new survey questions.

One self-employed participant discussed how he was unsure whether he should count his work-related spending as 'household spending':

"There's things I pay out each week, like the rent for me taxi and the fuel, I wouldn't count them as spending, but they are obviously…So there's £400 I don't even think about, because it's just paid out. I don't class that as my household spending, but I suppose it is really."

(Male, Group six)

This indicates that some clarification may need to be provided as to whether work-related spending should be included in the new questions.

Finally, it should be noted that participants classified paying off credit card bills as a form of spending during this exercise. The issue of how the new survey questions treat paying for items on credit needs further consideration. This issue is important as if participants include both items purchased with a credit card in the last month *and* paying for items purchased in previous months actual monthly spending will be over-estimated. A decision needs to be made about how this issue will be dealt with in subsequent questionnaire design.

2.3 Implications for question design

The first exercise highlighted that people spend money on a wide range of items. However, it is unclear whether some items mentioned should be included or excluded as types of spending. Prior to further question development the following queries on measurement aims should be addressed:

Queries on measurement aims:

- Should contributions to a pension and purchasing investments be included as a type of household expenditure?
- Should payments made on business items be included as a type of household expenditure?

- Should credit card purchases be counted as a type of household expenditure at the time they are made or the time they are repaid?

In addition the following recommendations should be kept in mind for future questionnaire development.

Recommendations for question design:

- The term ‘household spending’ could be mistakenly understood as the amount spent on items for use *in the home*. Therefore the question wording needs to clearly indicate that we are interested in total spending on *all types of purchase*.
- The terms and examples generated above may be of use for subsequent questionnaire design.
- Clarify to respondents how and when to report purchases which are not made in cash or with a debit card.

3 How participants recall spending

The second aim of the focus groups was to explore how easy or difficult it is for people to provide information about their spending. As part of this we examined:

- How easy or difficult it is for participants to recall their household spending;
- Whether it is easier for participants to talk about the *total* amount they spent in a given period or whether it is easier for them to give a *breakdown* by different types of purchase;
- If it is easier for participants to recall spending using a breakdown what categories should be used?
- What time periods do participants think about in relation to their spending?

Findings related to each of these areas, and implications for subsequent questionnaire design, are discussed in the following sections.

3.1 Recall for 'total spend'

After completing the flip-chart activity participants were asked to discuss how easy or difficult it would be to report how much their household spent, *in total,* in the last month. Participants varied in terms of how easy they thought it would be for them to report this information, with some claiming it would be easy and others claiming it would be difficult.

Participants who claimed it would be easy to provide information on their total spending in the last month felt this was because:

- They generally spend all of their monthly income each month (plus or minus a small amount) and they know what their monthly income is;
- Their outgoings are similar each month and they are aware of what these outgoings are;
- They keep records of their spending and set themselves budgets; and/or
- They keep a close eye on their finances and check bank statements regularly.

All groups contained a mixture of individuals who thought answering this question would be easy and individuals who thought answering it would be difficult. There was no clear pattern as to which types of participant kept records of their finances in terms of sex, age or income.

Participants who thought answering a question on household spending would be difficult stated this because:

- They do not know what other members of the household spend;
- Other members of the household take responsibility for finances (such as a partner or spouse); or
- They hadn't given the issue much thought or that they 'spend without thinking'.

Participants who felt that giving an answer would be difficult were asked whether they would be able to give an approximate answer if required to. The ability to do this depended on the type of household participants came from. Participants who lived in shared households or with parents stated they could only give an approximate figure on their *own* spending but could not give information for other people living in the household (see section 4.1). Participants who stated their partner or spouse was mainly responsible for bills felt they could answer the question provided they checked the statements first or if their partner was present during the interview.

Participants who stated they had not given the issue much thought felt they could provide an approximation. Participants discussed how they could recall the large items of expenditure (such as rent and bills) and then they could make a guess as to how much they had spent on the other things. Participants also noted they could find the information out if required as they could check their bank statements.

Accuracy of estimates

The groups were next asked to comment on how accurately they could answer a single question on household spending and what the likely margin for error would be. Participants felt their answers would be highly accurate if they had consulted their records or bank statements before. Likewise, participants who based their answer on their income felt their answers would be fairly accurate:

"Exactly what goes in comes out, pretty much every month."
(Female, Group Four)

In contrast participants who said they could provide a guess thought their estimate would be accurate to nearest £50-£200. However, not all participants were able to quantify what their likely error margin would be and this area could warrant further investigation in the cognitive interviews.

It was noted that it may be more difficult to recall spending in certain months compared to others. For example, one participant described how her household is currently going through a series of home improvements and therefore spending has increased dramatically:

"Last month, we bought a new oven, a new dishwasher, a new hob, a new chimney, a new sink, you know, so we bought massive things last month, so I would have no idea."
(Female, Group Four)

This raised the issue of whether the survey question should capture the amount spent in the last month or the amount spent in a typical month (see section 3.4) and whether large irregular items of expenditure should be captured more generally.

Implications for questionnaire design

Discussions show that a single question on 'total spend' in the last month is a feasible proposition although answers will vary in accuracy. It is recommended a single question approach is developed and trialled in the cognitive testing. In addition:

- Participants in shared households may not be able to provide an estimate of how much the entire household spends in a month; they can only provide an estimate of how they spend personally. Future questionnaire design should keep this in mind (see section 4.1).
- In some couple households one member of the couple may take responsibility for budgeting. Ideally questions on spending should be directed at this person (see section 4.1).

Accuracy of responses should be explored further in the cognitive interviewing stage.

Administration query

- Participants who kept a record of their spending, or who used online banking, stated they could provide an accurate figure on spending in the last month if they checked their records. Participants stipulated that it would be useful if they knew the question was going to be asked in advance of taking part in the interview. It is unclear whether reminders would be used in a survey setting however a decision needs to made as to whether they should be used for the cognitive testing phases.

3.2 Recall when asked to provide a breakdown of spending

Participants were next asked to discuss whether reporting their household spending would be easier if the task was broken down: namely whether accuracy could be improved by asking how much they spent on different things in the last month rather than how much they spent in total.

As part of this discussion participants were asked to complete a card sort exercise. Participants were given a set of 27 cards, each card showing a different type of expenditure. The categories used in the card sort are shown in the box overleaf.

Card sort categories

1. Food bought and eaten inside the home
2. Food bought and eaten outside the home (from takeaways, restaurants, sandwich shops, work or school canteens etc)
3. Rent or mortgage
4. Household Insurance (contents or building)
5. Domestic fuel: gas, electricity
6. Household bills: water, council tax, TV licences, telephone and internet costs
7. Car expenses (fuel, servicing, insurance etc)
8. Transport costs other than car (public transport, taxis etc)
9. Clothing and footwear
10. Alcohol
11. Tobacco and cigarettes
12. Gambling or betting
13. Cost of any visits to the cinema, theatre, sports, bingo etc
14. Spending on hobbies
15. Subscriptions to sports and social clubs and societies, fees for day or evening classes
16. Medicines and health and social care expenses
17. Money or gifts to people outside the home including donations to charity
18. Personal care items such as shampoo, cosmetics, toothpaste
19. Child care
20. Books, magazines, music, DVDs
21. Home repairs and DIY
22. Furniture or furnishings
23. Large durable goods such as televisions, kitchen appliances, computers
24. New or second-hand cars
25. Household supplies, such as toilet paper, stationery, cleaning or gardening products
26. Services such as hairdressing, cleaning or ironing services, gardening services
27. Other item: write in

Participants were asked to think about how easy or difficult it would be say how much their household spent on each item in the last month; they were then asked to sort the cards into three piles:

1. **Very easy** (to say how much had been spent on the item in the last month)
2. **OK** (to say how much had been spent in the last month)
3. **Difficult** (to say how much had been spent in the last month).

After this task the groups discussed what they had done and the implications for future questionnaire design. The following sections shall examine:

1. How easy or difficult participants found providing a breakdown of their spending in the last month;
2. The advantages and disadvantages of asking for a spending breakdown compared to simply asking for the total amount spent;
3. What categories would be most appropriate if questions asking for spending breakdowns are used.

Ease of providing a spending breakdown

After completing the card sort task participants were asked to discuss which categories of spending were easy to recall and why. Similarly participants were asked to comment on which categories were difficult to recall and why.

Individual participants varied in terms how easy or difficult it was for them to say how much they spent on specific categories. However, a number of themes did emerge related to recall. These factors are summarised in table 3.1 below.

Table 3.1: Easy and difficult categories to recall

Easier categories to recall	More difficult categories to recall
Fixed regular bills such as mortgage, rent, council tax and things paid by standing orders Large 'one-off' purchases such as a new car or a new TV	Expenses that vary month by month (such as petrol) Smaller items paid (costing less than £10)
Items the participant has spent nothing on (e.g. non-smokers found it very easy to say how much they spent cigarettes)	Irregular but frequent spends (topping up mobiles phones, topping up the gas meter)
Regular food shop (provided you buy a similar amount each time or have a food budget)	Food shopping if you don't budget for it or buy different amounts each time Food bought outside of the home/ topping up the main regular shop
Essentials	Impulse buys/ spur of the moment purchases/ treats
Fixed subscriptions such as gym membership	Leisure activities that have no fixed cost, e.g. going to the pub, buying craft materials, gambling

Participants discussed how it was easier to provide estimates on *essential* spending (such as rent and bills) as there would be negative consequences if you were unable to pay these. Spending on leisure activities or 'shopping for fun' was less closely monitored. A number of participants in group four discussed how they would not want to know precisely what they spent on leisure activities as the knowledge might be 'frightening':

"I don't ever add it up, I just buy it...I wouldn't dream of adding it all up."
(Female, Group Four)

Likewise, participants in other groups stated they did not always want to consider how much they spent whilst on holiday or on a night out as this could hamper their enjoyment of the occasion in question.

Household composition

Participants in shared households reported that they would only be able to give a breakdown of how much they spend personally and that they would not be able to give information on how much other household members spend (with the exception of categories such as rent or utility bills which are shared between all household members). This mirrors findings from section 3.1 and indicates that people living in shared households should be asked questions about their individual finances, not their household finances.

In addition couples noted that although they may be aware of approximately how much their partner spent in total felt they could not provide full details of *what* partners spent their money on beyond shared financial responsibilities such as accommodation and groceries. For example, participants stated they didn't know how much their partner spent on 'clothes shopping' or 'golf'. Similarly, parents knew how much money they gave their older children to spend each month but they weren't aware of the details of what it was spent on.

Total spend vs. spending breakdown

After completing the card sort task participants were asked to discuss the advantages and disadvantages of asking a single question about 'total spend' compared to providing a 'spending breakdown'.

Participants varied in terms of which format of question they felt would be better. There was no clear pattern over what types of participants preferred which type of question based on the participants age, income and household structure.

Some participants felt they would find it easier to report how much they spend using the breakdown format. These participants felt that to give a 'total spend' they would have to think about all the things they had spend money on and add them up anyway, therefore providing a question where everything was already broken down into categories would be helpful. Participants who preferred a breakdown also noted that a list of categories could prompt them to recall items of spending which would have otherwise been overlooked:

" If you've got a list, you're like, 'Yeah, I've spent this much on this,'… otherwise I always forget things..."

(Female, Group Four)

Therefore, some participants felt that asking the 'spending breakdown' format of question would increase the accuracy of the answers they provided as well as making the question easier.

In contrast other participants felt that it was easy for them to say how much they spent 'in total' each month but it was difficult for them to provide a breakdown. This view was held by:

1. Participants who spent their entire salary each month but did not necessarily keep track of what they (or other household members) spent the money on.
2. Participants who stated they could look at a bank statement to get information on 'total spend' but would not what money had been spent on.

In addition a number of participants felt that although they could provide an approximate breakdown if required they would still prefer a question on 'total spend.' This was because it would be relatively quick to answer a question on 'total spend' but potentially a long process to work out how much they had spent on each item named in the card sort task. Likewise, some participants felt that it would be difficult to design a category system where it was clear what should be included under each heading:

"Sometimes, you know like they're not explanatory, you can't quite understand the questions or… how to fit in what you've spent…into the categories."

(Female, Group Two)

Therefore adding breakdown categories could add to survey burden and task complexity.

Finally participants noted that ultimately the question should capture whatever researchers are interested in measuring, and they wanted to give information that would be 'helpful'. It is arguable that having some details of spending breakdown could be of interest to data users and policy makers, particularly the distinction between how much participants are spending on 'essentials' such as accommodation, utilities and childcare compared to 'leisure' and other activities. In addition having a breakdown of items could help analysts identify whether participants had made any 'one off' large spends in the last month (see section 3.4). Further discussions are required on whether capturing a breakdown of spending is a high measurement priority or whether it goes beyond the remit of this study.

Table 3.2 overleaf provides a summary of the advantages and disadvantages of the two different approaches.

Table 3.2. Advantages and Disadvantages of a 'total spend' vs. a 'spending breakdown' approach

Advantages and disadvantages of 'total spend' approach	Advantages and disadvantages of 'spending breakdown' approach
✓ Quick to administer. ✓ Participant could know total spend but not the breakdown of what money is spent on.	✓ Reminds participants of certain types of spending that may otherwise be excluded (this may increase accuracy in some cases). ✓ Minimises number of calculations participants have to make. ? Potentially information of interest to data users and policy makers.
× Participants may forget certain types of spending if not prompted to include them. × May require participants to do multiple calculations if they are nor initially aware of answer.	× Time-consuming/ more burdensome × Participants could know total spend but not the breakdown of what money is spent on. × Could be confused over what to include at each category. × Detailed breakdown could be more sensitive as it reveals more personal information about participant (see 3.5).

Implications for Questionnaire design

In conclusion no clear pattern was found over whether a 'total spend' format or a 'spending breakdown' format is the better approach to use. Further development work would be useful to establish how estimates provided in a 'breakdown' question vary compared to those given in a 'total spend' question, and which potentially yield more accurate results. Therefore it is recommended that both styles of question are developed and scrutinised further at the cognitive testing stage.

Query on measurement aims

- Would some level of breakdown by spending type be useful for data users? If so what level of breakdown would be of use?

3.3 What categories are most appropriate?

Participants were asked to discuss which categories should be used in breakdown question on spending. The following section will discuss:

- The level of breakdown required and how many categories there should be;
- Issues raised by participants in relation to existing card sort categories;
- Categories of spending missing from the card sort task.

Suggestions on new breakdowns are also provided.

Level of breakdown required

Participants felt that the card sort exercise used too many categories to use in a survey question and that the overall list should be condensed. However, there was no consensus about the level breakdown required. Some participants discussed simply having the top-level categories of:

1. Essentials (such as accommodation, bills, transport costs, childcare etc)
2. Leisure activities/ treats (such as socialising, going out, magazines, make-up etc)

These participants mentioned how they organise their finances in this way e.g. the amount they have to spend on themselves is what is left over once they have budgeted for the essentials (see section 4.2).

However, other participants felt more categories would be required in order to prompt people to think about certain things and to prevent participants having to 'add up' lots of different items in their heads. Further suggestions of how categories could be refined and combined are provided in the following sections.

Household bills

Some participants thought the categories 'Rent or mortgage', 'domestic fuel: gas electricity' and 'household bills' could be combined into a single category. Likewise, some participants felt that 'household insurance' should be added to household bills rather than being a separate category. The term 'bills' seemed to be understood as all encompassing and therefore may be more appropriate as wording for the category:

"I think 'bills' is a good category, 'cos that covers all the [others agreeing] rent, the electricity, the insurance..."

(Female, Group Four)

As part of the future development work cognitive testing should explore whether all the above should be merged into a single category or whether some level of breakdown helps participants to accurately report their spending.

Travel costs

Some participants felt that all the items on car expenses and other transport costs could be combined to make a single item on travel costs. It should be noted that cost of parking was mentioned at the flip-chart activity (see section 2.2) and could be used as another example of costs that call under this category. Some participants felt the category 'New and second-hand cars' could fall under this category.

Food and groceries

During the flip-chart activity, 'food bought at work, school dinners, pack lunches, meals out and takeaways' were all listed as separate items to 'food' (see section 2.2). In subsequent discussions participants varied as to how they thought items on food should be categorised. Participants either thought:

- There should be a single category for food; or
- There should be a distinction between food bought at the supermarket and meals out/ takeaways.

In general participants did consider the cost of food purchased in restaurants and takeaways as separate to regular food costs. Participants who were in favour of a single food category felt that meals out and takeaways should be included under the broad category of 'leisure' (see following section).

Participants also felt that 'personal care items' (such as toothpaste and shampoo) and 'household supplies' (such as toilet paper and cleaning products) could be grouped with food in a single category as these were not kept track of separately. It was noted that all these items could be purchased together in the supermarket and therefore participants did not consider them as separate types of spending.

"It's quite difficult to work out, you know, how much you're spending on toothpaste. I mean, not that I spend lots on toothpaste but you know that kind of thing."

(Female, Group One)

Some participants felt that alcohol could fall under this 'food and groceries' category as again this was something they purchased in the supermarket. However, others felt spending on alcohol fell under socialising and leisure activities.

Socialising and leisure activities

Participants felt that a number of the 'non-essential' spending categories overlapped and could be grouped under a broad heading of 'socialising' or 'leisure' Although there were variations between participants in how this category was described the category seemed to include both socialising done in the home (hosting parties and entertaining friends and family, takeaways) and outside of the home (going to restaurants, pubs, and the cinema etc).

Spending on hobbies

Participants suggested that the categories 'spending on hobbies' and 'subscriptions to sports and social clubs and societies, fees for day or evening classes' could be combined into a single category. Furthermore some participants felt both these items could be

added to a general ‘leisure’ category along with trips to the cinema and restaurants. Some participants suggested DIY and gardening could be categorised as hobbies whilst other thought they should be considered separately.

Books, Magazines, Music and DVDs

Some participants felt that ‘books, magazines, music and DVDs’ could also fall under the same heading as ‘food and groceries’ as these items are now commonly bought as part of trip to the supermarket. However, other participants considered these items to be a separate type of purchase. A number of female participants described this type of purchase as ‘treats’. However, the ‘treat’ category was considered to be broader, and that it could encompass other small buys such as make-up or jewellery.

It was felt that ‘computer games’ was missing was this category.

Gardening supplies

As discussed above it was felt that a number of items on the ‘household supplies’ should be included under a new category of ‘food and groceries’ (cleaning products, toilet paper etc). The exception to this was ‘gardening supplies’ as these were *not* thought of something that would be bought as part of a weekly shop. Participants felt gardening products should be included under a different category. Some participants suggested it should be classed under ‘spending on hobbies’ and others suggested it should fall under ‘DIY and household repairs’.

Large goods and ‘one-off’ purchases

Participants suggested that the categories ‘furniture and furnishings’ could be combined with the category ‘large durable goods such as televisions, kitchen appliances, computers.’ This was because furniture, like durable goods, was considered to be a large one-off purchase.

“Furniture and furnishings could go along the lines of general goods, such as televisions, kitchens, and computers…cause it's not something you're buying on a, a weekly or monthly basis.”

(Male, Group Five)

Participants tended not to use to use the phrase ‘durable goods’. Instead they used the term ‘white goods’ to describe fridges and washing machines and ‘electrical goods’ to describe televisions and computers.

Missing categories

Participants felt a number of categories were not covered by the existing card sort. Specifically these were:

- Holidays
- Donations to charity/sponsorship
- Pets (e.g. food and insurance)
- Education (e.g. school and university fees)

Therefore subsequent breakdown questions should ensure the above are included, either as distinct categories or broadly included under another subheading.

Interestingly several participants thought there should be a separate category on 'going out/ socialising/ parties' as it was felt this was not adequately captured within the existing categories.

Implications for Questionnaire design

If breakdown questions are used to measure spending as far as possible categories should be mutually exclusive to minimise the likelihood of participants 'double-counting' the cost of certain purchases. It may be useful if participants can see all categories prior to answering individual questions (for example using a showcard) on how much they spent on each category type.

Currently it is unclear what level of breakdown (if any) is most appropriate when capturing spending information. Participants' feedback suggests that 'top level' categories may be preferred as they are less sensitive.

Suggestions of different levels of breakdown (two categories, ten categories and sixteen categories) are provided in table 3.3 overleaf. To a large extent these would collect the same information but using broader categories, however the more detailed breakdown (16 categories) includes items of spending which are not covered by the 2 and 10 category options. Different levels of breakdown could be developed and tested (for example a 5-7 category breakdown) if desired.

It is recommended that participants' understanding of breakdown categories is explored further during the cognitive testing phase. Cognitive testing should explore:

- Participants' understanding of what should be included and excluded at each category.
- Whether categories are mutually exclusive.
- Whether categories are complete (i.e. there are no missing forms of spending).
- Whether the overall number of categories is appropriate.

Query on measurement aims

- Would some specific categories be of particular use data users?

Table 3.3 Different levels of category breakdown

Two category breakdown	Ten category breakdown	Sixteen category breakdown
1. …Essentials? e.g. Mortgage or rent, bills, food and groceries, transport, home repairs, childcare, healthcare etc.	**Essentials** **1. …Mortgage, rent and bills?** E.g. gas, electricity, water, council tax, telephone, internet, TV, mobile and household insurance. **2. …Transport costs?** E.g. Costs of buying and running a car (petrol, parking, MOT) and public transport costs. **3. … Groceries** e.g. food, toothpaste, cleaning products, pet food. **4. …Clothes and footwear?** **5. …Childcare and school-fees?** **6. …Home improvements and household goods?** E.g. DIY, gardening, furniture, white goods (such as fridge or washing machine) or electrical goods (such as television or computer). **7. … Health expenses** e.g. glasses, dental care, prescriptions, social care.	**Essentials** **1. …Mortgage or rent?** **2. …Bills?** E.g. gas, electricity, water, council tax, telephone, internet, TV, mobile and household insurance. **3. …Transport costs?** E.g. Costs of buying and running a car (petrol, parking, MOT) and public transport costs. **4. … Groceries** e.g. food, toothpaste, cleaning products, , pet food. **5. …Clothes and footwear?** **6. …Childcare and school-fees?** **7. …Home improvements?** E.g. repairs, decoration, DIY and gardening. **8. … Health expenses** e.g. glasses, dental care, prescriptions, social care. **9. …Large goods and 'one off' purchases** e.g. furniture, white goods (such as fridge or washing machine) or electrical goods (such as television or computer).
2. …Leisure activities and treats? Going out, socialising, alcohol, sports and hobbies, DVDs, books, gifts, etc.	**Leisure** **8. Socialising and hobbies** e.g. going out (restaurants, pub, cinema) gym or sport club membership, lessons, arts and crafts. **9. … Other treats e.g.** Books, magazines, DVDs, CDs, games, beauty products? **10. …Holidays**	**Leisure** **10. …Socialising and leisure activities** e.g. going out (café, restaurants, pub, cinema, theatre) and staying in (takeaways, entertaining friends). **11. …Sports, clubs and hobbies?** E.g. gym or sport club membership, music or language lessons, arts and crafts. **12. …Books, magazines, DVDs, CDs, and games?** **13. …Hairdressing and beauty products?** **14. …Holidays?** **Spending on others** **15. …Gifts for other people?** Include pocket money. **16. …Donations to charity?** Including sponsorship.

3.4 Reference periods

As part of the discussions on recalling spending participants were asked to comment on which reference periods would be most appropriate to use in the new survey questions. Participants were asked to comment on:

1. Whether it was easier to talk about spending in the 'last month' or spending in a 'usual month'; and
2. What timeframe would be most appropriate to use when asking about spending (weekly, monthly or yearly).

Findings from this part of the discussion are summarised below.

'Usual month' or 'last month'?

Participants were asked whether it was easier for them to talk about their spending in the 'last month' or their spending in a 'usual month.' Participants varied in terms of their preference. Some participants thought the question should ask about a usual month because:

- They can give an approximation (based on their monthly salary) without having to work out the figure precisely.
- Their answer would be more representative of their usual spending if they have had an atypical month. For example, participants felt their survey answers would not be accurate reflections of their spending if they had made a one-off major purchase such as a holiday in the month the interview took place.

In contrast, other participants felt the question should ask about the last month as there was no such thing as a 'usual month' or spending varied a lot between months. Therefore questions on the last month would be more accurate.

In general the discussions raised the issue of what researchers actually want from the data collected.

"…It doesn't matter if it's last month or a usual month; it depends what kind of information you're trying to get from it."

(Female Group One)

The main thing participants queried was whether researchers were interested in measuring how much they spend on large but infrequent items such as yearly bills, new cars, holidays or Christmas. If there is an interest in capturing this type of spending this should be made explicit as participants may not consider such items as a 'usual spend'. Likewise they would not include them in questions on what they spent in the last month if no such purchase was made. Even if such purchases were made, respondents might not report them in the last month if they feel them to be untypical and not of interest to researchers.

Participants also felt it would be very difficult to work out an 'average month' factoring in large irregular spends.

"I'd have to do everything for the year and then chop it down into months [laughs]!"
(Female Group Three)

Therefore if there is a need to capture spending on large irregular items this would have be done another way. One strategy could be to ask participants to report how much they spend on certain high-cost low-frequency items annually. This data could be combined with answers on monthly spending to estimate a 'mean monthly spend' including large irregular items. Unfortunately, this approach does not take into account the fact that in months where participants make major purchases they may change their spending in other areas. For example, participants discussed how if they know they have a major purchase coming up they can back on spending on food and leisure activities, and other 'non-essential' items (see section 4.2). This means the above approach could result in data over-estimating spending. Whether or not this approach should be trialled depends on the relative importance of capturing an 'average spend' compared to spending in the last month and also on the extent to which large irregular purchases are of interest.

Other timeframes: weekly, monthly or yearly?

Participants had different views on what timeframe should be used (weekly, monthly or annually) depending on the type of question being asked. It was felt that for a question on 'total spend' a monthly timeframe would be most appropriate. This was because:

- Most people get paid monthly;
- Many major expenses are paid monthly (for example mortgage repayments or rent);
- Bank statements are often sent monthly (and online bank statements have breakdowns by month).

Participants who kept records of their finances or spending also described how they do these on a monthly basis. Participants also described how they set themselves monthly budgets. Therefore a monthly timeframe matches how many people already think about their finances. It was noted that some people may manage their budgets weekly (for example people who draw a pension weekly). However, it was felt that respondents who did manage spending in this way should still be able to give an approximate total of monthly spending by multiplying their weekly budget.

In contrast participants had varying views on what timeframes should be used if answering a breakdown question of expenditure by separate items. Participants noted that it is difficult to give monthly ammount on all the categories used in the card sort exercise (see 3.4) as some items are paid for weekly, some are paid monthly, some are paid quarterly and some are paid yearly or even less frequently. For example, participants felt that it may be easier to report spending on food or groceries in a weekly reference depending on your shopping habits. Likewise, participants felt it would be easier to talk

about the TV licenses and car insurance in an annual reference period as they tend to be annual subscriptions.

To further complicate the issue it was noted that different references would be better for different people. For example, participants varied in terms of the timeframe they wanted for categories such as 'clothes and footwear' or 'leisure activities' depending on how frequently they made this type of purchase. Frequent purchasers felt it would be easier to give a 'weekly' amount, less frequent purchasers thought a longer reference period would be more appropriate. It was also noted that people have the option to choose how often they pay certain for bills, for example some people pay for their TV license monthly and others pay for it annually. People also have the option as to how frequently they pay council tax.

Therefore participants felt that ideally they should be able pick the timeframe most appropriate for them when answering breakdown questions on spending (choosing from weekly, monthly, quarterly and yearly options). This could make questions easier for participants and minimise the likelihood of calculation or rounding errors. This approach could also be useful in ascertaining spending across a whole year and then using this work out an 'average month'. However, for this approach to work a large number of breakdown categories would be required. For example participants may wish to report different bills separately using different reference periods. This would add to questionnaire length and respondent burden. Furthermore this approach would add to the amount of data manipulation that would have to be done post data-collection and therefore add to costs as well as potentially affecting comparability if rounding is used by respondents and has a differential impact on the overall figure depending on the reference period used.

Implications for question design

Queries on measurement aims:

- In terms of data requirements is there more interest in the 'last month' or an 'average month?'
- Is there an interest in capturing details of infrequent high spends (such as yearly bills, new cars, holidays)?

Recommendations for questionnaire design

- A monthly timeframe may be most appropriate if asking participants to give a 'total spend'.
- It would be difficult for participants to work out an 'average month' factoring in large irregular spends so this approach should be avoided.
- If there is an interest in capturing an 'average month' factoring in infrequent high spends (such as yearly bills, new cars, holidays) a breakdown of spending question should be used with different timeframes depending on how often spending in that category occurs.

- Ideally participants could choose what timeframe they report different types of spending under (weekly/ monthly or yearly) but this would need to be limited otherwise the number of combinations would become unmanageable.

3.5 Sensitivity

Participants were asked to discuss how comfortable they would be discussing their household expenditure in a survey setting. Participants varied in terms of whether they thought asking about spending was sensitive; some did not mind this type of question at all whereas others had minor reservations.

Participants stated they could be suspicious or uncomfortable if they were asked these questions by an interviewer 'on the street'. It was discussed how the majority of survey interviews of this nature would take place in the participant's own home. Participants felt they would be more comfortable answering questions in this type of situation provided the question was being asked by a reputable organisation and it was clear why the information would be useful.

Participants who felt they may be less comfortable talking about how much they spend suggested that potential sensitivity could be reduced by:

1) Providing broad answer categories for people to select from, rather than asking for a specific amount;
2) Being able to give answers as part of a self-completion (so interviewers do not see answers).

Whether or not the first strategy is appropriate depends on the level of specificity or precision required. If this approach is adopted thought will need to be given on what bands to use. It is possible bands to the nearest £200 may be appropriate as this was the level of accuracy participants suggested they would be able to provide in earlier discussions (see section 3.1).

Participants felt the questions on a 'spending breakdown' would be more sensitive than those that ask for a total spend, depending on the categories used. For example, participants suggested how people may be embarrassed if they are asked to give details of how much they spend on alcohol or gambling. Likewise, people may not be comfortable divulging how much they spend on hobbies and leisure activities (such as shoe shopping) if their partner is in the room and could disapprove. Broader categories are potentially less sensitive than specific ones.

Finally it was considered potentially sensitive to ask about the spending of others in the household if the person concerned has not agreed to take part in the survey and may not want the information to be passed on. This was particularly the case for people who live with non-family members such as roommates or lodgers. Again this is evidence that respondents who live in this type of household should be asked about their individual spending not their household spending.

Implications for question design

Generally the feedback in relation to sensitivity was positive, with participants reporting they would be comfortable talking about spending in a survey interview.

Recommendations for questionnaire design

- Consider providing information as to why details of monthly spending are being collected in a social survey context.
- Consider using banded answer categories to increase comfort (depending on the level of accuracy required).
- If using a spending breakdown question try to keep categories broad. Do not have single categories for socially undesirable behaviours (such as tobacco, alcohol or gambling).
- Do not ask participants to speculate about the spending of non-relatives living in the household.

Queries on measurement aims:

- What level of precision is required? Would banded answer categories be appropriate? If so to what level of detail?

4 Managing household spending

In the next part of the group discussion participants were asked to discuss how spending is managed in their households. The aim of this part of the discussion was to explore:

1) Who manages spending in the household and therefore who would be best placed to answer any questions in a survey (see 4.1)
2) How spending is managed (see 4.2)

As part of these discussions participants were asked to generate their own ideas on how questions should best be formulated.

4.1 Who manages spending?

The following section looks at who is responsible for managing spending and whether participants know about the expenditure of others in their household. Implications for who would be best placed to answer questions on expenditure in different household types are discussed.

Single person households

Participants who lived alone were entirely responsible for their household finances. These participants felt it was easier for them to discuss household spending compared to households that contained multiple people with multiple incomes.

Couple Households

Participants who lived with a spouse or partner (in a household with no other people) discussed having different systems by which the household finances were managed. These included:

1. One person taking responsibility for managing all household bills and spending on food;
2. Different members of the couple taking responsibility for different things e.g. one takes responsibility for paying for bills, the other takes responsibility for buying food and groceries;
3. Both partners taking joint responsibility for managing household bills and spending on food.

Therefore in some households there is one person who is better placed to answer questions on household spending, whereas in other households the issue is less clear cut.

Participants also discussed different arrangements by which money was shared for the purposes of finances household costs. Couples either:

- Have a joint bank with their partner;
- Have one member of the couple who pays money into their partner's account who then pays for all items;
- Have one member of the couple who pays the mortgage and the other pays for everything else;
- Take turns to pay bills and other households items with one or both keeping track of whose turn it was to pay for something; and/or
- Use an informal 'kitty' system with different 'jars' being topped up as required (e.g. there being a food kitty, a going out kitty etc).

The implications for this were that couples varied in terms of whether they felt they could give accurate details of their partner's spending. Whether or not couples were able to do this seemed to be due to how long the couple had been together and how interconnected their finances were:

"Well after being married 54 years, I'm 100% confident."

(Male, Group 3)

Fortunately participants who were not confident over what their partner spent felt they could provide a rough estimate of household spending based on their knowledge of the shared financial responsibilities (such as accommodation, bills and groceries) and a guess of what their partner spends on other things. However, these participants felt they could not provide full details of *what* partners spent their money on beyond shared financial responsibilities. For example, participants stated they didn't know how much their partner spent on clothes shopping, hobbies or going out with friends.

Couples who had joint bank accounts discussed also having their own individual bank accounts for personal spending money. Therefore they don't necessarily have a record of what comes out of their partner's other accounts.

Family Households

Participants who had young children living in the household (aged 14 and under) were similar to couple households (or single person households if there was only one adult in the house).

In contrast participants who had older children living at home varied in terms of whether they could comment on their spending. Parents who had older children who were still largely financially dependant on them felt they could provide an estimate on how much their children spend as most of the child's money comes from them. However, although parents could provide an approximation of how much in total their children spend they could not necessarily give a detailed breakdown of *what* the money went on. Parents

stated that if a breakdown was required interviewers would have to talk to older children themselves.

Parents with financially independent children were less able to provide information on their children's spending.

"My eldest daughter is in full-time employment, my youngest is in college and she's in part-time employment and what she spends her money on I don't know."

(Male, Group Five)

Participants who lived with their parents confirmed that they do not discuss their spending habits and therefore their parents would not be able to provide information on their spending to any degree of accuracy. Similarly participants who lived with their parents felt unable to provide estimates of what their parents spent per month, or what they spent their money on. Participants stated they did not even know their parents' income. Therefore in some family household there will be parents and children who are financially independent of one another.

Shared Households

Participants who lived with friends, room-mates or lodgers felt they did not know what the other people in the household spent per month and each person in the household was responsible for managing their own finances. Participants in this type of household were not able to answer questions on how much their household spends in total and did not feel they could give an approximation (see section 3.1). Participants stated they did not even necessarily know the income of other people living in the house. It was noted that it can be sensitive talking with friends about how much they earn and/or spend so participants who do not have this information may not be willing to seek it out even if given advance warning about the questions.

Similarly, participants could only provide details of their own personal spending if asked to provide a breakdown of household spending.

"If you just share a flat with them or whatever…well, you wouldn't have a clue what they're spending their money on. They could spend it on anything!

(Male, Group One)

Participants stated they would be able to give the details of shared financial responsibilities all members of the household have (e.g. rent and shared bills) but could not give further information on what other members of the household spend their money on.

Implications for Questionnaire Design

The main barrier to establishing household expenditure identified was that certain types of household finances are kept entirely separate between individuals. This tended to be the case in:

- Shared households containing friends or lodgers; and
- Family households containing adults who are financially independent of one another, for example adult children living with parents.

This indicates that for the purpose of the new questions the term 'household' may have to be redefined. Adults who are financially independent of one another (such as flat-sharers or adult children who are living with their parents) should be treated as separate 'financial units' and these participants should only provide details of their own spending.

In addition in couple households one person may be best placed to answer questions about household finances if they are solely responsible for paying the bills. Some form of screening question may be of use to identify this person (such questions already exist and are in use in other social surveys), though in some households two people share joint spending responsibilities there may not be one clear respondent. Joint interviews with both partners may be needed if a detailed spending breakdown for the household is required.

Measurement queries

- Would it be suitable if individual expenditure is collected for participants who live in households with people they are not financially connected with?
- Would this have a knock on effect for other questions i.e. would personal income be useful instead of household income?

4.2 Ways of managing spending

The following section looks at how participants manage their household spending and how changes in expenditure are managed when they are required. The implications of these behaviours for questionnaire design are discussed.

Day-to-day financial management

Generally findings from the groups were positive in that participants seemed to keep track of their personal finances to some degree so are likely to be able to report on spending to a certain degree of accuracy[2]. A range of different strategies were mentioned. These were:

[2] The exception to this was participants who stated all household finances were managed by their partner or spouse- see section 4.1

- Regularly checking bank accounts to see what was left and what they could afford to spend before payday, reducing outgoings if funds were getting too low. Participants described using online banking as well as checking their bank accounts at cash points or by phone;
- Keeping track of main outgoings and being aware how much they can use as 'fun money' after essentials are paid for;
- Keeping records of spending in excel or by keeping receipts. Reviewing spending at the end of the month to see areas that could be cut down on;
- Setting budgets for food and groceries;
- Having different 'kitties' set aside for various activities such as food or going out;
- Getting a set amount out of the cash-point for the week and only spending that.

A number of participants described how they budgeted by looking at their income for the month and working out how much of their income is left after paying for essentials (such as accommodation, bills and direct debits). Money left over participants felt they could choose what to do with; some described this money as 'play' money whereas others discussed how they would try to save this money.

Reasons for different financial management styles

Participants felt that the type of people who were most aware of their finances were those on a tight budget. Budgeting was not necessarily thought to be solely due to low income, it was felt that people on middle to high incomes could also be very aware of their finances if they were saving up to make a major purchase (e.g. trying to save a deposit for a house). Upbringing and habit were also felt to be a driver of different styles of financial management with some people naturally being better at keeping track than others regardless of their financial circumstances.

Managing major purchases or unexpected financial challenges

Participants discussed having various strategies they used if they needed to make a major purchase or that they could adopt if they had a change in their circumstances (for example a reduction in income or the arrival of a new child). The main strategies were related to decreasing spending in other areas. Participants suggested that they would respond by:

- Cutting back on social spending and treats.
- Cancelling non-essential direct debits (such as gym subscriptions)
- Cutting the cost of groceries by shopping around and using supermarket deals; and
- Reviewing incomings and outgoings and deciding how to 'pull the reigns' in tighter.

A number of participants described having savings or a 'contingency pot' that they could use if they wanted or needed to make a large purchase. Likewise, participants suggested they may also work extra hours to get overtime pay if they had a major purchase coming up.

A final strategy described by participants was of purchasing things on credit and 'worrying about the cost' later. As discussed in section 2.2 a decision on how questions should treat spending using credit needs to be made.

Participant suggestions on question format

After discussing how their households manage their finances participants were asked to consider whether there ways we could find out about household expenditure, other than asking for a 'total spend' or a 'breakdown.' The aim of this part of the discussion was to ascertain whether expenditure could be measured in ways more akin to how household finances are managed.

Participants came up with the following suggestions for how questions could be formatted:

- Ask people to check their bank statements and then give the total going in and total coming out in the last month;
- Ask about how much comes out of the bank each month using direct debits and then ask roughly how much they spend on other things;
- Ask for income (after tax) and ask for how money is left unspent at the end of each month;
- Ask for the proportion of income spent on different things;
- Just ask for an average or rough spend.

Participants felt it would be useful to have advance warning that information on spending would be required in the survey. Participants noted that the information on spending was available on bank statements (or other records they keep) but people may not be willing to check their records during the interview. If participants knew what information was required they could check their records prior to the interview.

It was noted by participants that if a highly accurate breakdown was required for different types of spending you could ask people to keep a diary of everything they spend. However participants felt you would need to provide some form of incentive for people to be willing to do this. This approach is unlikely to be practical in terms of cost and timings and this level of detail is unlikely to be required.

4.3 Questions asking 'Income minus surplus'

One alternative way of measuring spending may be to measure each household's monthly income and how much of that income is <u>not</u> spent. From this an approximation of spending could be obtained. The group discussions explored in further detail what participants felt about this 'income and surplus' approach to question design.

Advantages and disadvantages of the approach

As with other areas of discussion participants varied in terms of what they thought of this approach. One advantage of the income minus surplus design was that some people naturally used this heuristic anyway to work out spending particularly with participants whose monthly income was approximate to their monthly spending (see section 3.1).

"I think anyone could work out what's come in, what's gone out, if there's anything left or whether it's gone..."

(Male, Group Five)

In addition, some participants commented that this approach could be more accurate than asking about spending per se as people may forget to include certain items of spending or make mistakes trying to add everything up. Again, participants discussed how it would be useful to be able to refer to bank statements to answer this question.

In contrast there were other participants stated who felt this approach could be problematic. It was noted that the 'income minus surplus approach would only work:

"...assuming there's only one income coming in at one time in the month..."

(Male, Group Three)

However, participants stated that it may not be easy for them to report the household's monthly income if:

- Income is not paid monthly (e.g. self-employed people may have irregular wages rather than a monthly pay day);
- Different household members are paid at different times (e.g. if one is of household paid monthly and the other is paid weekly);
- Individuals have different sources of income coming in at different intervals (e.g. one participant discussed having multiple pensions that came in at different intervals).

Likewise, it was noted that not all spending would be included using this approach as participants may spend money that they do not consider to be part of their income. For example participants felt they would exclude:

- Money spent from savings;
- Money spent that never was in their bank account e.g. money won from gambling or received as gifts.

Therefore spending using certain sources of money could be overlooked using the income minus surplus approach.

More importantly, when prompted participants were unsure how to account for money spent on credit cards using the income and surplus approach. It was suggested that you may need to ask about spending on credit cards separately and to add this figure on to gauge total spending. However, it was felt that people could be uncomfortable talking about spending on credit cards. There may also be issues for respondents who are

paying out money each month on debt repayments for expenditure which has already been made (e.g. for bank loans, student loans). This could be issues of sensitivity as well as uncertainty about whether such spending should be reported.

"I think if you broke it down to income, surplus income, debt… I think a lot of people don't like talking about debt."

(Male, Group Four)

For example, participants may be uncomfortable if they are in debt or not want to think about what they owe. This indicates the importance of providing sources of help in any participant information leaflets provided if this type of question is asked.

As discussed in section 2.2 there is a general query as to how spending on credit cards should be treated by any questions designed: should participants include spending at the point of purchase or the point at which they pay the bill? One advantage of the income minus surplus plus credit approach is that such errors do not arise as spending using income and spending using credit are asked about separately. In addition the question structure means participants are less likely to report investments or savings as a form of expenditure; this could be useful depending on measurement objectives (see section 2.3).

Sensitivity in an 'Income minus surplus' approach

In general participants felt that discussing income was more personal than discussing spending:

"I don't want to tell you what I have, but I'd tell you what I'd spent."

(Female, Group six)

Participants had varying views on how comfortable they would be answering questions on income; while some participants felt they would happily give details of their income in a survey context others felt they would prefer to give an 'income range' rather than any details. This echoes findings found elsewhere as income questions have high item non-response rates compared to other questions. This high level of item non-response is thought to be due their difficulty and perceived sensitivity[3].

Therefore it is possible this approach to questioning could result in high item non-response compared to asking about spending alone although this would need to be confirmed with a quantitative pilot. It should be note that many surveys already collect some information on household income, although questions will ask participants to state what income band they fall into rather than being more specific.

[3] Tourangeau, R. and Yan, T. (2007), Sensitive Questions in Surveys, *Psychological Bulletin,* **133** (5), p859-883

In the focus groups participants also discussed how providing details of income could be off-putting due to 'fear of the tax man':

"You tell one person you're earning something and you're telling the Inland Revenue you might be earning something else... so, you can be a bit cagey about it."

(Male, Group six)

This indicates the importance of providing participants with some information about why the questions are being asked as well as reassuring participants about confidentiality and anonymity.

Variations in an 'Income minus surplus' approach

Participants came up with the following different variations on how questions on income and surplus could be phased. Questions could either:

- Ask for monthly income and then the amount which was *'unspent';*
- Ask how much participants had *'saved'* in the last month; or
- Ask for monthly income and the *proportion of income that was spent* (researchers could use this to work out total spending).

It is currently unclear which overall approach would be better if this form of questioning is adopted at all.

Participants suggested that questions could also collect some breakdown on types of spending if this information was required. For example participants suggested they could be asked questions such as:

- What proportion of your income is spent on housing and bills?;
- What proportion of your income is spent on transport?; and
- What proportion is spent on leisure activities and treats?.

Participants suggested they could then give a rough percentage of how much of their income they spend on each item (e.g. 60% housing and bills). In contrast other participants noted that not everyone understands 'percentages' and that this approach could be off-putting. If such an approach is trailed, categories would have to be kept to a minimum and further consideration will need to go into what categories should be used (see section 3.3).

Finally participants discussed how people may be interested in seeing 'pie charts' showing a breakdown of what they spend their income on, although how this would work in practice is unclear.

Summary and Implications for question design

Participants varied in terms in term of whether they thought it would be better to ask about 'spending' or 'income minus surplus'. Table 4.1 provides a summary of the advantages and disadvantages of asking about income minus surplus.

Table 4.1 Advantages and Disadvantages of using 'income minus surplus' approach

Advantages	Disadvantages
✓ Most surveys already collect household income so fewer questions would have to be added. ✓ Quick to administer. ✓ Some participants use this method as a natural way to calculate their 'total spend'. ? Spending on credit can be differentiated from other spending- this is potentially of use dependant on measurement aims (see 2.3). ? Money put into 'savings' and 'investments' is less likely to be included as a form of spending- potentially of use depending on measurement aims (see 2.3).	× Relies on accuracy of income reports: this may be difficult for households with multiple or irregular incomes. × Income considered being a more sensitive question area than spending. × Generally banded income is collected in existing surveys, therefore questions would only capture approximations of spending. × Might require extra questions about spending on credit; these were considered sensitive by some. × Some forms of spending may be excluded e.g. spending savings or money received as a gift.

Feedback suggests that an 'income minus savings' approach could be used to get an approximation of spending. However such questions are difficult to answer for participants who have irregular or multiple incomes.

At this stage it is recommended that questions asking for income, spending on credit and savings could be developed for cognitive testing purposes to check the above findings and to see how results would differ compared to the 'total spend' and 'spending breakdown' questions. This would provide further information on which approach is most suitable. It is also possible that different approaches could be used for different respondents however there are issues over comparability.

Recommendations for administration

- Participants felt that it would be useful if they knew that these questions would be asked in advance of the interview so they could consult their records beforehand. Further discussions need to take place about the extent to which this would be practical.

- If questions about spending on credit are asked in the survey context participant information leaflets should provide sources of information on debt advice.

5 Views on existing questions

In the final part of the group discussions participants were shown examples of existing survey questions and asked to provide some general feedback on them. Findings from this part of the discussion are shown below.[4]

5.1 Question one

The first question tested was taken from the Survey of Health, Age and Retirement in Europe (SHARE). It asks about total expenditure in the last month and provides a selection of examples. The question wording is shown in the box below:

1. About how much did you and your household spend on EVERYTHING in the PAST MONTH? Please think about all bills such as rent, mortgage, loan payments, utility and other bills, as well as all expenses such as food, clothing, transportation, entertainment and any other expenses you and your household may have.

Participants who lived in shared households or who lived with their parents noted that they would not be able to answer this question as they don't know what other people in their household spend (see section 4.1).

In addition participants felt the use of the word household made them focus on money they had spent on items for the house, such as domestic bills despite the range of examples used:

"…my natural thought would've been my utility bills and probably food shopping."
(Female, Group One)

It was felt that not everyone would read the whole list of examples provided.

Participants who had favoured a 'breakdown' question again described how they would give more accurate answers if the question was separated out into different types of spending. In contrast other participants stated they preferred question one to question four (which does ask for a breakdown) as it was simpler and less long-winded.

[4] It should be noted that not all questions were tested on each group due to time constraints. Likewise questions were presented always presented on paper; in the original survey contexts questions would have been administered by an interviewer with instructions on what assistance they could provide.

5.2 Question two

The second question tested was taken from the Understanding Society innovation panel. It asks participants to provide total household expenditure in the last month without any spending on housing costs and utilities. A fairly detailed list of examples is provided.

The question wording is shown in the box below:

> Q2. The next question deals with the expenses of your household. Apart from your housing costs and utility bills, about how much has your household spent on **all other expenses in the last month**? Please include food eaten at home and food eaten outside the home, alcohol and tobacco, clothing and footwear for all household members, medicines and health expenses, car and public transport costs, telephone and internet costs, entertainment, leisure activities and hobbies.

Participants who reviewed this question thought it was too long-winded and it was difficult to retain all the information provided:

"I'm just looking and not taking anything in because it's a bit too much in one question for me."

(Female, Group Two)

Participants thought the question was off-putting and it would be more accessible if it were simplified. Participants suggested that if all purchases really were to be considered the task should be broken down into small manageable chunks. Participants discussed how it would be really difficult to add up what was spent on each item in your head and you shouldn't be expected to. In contrast if an approximation of total spend was all that was required then the examples were not needed, you could just give a few examples and then say 'etc etc.' One participant suggested the question would be easier to answer if you had to tick a box showing which band your spending falls into rather than working everything out precisely.

In addition participants queried what should be included as a 'utility bill'. For example, one participants was unsure whether to exclude mobile phone bills or not as he was unsure if they were a utility. Likewise participants were unsure what should be counted as a 'housing cost'.

Again participants who lived in shared households or who lived with their parents felt they could not answer questions on household spending, only their own spending.

5.3 Question three

The third question tested was taken from the Panel Survey of Income Dynamics (PSID). This question asks participants specifically about spending on grocery shopping. The question wording is shown in the box overleaf:

Q3. Thinking about your/your household's weekly food bills, approximately how much do you *usually* spend in total on food and groceries - include all food, bread, milk, soft drinks, etc and meals on wheels; *exclude* pet food, alcohol, cigarettes, takeaways and meals out?

Participants generally felt that this question was easier than the previous two examples as you only have to focus on one aspect of spending. In this case the examples were thought to be helpful to know what to include and exclude.

Participants varied in terms of their views on the reference period; participants who always did a weekly shop liked the weekly reference period those who shopped less regularly, or who had a monthly food budget, thought a monthly period would be better.

Some participants noted that their answers would have to be an approximation (accurate to the nearest £20-£30). It was discussed if you wanted to ensure accuracy you would have to ask to keep a record of everything they bought in a week. However, this level of accuracy is unlikely to be required at this stage.

5.4 Question four

The fourth question participants were shown was also taken from the Understanding Society Innovation Panel. This question asks participants to provide a break-down of different types of food and non-food spending in the last month. The question wording is shown in the box below:

4a. Can you tell me approximately how much your household has spent on food and groceries at a grocery store or supermarket in the **last month**?

4b. About how much of this amount was for non-food items, such as paper products, detergents, home cleaning supplies, pet foods and alcoholic beverages?

4c. In the past month, have you or any members of your household purchased any food or non-alcoholic beverages from places other than grocery stores or supermarkets, such as the bakers, butcher, delicatessen, home delivery, vegetable or farmer's markets? About how much has your household spent on food at these places in the **last month**?

4d. About how much have you and other members of your household spent in total on meals or snacks purchased outside the home in the last four weeks? Please include food bought from takeaways, restaurants, sandwich shops, work or school canteens but do not include alcohol. INCLUDE TAKEAWAYS DELIVERED TO THE HOME.

Participants felt this block of questions was too long and they would prefer a simple question asking how much they spent on food. Even participants who had previously stated they preferred it when questions were broken down did not like this question. As discussed in section 3.3, participants felt they could not differentiate spending between food and on non-food items bought at the supermarket; everything is bought at the same

time and is comes out of a general groceries budget. Participants felt the only way to differentiate between the two types of spending would be to go back and check receipts or to keep a spending diary.

Participants also noted it was difficult to recall how much they had spent on snacks outside of the home as these tended to be 'impulse' buys. Again, they felt they would need to keep a spending diary in order to provide accurate information in this area.

5.5 Implications for question design

Discussions on actual survey questions provided a number of useful pointers on what question features work well and what is off-putting. Recommendations for questionnaire design are shown in the box below.

Recommendations on question design

- Keep questions short and to the point.
- Keep examples to a minimum as too many examples (and examples that are too specific) could be off-putting, particularly in a total spend question.
- Avoid the term 'utilities' as it is ambiguous.
- Do not ask separate categories on food and non-food grocery shopping.
- Consider use of bands depending on the preferred degree of accuracy.

Queries on measurement aims:

- Would banded answers be acceptable for a total spend question? If so to what level of precision should we aim for? Please note participants previously stated they felt their answers would be accurate to nearest £50-£200 per month.
- Would different approaches for different respondents be acceptable? There were no clear findings in relation to different types of respondents being suited to different question approaches except for findings on whether individuals could report on household spending.

6 Conclusions and Next Steps

Overall findings from the groups were positive in that it seemed people were aware, to a certain extent, of their personal spending habits and would be willing and able to provide some form of information on expenditure in a social survey setting.

The main barrier to answering questions on household expenditure was not being aware of what other members of the household were spending. This was the case for shared households (where participants live with friends, roommates or lodgers) and certain types of family households (where family members are financially independent of one another). Ideally, for the purposes of these questions the term household may need to be re-defined to mean all people living at the same address who have shared finances e.g. couples and any dependents. Within such households there may be one person who is best placed to answer questions on expenditure. Ideally the questions developed should be addressed to them where possible.

Prior to questions being written there are a number of decisions that need to be made in relation to measurement aims. The key issues to be addressed are summarised in the box overleaf:

Summary of queries on measurement aims

Defining 'household':

- Would it be suitable if individual expenditure is collected for participants who live in households with people they are not financially connected with?
- Would this have a knock on effect for other questions i.e. would personal income be useful instead of household income?

Defining 'expenditure':

- Should contributions to a pension/ investments be included as a type of household expenditure?
- Should payments made on business items be included as a type of household expenditure?
- Should credit card purchases be counted as a type of household expenditure at the time they are made or the time they are repaid?

Breakdown of spending by type of purchase:

- Would some level of breakdown by spending type be useful for data users?
- If so what level of breakdown would be of use?

Reference periods:

- In terms of data requirements is there more of an interest in the 'last month' or an 'average month'?
- Is there an interest in capturing details of infrequent high spends (such as yearly bills, new cars or holidays)?

Precision:

- What level of precision is required?
- Would banded answer categories on spending be appropriate and if so to what level of detail?

Choice of questions:

- Should we be looking for a one size fits all solution or a range of questions suited to different respondents?
- If the latter, what are implications for comparability at a theoretical and practical level?
- If we have different solutions, what will trigger different questions – should it be respondent selected or driven by their characteristics?

The groups show that different types of questions were favoured by different individuals. At this stage it is recommended that three different formats of question are developed and trialled in the first round of cognitive testing to collect more details on which format will be most appropriate to develop further.

The three different formats of question are:

1. Single question on total spending in the last month (either as an open question or with banded answer categories).
2. Questions collecting a breakdown of spending in the last month. Questions collecting different levels of detail could be trialled as part of the cognitive testing process.
3. Income minus surplus questions (collecting income, amount saved and amount spent using).

In addition to the above we may wish to develop and test questions to classify households and to identify the person in the household best placed to answer the questions. The precise wording of these questions will need to be developed once the above queries about measurement aims have been addressed.

It is recommended that in the first phase of cognitive testing each participant will be asked to answer all of the above questions (randomising the order in which they are presented). Interviewers will then explore inconsistencies in the answers where they arise and see which form participants prefer and why.

In terms of administration, participants in the focus groups reported that they could provide a more accurate figure on their spending in the last month if they were told about the content of the questions in advance in order to check their records. It is unclear whether reminders would be used in a survey setting, as different surveys have different practices in relation to this. Currently a decision needs to made as to whether participants should be asked to consult their records in advance of the first cognitive testing phase and, if not, what level of information they should be given about the survey questions in advance of the interview.

Depending on the decisions made about the measurement aims, cognitive testing could also be used to compare questions about the last month versus the usual month and questions which exclude or include larger items of expenditure as well as questions seeking answers at differing levels of precision.

Appendix A: Example screening questionnaire

Focus Groups on measuring Household Spending
Recruitment Script and Screening Questions

Group 1: 18-49 year olds. Any income. Single or shared households.
Group 2: 18-49 year olds. Income A or B. Couple or young family households.

My **name** is [AS APPROPRIATE], and I am working on behalf of the **National Centre for Social Research (NatCen)**. NatCen is the UK's largest independent social research organisation.

- NatCen are looking for people (18 years old and above) who would be willing to take part in a focus group about **household spending.**
- **The group would take place locally, take about an hour-and-a-half and you would be given £30 as a thank you for taking part.**

If the person is interested explain the following key points:

- NatCen, working in collaboration with the Institute for Fiscal Studies (IFS) and collaborators from Oxford and Cambridge Universities, are looking for people to take part in focus groups to investigate how people think about their spending
- The information collected will be used to help design new questions on household spending for use in large social surveys.
- The groups will be discussing a variety of subjects including:
  - What types of things people spend their money on)
  - How easy or difficult it is to say how much they spend on different things
  - How we could best design survey questions that measure spending.
- You don't need any specialist knowledge to take part. Everything that you say in the group will be treated in strict confidence.
- This work is being funded by the Nuffield foundation.
- Participation is entirely **voluntary,** which means we rely on the good will of people to take part. **Would you still like to take part?**

YES ☐ **CONTINUE**
NO ☐ **THANK AND CLOSE**

SCREENING QUESTIONS

1. *RECRUITER CODE: Is respondent…*

Male ☐
Female ☐

2. Do you arrange any payments for rent, mortgage, bills or other living expenses for your household? *IF NECESSARY: Living expenses include grocery shopping for the household, home maintenance, child rearing etc.*

Yes (either alone or with others) ☐
No ☐→INELIGIBLE. Screen out.

3. What age group are you in…

17 or under ☐ → INELIGIBLE. Screen out
18-49 ☐
50+ ☐ → INELIGIBLE. Screen out

4. How many adults live in your household? Please include yourself. *By adults we mean people aged 16 and over? IF NECESSARY: By household we mean a group of people who live together (not necessarily related) in the same address who share cooking facilities and a communal area (living room or similar).*

NUMBER:

5. How many children live in your household? *By children we mean people aged 15 and under?*

NUMBER:

6. *RECRUITER ROUTING:*

Number of adults (including participant)	***Number of children***	***Routing***
1	*0*	*Go to Q7* ***Showcard A***
	1 or more	*Go to Q7* ***Showcard B***
2	*0*	*Go to Q7* ***Showcard B***
	1 or more	*Go to Q7* ***Showcard C***
3 or more	*0*	*Go to Q7* ***Showcard D***
	1 or more	*Go to Q7* ***Showcard E***

7. Which broad income group does your household fall into?
READ OUT: We are interested in your household's total **net** income from ALL sources **after any taxes have been taken off.** Please include income from employment, self employment, private pensions, state pensions, tax credits, state benefits and any interest or returns on any assets that you might hold. Please also include the total income that all other members of your household receive, not just your own.

SHOWCARD A: ***(****1 adult, no children)*
IF C prompt: **Can I check- Is that after tax has been taken off?**

	Weekly Income *after tax*	Monthly Income *after tax*	Annual Income *after tax*
A ☐	£0-£199	£0-£849	£0- £9,999
B ☐	£200-£299	£850-£1,299	£10,000-£15,999
C ☐	£300+	£1,300+	£16,000+

SHOWCARD B (*1 adult, with children OR 2 adults no children)*
IF C prompt: **Can I check- Is that after tax has been taken off?**

	Weekly Income *after tax*	Monthly Income *after tax*	Annual Income *after tax*
A ☐	£0 -£299	£0 -£1,299	£0 - £15,999
B ☐	£300 - £499	£1,300-£1,999	£16,000 - £25,999
C ☐	£500+	£2,000+	£26,000+

SHOWCARD C (*2 adults, with children)*
IF C prompt: **Can I check- Is that after tax has been taken off?**

	Weekly Income *after tax*	Monthly Income *after tax*	Annual Income *after tax*
A ☐	£0 -£449	£0 - £1,999	£0 - £23,999
B ☐	£450 - £699	£2,000 -£2,999	£24,000 -£35,999
C ☐	£700+	£3,000+	£36,000+

SHOWCARD D *3 or more adults, no children*
IF C prompt: **Can I check- Is that after tax has been taken off?**

	Weekly Income *after tax*	Monthly Income *after tax*	Annual Income *after tax*
A ☐	£0 -£499,	£0 - £1,999	£0 -£25,999
B ☐	£500 – £799,	£2,000 - £3,499	£26,000 - £41,999
C ☐	£800+	£3,500+	£42,000+

SHOWCARD E *3 or more adults, with children*
IF C prompt: **Can I check- Is that after tax has been taken off?**

	Weekly Income *after tax*	Monthly Income *after tax*	Annual Income *after tax*
A ☐	£0 – £649	£0 – £2,999	£0 – £35,999
B ☐	£650 - £999	£3,000 - £4,499	£36,000 - £51,999
C ☐	£1,000+	£4,500+	£52,000+

If respondent lives alone go straight to Q9

8. *Ask if respondent lives with other people (adults or children) (see Q6).*
Who lives with you in your household?

SHOWCARD F
Select all that apply

Partner or spouse	☐
Children aged 14 and under	☐
Children aged 15+	☐
Other family members (e.g. parents, siblings, aunts, uncles, cousins)	☐
Other people (e.g. friends, housemates or lodgers)	☐

9. *RECRUITER: Classify household based on who respondent lives with...*

FIRST TO APPLY IS HOUSEHOLD CLASSIFICATION

Other people (e.g. friends, housemates or lodgers)	☐	SHARED → Q11 **Group 1**
Other family members (e.g. parents, siblings, aunts, uncles, cousins)	☐→	INELIGIBLE. Screen out.
Children aged 15+	☐→	INELIGIBLE. Screen out.
Children aged 14 and under	☐	YOUNG FAMILY → Q10
Partner or spouse	☐	COUPLE → Q10
No one else in household	☐	SINGLE → Q11 **Group 1**

10. *RECRUITER CHECK INCOME GROUP (Q7)*

A ☐→ **Group 2**
B ☐→ **Group 2**
C ☐→ INELIGIBLE. Screen out.

11. *RECRUITER: Check quota sheets. Is respondent needed and available to take part in the relevant group?*

Group 1: 18-49 year olds. Any income. Single or shared households
London, Wednesday 7th September ☐

Group 2: 18-49 year olds. Income A or B. Couple or young family households.
London, Thursday 8th September ☐

QUOTA FULL/ Unavailable ☐→ INELIGIBLE. Screen out.

12. Looking at this card how would you describe your highest level of qualification?
SHOWCARD G

1. Postgraduate Degree ☐
2. Degree ☐
3. Higher Education below degree level ☐
4. A-Level or equivalent ☐
5. O Level/ GSCE or equivalent ☐
6. CSE or equivalent ☐
7. Other qualification/ Foreign qualification ☐
8. No qualifications ☐

13. Please look at this card and tell me which of these best describes your ethnic group…

SHOWCARD H

1. White British ☐
2. Other white ☐
3. White and Black Caribbean ☐
4. White and Black African ☐
5. White and Asian ☐
6. Any other mixed background ☐
7. Indian ☐
8. Pakistani ☐
9. Bangladeshi ☐
10. Any other Asian background ☐
11. Caribbean ☐
12. African ☐
13. Any other Black background ☐
14. Chinese ☐
15. Any other ethnic group ☐

POST SCREENING ACTVITIES

For each recruit:

- Collect name and contact details using the participant record form
- Give the participant confirmation letter **and explain key points** in it
    i. The time and venue of the group.
    ii. Who to contact if they have any questions or if they need to drop out.

After screening

- Complete the participant record form using details collected during screening.
- Update quota sheets provided

Appendix B: Focus Group Topic Guide

Introduction to the discussion guide

As this is an exploratory group discussion, we wish to encourage participants to discuss their views in an open way without excluding issues which may be of importance. Therefore, unlike a survey questionnaire or semi-structured interview, the questioning will be responsive and open to the issues raised in the group discussion.

The following guide lists the key themes, sub-themes and questions to be explored within the group. It does not include follow-up questions like `why', `when', `how', etc. as it is assumed that participants' contributions will be fully explored throughout by the moderator in order to understand how and why their views are held.

The topics outlined here will be introduced and explored in turn within the group.

Text in italics denotes instructions to discussion group moderators.

Brainstorming exercises, card sorts and vignettes may be used to generate discussion; however in cases where the group is conversant without the use of prompts these triggers may be omitted.

Aims and objectives:

- **Explore participants' understanding of 'household spending'**
- How do people conceptualise expenditure? What types of things do they think about when asked about spending? What terms do they use to describe their spending?

- **Explore how participants recall their spending**
- How easy or difficult is it for people to tell us about different types of spending? How do they remember what they spent money on? Is it easier for participants to talk about total amount spent or is it easier to give a breakdown by expenditure type? What time periods do participants think about in relation to their spending?

- **Explore how households manage their spending**
- How do people manage their household finances? Do they budget and if so how do they go about this?
- Who in the household is responsible for finances? How is responsibility divided? How confident are participants that they know how much is being spent by other household members and on what? Explore implication for survey questions.

- **Explore whether there are other ways of measuring expenditure**
- Ask respondents about other ways we could find out about expenditure
- Views on whether it is easier to talk about income/ surplus rather than expenditure.

- **Explore the participants' views of existing survey questions on expenditure.**
- Look at existing questions in terms of participants' *ability* to answer and *willingness* to answer. Collect participant views on how best to measure household spending.

REMINDER:

- *The purpose throughout is collecting information that can input into questionnaire design. Therefore the focus is methodological rather than substantive.*
- *Prompts should direct respondents back to how the issues are related to questionnaire design in the case of digressions.*

1. <u>Introduction:</u> **5 MINUTES**

Aim: to introduce the research and set the context for the group discussion.

- Introduce **self, NatCen, IFS representatives (if present)**

- **Introduce the study**:

- Different people spend their money in different ways. Therefore, there is a growing interest in not just measuring income, but also measuring how much households are *spending*.

- We would like to develop ways in which we can measure how much households are spending in surveys. By doing this we can measure the extent whether the spending habits of people are changing and how this relates to other factors such as their health and wellbeing and living standards. At the moment surveys rely mainly on questions about income to look at living standards.

- Currently, there is no quick and easy way for researchers to measure how much households are spending. The purpose of this session is to find out how easy or difficult it is for people to give details about their spending and to find out what sorts of questions we can reasonably ask people. We will use this information to plan the next stage of the project where we will be designing questions on spending to include in a large scale survey. We may find that we need to design different types of questions for different household types. There may not be one approach which will suit everyone.

- This project is funded by the Nuffield Foundation. (Give details of collaborators not present). Give names of the individuals involved as they will see the data.

- Details about their participation in group:
  - **voluntary** nature of participation - both overall and in relation to any specific areas covered.
  - **recording** to ensure nothing is missed. Recordings will be transcribed, however no names, or anything that might identify someone, will be included in this script. (**If asked:** encrypted recording so if the recorder is lost, no-one can listen to the meeting, all information is stored securely at NatCen).
  - Only **project research** team at NatCen, IFS, University of Cambridge and the University of Oxford at will have access to the transcripts.
  - The discussions will be used to inform a report on how people think about their spending. The report will be **anonymous** i.e. no participant names will be mentioned, no one reading the report will know who took part in the discussions.
  - This report will be used to inform the development of new survey questions on spending and future research in this area.
  - **Check for questions before proceeding**

Consent

Before we continue with the discussion I need to be sure that everyone here understands the information that I have just outlined and agrees to take part in the group discussion voluntarily.

- Would anyone like to leave – that is fine?
- Do you all agree to take part?
- Do you all agree to have the discussion audio recorded?

NB: We can only record if everyone in the discussion agrees to it. If someone does not wish to be recorded then we should NOT record: we will rely on note-taking for that meeting.

Ground rules

- No **right or wrong** answers. We are not trying to reach a consensus.
- **Respect** each other's views.
- Please talk **one at a time**
- You do **not** need to give any information you are **uncomfortable** with (e.g. income).
- **Length of group** – we are allowing around **1.5 hours** for discussion
- At certain points we may 'move the group on' as have a lot of material to cover.
- We will **prioritise key areas** to get the best out of this time, coming back to other areas if there is time. Our priority is to collect information that will help us design our new questions.
- Can take **comfort breaks** if needed.
- Please turn off **mobile phones**/ have phones on silent.

- Check everyone is OK to continue.
- Turn on digital recorder.

2. Participant background: 5 MINUTES

Aim: Icebreaker and background information

- Ask each of the group in turn to introduce self briefly – name, occupation and who they live with *(moderator to give an example to encourage participants to describe who they live with in a way which is relevant to research so we know whether they live with nuclear family, extended family, with teenagers or young children, in a shared household with non relatives etc).*

3. Understanding of household spending: 10 MINUTES

Aim: Explore how people think about household spending generally. Easy opening questions to get the groups talking.

Group brainstorming exercise on flipchart

Suggested prompts:

- What sort of things does your household spend money on?
- What other types of things do households spend their money on?

4. How easy or difficult is it to report on household spending?

30 MINUTES (Intro 5-10 mins; card sort and follow-up 20-25 mins)

Aim: Explore whether participants can tell us about expenditure. Examine whether it easier for participants to talk about total amount spent or for the task to be broken down. Explore issues related to timeframe and sensitivity.

Suggested prompts:

- How easy or difficult would it be for you say how much your household spent in the last month? *Explore different time periods.*
- If difficult – would you be able to say ***approximately or roughly*** how much your household spent in the last month?
- To what level of accuracy could you report your household spending (to nearest £10, £100, £1000?)
- How comfortable would you be giving information your spending in a survey setting?
- Is it easier to ask about the total amount you spend or is it easier to break spending down by type? *Refer and add to stage 3 flipchart.*

Card sort activity

Provide participants with cards showing different types of expenditure e.g. rent or mortgage payments/ utility bills/ transport/ food/ clothes/ leisure etc. Ask participants (in pairs or triads) to sort cards into piles on ease of recall on amount spent in the last month- easy, OK or difficult. This should reflect how easy it is to provide an accurate figure. Go to prompt about the task.

Suggested prompts:

- Which types of spending are easiest for you to tell us about and why?
- Are there any particular types of spending that it would be difficult for you to tell us about in a survey? What? Why? Could you provide reasonable estimates or approximate figures for these?
- Are there any cards where you were unsure what to include?
    - *Explore whether easier to talk about food shopping or grocery shopping.*
    - *Explore how respondents classify leisure activities compared to essential spending.*
- Are there any particular types of spending you or others may not want to divulge in a survey? Why?
- Are there any types of spending which your household does which were not covered by the cards?

- ASK AGAIN: Is it easier to ask about the <u>total</u> amount you spend or is it easier break spending down by type?
    - *Explore types of breakdown and level of detail required. A second card sort task could be used here to see whether respondents group certain types of spending together.*
    - *What types of expenditure would it be useful to be reminded of when being asked about spending to make it easier to answer the questions?*
    - *What prompts or reminders would help you to remember your spending?*
- Are different types of spending more easily reported in different time frames? What types of spending are easily reported for a month and which are more difficult?
    - *Explore whether types of expenditure vary in terms of time period to ask about e.g. insurance may be yearly food may be weekly.*
- Is thinking about a usual month or last month easier? Would this affect how you answer for spending which does not happen every month?

5. <u>Managing household spending</u>: 10 MINUTES

Aim: Explore how much participants know about the expenditure of others in their household, and who would be best placed to answer questions on expenditure in a survey setting. Explore how participants manage their household spending. How do they manage changes in expenditure when they are needed?

*Suggested prompts on **who** manages spending:*

- Who in the household is responsible for spending?
    - *Explore if different household members are responsible for different areas of spending.*
- How confident are you that you know what other members of the household are spending? What types of spending are more difficult to report for different members of the household?
- Who should we be trying to get information on spending from?
    - *Explore how much household type determines respondents' views on this.*

*Suggested prompts on **how** spending is managed:*

- How do you manage your household spending?
    - *Explore whether participants manage their spending (only prompt if needed but what is intended here is looking at whether they work out what is needed for essentials and then work out how much is left/ whether individuals are allocated an individual amount/ whether there is no planning)*
    - *If possible explore whether this is related to income and whether those on tight budgets budget more or whether keeping track and budgeting varies for other reasons.*
- People sometimes have to change their spending, for example if they retire, get a new job or have children. If your household spending needed to change, how would you go about budgeting for this?
    - *Explore how participants would decide what to cut down/increase their spending on if they needed or wanted to change their spending*

6. Other ways of finding out about expenditure: 10 MINUTES

Aim: Explore whether expenditure could be measured in indirect ways (e.g. by collecting details of total income and unspent income). As part of this focus groups will explore how easy it is for participants to report their income.

- Up to now we have talked about reporting how much is spent, overall or on particular things. Is there any other way we could find out about how much your household spends, which would be easier for you to answer?
    - *Refer back to prior discussion on how spending is managed if possible/ appropriate.*

AFTER RESPONDENTS HAVE DISCUSSED THE POINT ABOVE AND SUGGESTIONS HAVE BEEN FULLY EXPLORED THEN SUGGEST:

- One way of measuring spending may be to measure peoples' household income and how much of that income is not spent. In simple cases where people spend all or less than all their income, we could collect information on income and savings and work out spending from that.

    - *Explore whether participants are able to report on how much they save each month*
    - *Explore whether participants ever spend more than their income e.g. use of credit. Explore if participants would be willing and able to give information on how much they spent on credit cards etc. Are respondents able and willing to report spending on debt repayment?*

Suggested prompts

- Is it easier for you to answer questions on how much you spend or is it easier for you to answer questions on your income and the amount left over/ or any other approach suggested by participants? Why? *Explore the reasons for any differences between respondents.*

7. Views on existing survey questions: 10 MINUTES

Aim: Explore participants' reactions to existing survey questions in terms of ability and willingness to answer.

Give an overview of the different ways in which spending could be asked about.

- Ask for total
- Break down into different elements
- Ask about usual month or ask about spending in last month
- Give lots of examples or not
- Separate out/ group food spending in different ways – e.g. where it is bought/ food from non-food

Explain that you will provide examples of these approaches for them to consider.

Provide handouts of existing survey questions.
Note: Present questions one at a time, with an explanation of where they are taken from. Example four is a low priority and can be omitted if time is short.

Example 1: Ask about all expenditure together and give limited examples

About how much did you and your household spend on EVERYTHING in the PAST MONTH? Please think about all bills such as rent, mortgage, loan payments, utility and other bills, as well as all expenses such as food, clothing, transportation, entertainment and any other expenses you and your household may have.

Source: SHARE

Example 2: Ask about expenditure without housing costs and utilities and give quite detailed examples

The next question deals with the expenses of your household. Apart from your housing costs and utility bills, about how much has your household spent on **all other expenses in the last month**? Please include food eaten at home and food eaten outside the home, alcohol and tobacco, clothing and footwear for all household members, medicines and health expenses, car and public transport costs, telephone and internet costs, entertainment, leisure activities and hobbies.

Source: Understanding Society Innovation Panel

Example 3: Ask about usual spending on food

Thinking about your/your household's weekly food bills, approximately how much do you *usually* spend in total on food and groceries - include all food, bread, milk, soft drinks, etc and meals on wheels; *exclude* pet food, alcohol, cigarettes, takeaways and meals out?

Source: PSID, UK HPS

Note: Probing to explore if participants notice exclusions.

Example 4: Ask about last month and break down food and non-food spending

Can you tell me approximately how much your household has spent on food and groceries at a grocery store or supermarket in the **last month**?

About how much of this amount was for non-food items, such as paper products, detergents, home cleaning supplies, pet foods and alcoholic beverages?

In the past month, have you or any members of your household purchased any food or non-alcoholic beverages from places other than grocery stores or supermarkets, such as the bakers, butcher, delicatessen, home delivery, vegetable or farmer's markets? About how much has your household spent on food at these places in the **last month**?

About how much have you and other members of your household spent in total on meals or snacks purchased outside the home in the last four weeks? Please include food bought from takeaways, restaurants, sandwich shops, work or school canteens but do not include alcohol.
INCLUDE TAKEAWAYS DELIVERED TO THE HOME

Source: Understanding Society Innovation Panel

Suggested prompts

- How easy or difficult is it for you to answer this question? For yourself and for the whole household. Why?
- How comfortable would you be answering a question like this the context of a survey?
- How could the question be improved?
- Were you clear what to include and exclude when answering?
- Having seen all the questions, which approach do you prefer? Which questions are harder/ easier? Why? Which question do you think would produce the most accurate information? Why?

8. <u>Closing statements:</u> 10 MINUTES

Aim: To thank and reassure anonymity

- Thank participants for their time & thoughts.
- Reassure anonymity
- Remind them that their information will directly inform the research process
- Any questions?
- Provide incentive and information leaflet. *Extra questionnaire to be administered whilst doing with administration at the end of the group.*