Developing expenditure questions: Findings from R2 cognitive testing

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October 2012

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1. Background and Methodology

1.1   Background

1.1.1 The project

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].

The Nuffield Foundation has funded a collaborative research team[2] from NatCen Social Research, the Institute for Fiscal Studies and Oxford and Cambridge Universities to develop a standard question or questions designed to capture household spending. This is because household spending can be an indicator of household living standards and can overcome some of the limitations of income as an indicator of living standards. The resulting question(s) should be relatively quick to administer and suitable for inclusion in general purpose survey.

The project has involved conducting focus groups with people from a range of household types to explore how people think and talk about household spending. New questions were then designed, based on existing questions but adapted to reflect the findings of the focus groups, for example that using the term household in questions about spending can be confusing. Following a review of the new questions by the steering group, a round of cognitive testing was then carried out to test these questions. The key findings from round one are presented in section 1.1.2.

Following the first round of cognitive testing further adaptations were made to the questions. A second round of cognitive testing was carried out to re-test the question formats which seemed most worth developing further. Additional testing was needed as a result of changes to these questions and to ensure we included respondents with a range of financial situations. This report presents the findings of this second round of cognitive testing.

1.1.2 Findings from Round One Testing

A full report about round one of the cognitive testing was prepared[3]. Here we present the key findings, pertinent to understanding the second round of testing. During the first round of cognitive testing four question formats were tested:

1. **A 'one-shot' question** i.e. a single question asking 'How much did you spend on everything in the last month?'

2. **A 'two-part' question** i.e. two questions, one that asks about spending on *essentials* and one that asks about spending on *everything else*.

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

[2] Grant: OPD/39069

[3] d'Ardenne, J. & Blake (2012) Developing Expenditure Questions: Findings from R1 Cognitive Testing, *IFS working paper*

3. **A 'breakdown' question** i.e. that asks respondents to say how much they spent on each item on a list of common types of expenditure; and,

4. **An 'income minus surplus' question** that asks respondents to work out how much money they receive per month and how much of that income remains unspent. It is possible that spending can be calculated from this information.

Although the questions went into different amounts of detail and asked different things, the end purpose of all the questions was the same: to work out the **total** amount spent in the last month. The four different question formats were developed as a result of earlier development work using focus groups[4].

The primary aims of the testing were to:

- Explore respondents' initial reactions to each of the types of question;

- Establish how respondents work out their answer for each type of question ;

- Investigate which question elicits the most accurate information;

- Explore which question respondents prefer in terms of length or sensitivity concerns;

- Establish whether the most appropriate question to ask varies for different people depending on who they live with or other factors.

The key findings were that:

1. **The one-shot question** worked because it allowed respondents flexibility in how they answered the question – it allowed a variety of strategies to be employed in coming to a total. However, those using an adding up approach tended to give a less accurate answer than they did on the breakdown question because they were not provided with a list of examples to prompt them about what to include.

2. **The two-part question** was not full tested because all respondents had already answered the one shot question and so had a total amount in mind. Therefore the question was not really answered in the way intended as respondents frequently referred to their already worked out total to help with the calculation (context effects).

3. **The breakdown question** worked well and was widely considered to be most accurate. Overall this was also the format most favoured by respondents. However a question remained about whether in the context of a longer interview about a totally different subject, respondents would still hold this view.

4. **The income minus surplus question** was favoured by those who chose this approach anyway at the one-shot question as it was quick and easy. However this format was found not to work at all well for respondents with very variable incomes especially if coming from a variety of sources. There were also respondents unwilling to divulge their income. This was the most sensitive question.

Overall the approach of asking about benefit unit spending rather than household spending had worked well.

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[4] d'Ardenne, J. & Blake (2011) Developing Expenditure Questions: Findings from Focus Groups, *IFS working paper*

1.1.3 Preparing for Round Two of cognitive testing

Based on the findings from round one and discussion at the steering group a decision was made to pursue only two question formats at round two. The income minus surplus format was dropped because those who favour it could use it anyway at the one-shot question and for some people the approach does not work at all. Although it was felt that the two-part question would benefit from further testing, on balance it was felt that ultimately it was unlikely to be used instead of the one-shot question and so it was better to drop it at this stage. The details of what was tested at round two are provided in section 1.3.

1.2 Sampling and Recruitment

The sampling for this project was purposive with the intention of recruiting a sample reflecting the range and diversity of views in relation to topic of interest. The sample comprised 14 respondents who were recruited using doorstep screening methods using a standard screening questionnaire and with interviewers assigned quotas to meet.

Two interviewers worked on the project: one in Essex (rural or small town) and one in and around Leeds (urban areas). The screening questionnaire is included in Appendix A

The sample was designed to include males and females with a range of income levels. Table 1.1 below shows details of the respondents recruited by sex and income.

Table 1.1.: Sample recruited, sex by income group

Income Group	Male	Female	TOTAL
A. Low	2	2	**4**
B. Medium	2	2	**4**
C. High	5	1	**6**
Total	**9**	**5**	**14**

During round one of testing it was shown that income is not necessarily a good guide to respondents' budgeting styles or to whether they had plenty of money to spend or had a tight budget. So, in addition, we asked screening questions about whether the respondent kept a budget and whether they had money left over at the end of each month which were used for further quotas in two 'budgeting style' groups. Table 1.2 overleaf shows a breakdown of respondent by their budgeting style.

Table 1.2: Budgeting style

Budgeting style	
1. Those who budget **or** who spend all their income each month	7
2. Those who do <u>not</u> budget **and** do not spend all their income each month	7
Total	14

Quotas were also set to ensure we included at least some respondents who were self employed. We also included respondents from different types of households with and without children (and with children of different ages) since this affects the composition of the benefit unit.

1.3   Interview Structure

The focus of this research project is developing and testing questions about spending and this was explained clearly to respondents at round one. However the findings from round one suggested that respondents had possibly put more effort and time into providing accurate answers than they would have done in the context of a general purpose survey for which these questions are being designed. Therefore at round two we introduced the project as a more general question testing project and included about ten minutes of questions on a range of other topics at the start of the questionnaire. These were administered in a survey format without probing.

As at round one, the expenditure questions were preceded by some questions to identify who was best placed to answer them and to identify the benefit unit about which the respondent should be answering.

So the questionnaire for round two was comprised of:

A.   Questions about the local area, the environment, the respondent's feelings about their life and some general demographic questions.

B.   Questions to identify the benefit unit and who could answer spending questions.

C.   The spending questions for testing, during which respondents were encouraged to 'think aloud' and describe their thought processes as they answered the questions.

> 1. One-shot question for which respondents received one of two versions:

- Version A – with an examples showcard to ensure those who added up included everything and also to help define the scope of the question

- Version B –with a strategy showcard to show respondents how they might approach the question and with subsequent cards to assist those choosing an adding or an income minus surplus approach

> 2. Breakdown question as tested at round one but with the addition of a 'giving money' category to cover gifts and remittances.

D. Specific probing about how the respondents understood and answered the spending questions.

A copy of the interview schedule is included in Appendix B

1.4 Cognitive testing

Cognitive testing is a qualitative research method derived from cognitive psychology and is used to explore in detail how respondents go about understanding and responding to survey questions. Two main methods are used: 'think aloud' and 'probing'. In this project both methods were used with respondents asked to think aloud as they answered the spending questions and interviewers asking a series of pre-scripted probes supplemented by spontaneous probes.

Cognitive interviews can focus on:

- Understanding of the question

- Recall of information needed to answer the question

- Judgement about what to include and how to answer

- How the question is answered

For this project all areas were explored but with a particular focus on recall and judgement issues.

The detailed aims of testing for each question are presented in the relevant chapters. However overall the aims of testing for round two were to:

- Explore respondents' initial reactions to each of the types of question;

- Establish how respondents work out their answer for each type of question ;

- Explore how useful the 'examples' showcard (version A) and the 'answering strategies' showcards (Version B) are when administering the one-shot question.

- Explore which question elicits the most accurate information;

- Explore which question respondents prefer in terms of length and sensitivity concerns;

- Establish whether the most appropriate question to ask varies for different people depending on their situation (e.g. who they live with, regularity of income etc).

1.5   Report Structure

The purpose of this report is to present the findings of the cognitive testing and make recommendations for further adaptations to the questions tested.

- **Chapter 2** covers the two versions of the 'one-shot' question.

- **Chapter 3** covers the breakdown question.

- **Chapter 4** compares respondents' answers and views on the two different question formats. In this chapter we explore overarching themes involved in answering both questions such as comfort, reference periods, knowledge of others in household, and awareness of exclusion criteria.

Key conclusions and recommendations are presented in boxes at the end of each of these chapters. **Chapter 5** summarises the main conclusions and sets out the key recommendations.

Appendices A and B show the fieldwork documents for recruitment and the interview. Appendix C shows the revised questions, reflecting the recommendations of this report.

2 The One-Shot question

2.1 Different version of the one-shot question

The one-shot question is a single short question designed to capture overall expenditure without any breakdown into categories. We had included a version of this question in the first round of testing. The idea with this question is that respondents can come to their answer in a variety of different ways without being constrained by the question format. In the first round of testing we found people approached this question by adding up, just remembering or estimating a total, or by using an income minus surplus approach.

In the round two cognitive testing we trialled two different variations of the one-shot question. Respondents were assigned to either a 'Version A' or 'Version B' interview. During the testing of the one-shot question respondents were shown different showcards depending on which version of the interview they were assigned to:

- **Version A**: Respondents were shown an **example showcard.** This showcard showed a list of things to include as types of spending (such as mortgage or rent, bills, transport etc). The aim of this list was to assist respondents who chose to use an 'adding up' strategy by helping to recall different things to include.

- **Version B:** Respondents were shown a **strategy showcard** highlighting different techniques people can use to work out their answer to the one-shot expenditure question. Respondents were directed to either pick a strategy from the card or to answer the question in their own way. If respondents selected the 'adding up strategy' (item 1) they were also shown the example showcard. If respondents selected the 'income minus surplus strategy' (item 2) they were shown an extra follow up **income minus surplus showcard.**

Aims of testing

The aims of testing the one-shot question were to:

- To explore respondents' general reactions to one-shot question.

- To establish what strategies respondents use to work out their answer to the one-shot question, and whether this is influenced by the different versions of the showcards they are exposed to;

- To explore whether the **examples showcard** is useful for respondents when answering. In particular we hoped to explore whether respondents realise the showcard was optional or whether they felt they had to use an adding up strategy if it was presented to them.

- To explore whether the **strategy showcard** helps respondents select an appropriate method to work out their answers. We also wanted to explore whether respondents felt constrained by the list of strategies provided, or whether they felt able to answer in a different way if they chose to.

Based on the experience from round one of the testing, both versions also included comments or information about what should or should not be included (e.g. work expenses for which they would be reimbursed) and these amendments were also tested.

2.2 Question wordings

VERSION A:

One: About how much did you [and your husband/wife/partner] spend on EVERYTHING in the LAST MONTH.

READOUT: Please exclude work or other expenses for which you are reimbursed. Examples of what to include are shown on this card [EXAMPLES SHOWCARD L].

If asked:

- *Do not include paying into pension funds, savings or investments as a type of spending.*
- *Please report everything you bought in the last month however it was paid for (credit card, hire purchase etc). Spending on credit cards should be reported in the month the purchase was made. Repaying loans or credit card bills from earlier months should not be included*

ENTER AMOUNT £_____

VERSION B:

One: About how much did you [and your husband/wife/partner] spend on EVERYTHING in the LAST MONTH.

READOUT: Please exclude work or other expenses for which you are reimbursed. Different ways you could work out your answer are shown on this card [STRATEGY SHOWCARD M], Would you like to use any of the strategies on this card or would you prefer to work it out your own way?

1) *Add up how much you spent on different things→ SHOW RESPONDENT **SHOWCARD L:** EXAMPLES OF SPENDING.*

2) *Think about how much income you received last month and how much you had left at the end of the month → SHOW RESPONDENT **SHOWCARD N**: INCOME MINUS SURPLUS.*

3) *Check your records*

4) *Think about how much you spend each month on regular or essential payments and then add on how much you spent on other things.*

5) *[Respondent uses a different strategy or gives an answer without using the strategy showcard]*

If asked:
- *Do not include paying into pension funds, savings or investments as a type of spending.*
- *Please report everything you bought in the last month however it was paid for (credit card, hire purchase etc). Spending on credit cards should be reported in the month the purchase was made. Repaying loans or credit card bills from earlier months should not be included*

ENTER AMOUNT £_____

All three showcards used are shown overleaf.

SHOWCARD L

EXAMPLES OF TYPES OF SPENDING

Essentials

- **Mortgage or rent**

- **Bills**

- **Transport costs**

- **Food and groceries**

- **Clothes and footwear**

- **Child costs**

- **Home improvements and household goods**

- **Health expenses**

Leisure

- **Socialising and hobbies**

- **Other treats**

- **Holidays**

- **Giving money to other people**

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[5] Note: This showcard was also shown to Version B respondents who chose the 'adding strategy' item from the strategy showcard (see item 1 overleaf).

SHOWCARD M

Strategy Showcard

Not everyone knows exactly how much they spent in the last month. To help you answer you <u>may</u> wish to do one of the following things:

1. Add up how much you spent on different things (we can provide you with examples of what to include).

2. Think about how much income you received last month after tax and how much you had left at the end of the month   (Total spent = net income – amount saved).

3. Check your records

4. Think about how much you spend each month on regular or essential payments and then add on how much you spent on other things.

Alternatively you can work out your answer in your own way.

SHOWCARD N

Working out spending using income minus surplus

- Think about how much income you received last month AFTER all deductions from tax, national insurance etc. Remember to include income *from all sources* including work, benefits, pensions, rent and gifts.

- Take away the amount of income you did <u>not</u> spend

- If you spent any money on top of your income (e.g. by spending your savings or borrowing money) add this to your total….

	Monthly NET Income
-	Money left over at the end of the month
+	Spending money from savings and borrowing
=	TOTAL SPENT IN MONTH

2.3   Findings from Version A

This section focuses on findings from testing version A of the one-shot question (in which respondents were always given the example showcard and no suggestions about strategies were made). The following sections describe:

- General reactions to the one-shot question.

- The strategies respondents used to work out their answer and whether this is influenced by their exposure to the examples showcard.

- Whether respondents found the examples showcard useful or not and whether it could be improved in any way.

Findings from testing version B will be discussed separately in Chapter three.

2.3.1   General reactions

Respondents varied in terms of how they reacted when the question was originally read out. Respondents did the following:

- Looked briefly at the example showcard and then chose to ignore it (these respondents did not use an adding strategy- see 2.3.2).'

- Looked at the example showcard and then gave an answer on their total spend from adding up some (or all) of the items mentioned.

- Started to give breakdown of spending on each item after looking at the example showcard. In these cases interviewer had to remind respondents that they just needed to give one figure on 'total spend' not the amount spent on each item listed.

All respondents reacted to the question by giving an answer about their total spend. Respondents did not require any assistance and interviewers were not required to intervene (other than to clarify a single answer was required rather than an itemised list).

The final reaction indicates that interviewers need to be briefed to remind respondents that they only need to provide one answer on their total spend, not an answer for each example on the showcard.

On probing one respondent (Male, aged 18-49) commented that he would have liked some assistance with adding up all the different things he had spent money on; although he could recall different items he had spent on money on it was hard for him to calculate an answer on 'total spend' in their head. For the cognitive testing interviewers were equipped with calculators (for later questions) but they were not asked to help respondents add up their answers for this one shot question because they were asked to test it as it would be asked in a survey. In the survey context it may be feasible for interviewers to assist in calculations provided that they are briefed to expect this and they are provided with suitable equipment (for example, in computerised surveys a calculator could be built into the questionnaire programme). However the one shot question is designed for respondents to provide a single answer (without input from the interviewer) so this practice should not be encouraged.

2.3.2   Strategies used in Version A

Respondents used a variety of strategies when working out their answer to the one-shot question in version A. Respondents used the following three strategies when answering:

- **Recall strategies**; where respondents gave a rough figure from memory without using the example showcard or attempting to add different things up. For example, one respondent (Male, aged 18-49) described how he found it easy to recall how much he spent as his total as outgoings similar each month. This respondent described how he keeps a spread sheet of all his outgoings that he regularly updates.

- **Income based strategies**; where respondents thought about their income and how much of this they saved. One respondent (Female, aged 18-49) adopted this tactic and described how she used her income as the basis for providing an answer as she always spends everything she receives:

   "…whatever you have got coming in that month you spend and if you have a bit left over we'll go out and spend it on leisure stuff or stuff for the 4 year old. We don't really save to be honest." (AR01, Female, 18-49, Budgeting style=2)

- **Adding strategies**; where respondents tried to add up different things they had spent money on in the last month using the examples provided on the showcard.

It is worth noting that some respondents used a combination of strategies when working out their answers. For example, one respondent (Male, aged 50+) first tried to add up the different things he had bought in the last month. He then checked this against his monthly income and how much he thought he had saved to see if the two answers corresponded.

Therefore, providing an example showcard at the one-shot question did not appear to restrict the strategies people used to work out their answer. People continued to use other types of strategy (both recall and strategies based on income) even when the example showcard was used.

In addition, respondents who used an adding strategy did not feel obliged to add up every example listed on the showcard. For example, one respondent (Female, aged 18-49) just added up what she considered her 'main' items of expenditure (mortgage and direct debits) and then added on an estimation of 'everything else.' This was effectively a combination of the adding and recalls strategies.

Similarly, another respondent (Male, 18-49) added up household bills (in which he included his mortgage), other direct debits, food and groceries, a new iPod and then estimated a total cost for other 'sundry' items. He did not have to use all showcard categories- rather he saw it as a useful aide memoir. This respondent described how he preferred the one-shot question to the forced breakdown question as he could add things up using his own approach that was based on the way he thought about his spending.

This demonstrates that the example showcard does not constrain respondents in terms of how they choose to add-up their figure on total spending, and that this flexibility could be advantageous in some circumstances. This flexibility allowed respondents to ignore the showcard altogether, use the examples to define the scope of the question but not use adding or to use adding alone or in combination with other approaches. However, it should be noted that, particularly where an adding strategy was employed,

this led to some respondents providing a less accurate total compared to the breakdown question (see 4.3) , as they did not fully consider each type of spending mentioned on the examples list.

2.3.3   How useful was the example showcard?

All respondents in version A were asked to comment on how useful they found the example showcard (Showcard L) and how it could be improved.

Unsurprisingly, respondents who had not used the showcard (that is, those who had used a recall or an income based strategy) did not find the example showcard to be helpful. Nonetheless one respondent (Female, aged 18-49) who had not used an adding strategy described how she had found still found the showcard useful. This was because she felt it clarified that the question was trying to measure all types of spending. The respondent R described how before she looked at the showcard she was thinking about 'spending in shops' or 'spending on days out' and not about all the money that comes out of her account automatically by direct debit (such as rent or bills). Therefore providing some examples of what to include at the one-shot question is important as it helps to define the scope of the question.

All respondents who used an adding strategy described the example showcard as being very useful. This applied both to respondents who looked at all the categories when working out their answer and to those who generated their own list of things to add up, as the showcard still prompted them to include things they might otherwise have forgotten. For example, one respondent (Male, aged 50+) described how the showcard had prompted him to remember the payment for his holiday (cost =£1,500) which he felt he would have forgotten otherwise.

Respondents felt that the Showcard L could be improved if more examples and clarifications were added to it. Respondents felt:

- Cars should be mentioned at 'transport costs' to prevent people solely thinking about public transport.

- More examples should be included under 'bills.' For example, respondents forgot to include telephone, water and television/internet bills at the one-shot question. Respondents forgot to include insurance payments.

At the breakdown question respondents began to recall additional items of expenditure and this was partially thought to be due to the fact the breakdown showcard provided more details about the sort of things to include (see 3.4).

2.4   Findings from Version B

The section focuses on findings from testing version B of the one-shot question (in which respondents were always given the strategy showcard). In the following sections we explore:

- General reactions to the one-shot question.

- The strategies respondents used to work out their answer and whether this was influenced by their exposure to the strategy showcard.

- Whether respondents found the strategy showcard useful or not and whether it could be improved in any way.

- Whether respondents found the follow-up showcard on 'Income minus surplus' useful or not and whether it could be improved in any way.

Comparisons between the version A and version B will be made in section 2.5

2.4.1   General reactions

Respondents varied in terms of how they reacted when the question was presented. Respondents did the following:

- Looked briefly at the strategy showcard and then answered the question on spending using their own method (without overtly picking a strategy from the showcard or receiving further assistance).

- Looked at the strategy showcard and then selected a strategy. These respondents went on to provide an answer on their total spend.

- Looked at the strategy and then became confused. These respondents could not initially select a strategy nor did they give an answer on their total spend. Interviewers had to provide assistance to this group of respondents in order for them to proceed.

The final reaction indicates that the interviewers experienced some issues with the placement of the strategy showcard. Some respondents did not initially pick a strategy when:

- they did not understand the strategy showcard; or

- they did not know which strategy to pick; or

- they did not realise they were being directed to pick a strategy in the first place.

More information about this is given in section 2.4.3.

When respondents did not answer the question or pick a strategy interviewers were unsure about what level of assistance they should provide.

In addition interviewers queried how follow-up showcards should be used in the version B interviews. Namely, interviewers were unclear whether the follow-up showcards should be shown at the same time as the strategy showcard or on their own, once a strategy option has been selected. In a CAPI interview this would be clearer as the instruction to show the follow-up showcard could only be visible when the relevant strategy is chosen.

2.4.2   Strategies used in Version B

Respondents used a variety of strategies to work-out their answer on 'total spend' when answering the one-shot question in the version B interview. In total four strategies were used. These were:

- **Recall strategies**; where respondents gave a rough figure from memory without using the strategy showcard. For example, one respondent (Female,

aged 18-49) described how she had checked her bank account that morning and could remember what the balance was. This respondent described how she has to regularly check her bank balance as she is on a tight budget.

- **Income based strategies**; where respondents used income as a heuristic to estimate spending. One respondent, after some guidance from the interviewer (Male, aged 50+), selected the 'income minus surplus' approach from the strategy showcard. This respondent went on to give his income as his answer on amount spent on the basis that he and his partner normally spend their entire income each month (see case study four in section 2.4.3 for further details).

- **Adding strategies**; where respondents tried to add up different things they had spent money on in the last month. Respondents in this group varied in terms of whether they selected the first option on 'adding up' from the strategy showcard; three respondents added up their own list of items without selecting the adding strategy or seeing the follow-up showcard of examples. One respondent selected the 'adding up' option from the strategy showcard and was shown the examples of things to include.

- **Checking statements**; one respondent (Male, aged 18-49) opted to check his records after reading item three on the strategy showcard. This respondent left the room and checked both his bank statements and credit card statements.

Therefore, respondents were not constrained by the strategy showcard and were able to use their own strategies (such as recall) if they chose. Furthermore, the strategy showcard prompted one additional tactic that was not used in the version A testing; that is the behaviour of checking statements. However, there was evidence that some respondents found the strategy showcard confusing and that it detracted from their ability to answer the question. This issue is discussed in greater detail in the following section.

2.4.3 Was the strategy showcard helpful?

Respondents varied as to whether they found the strategy showcard helpful. Respondents:

1. Could give a figure on total spend without picking a strategy (e.g. they had recently checked their records and could recall an answer without further assistance). For these respondents the showcard had **no effect**, either positive or negative.

2. Used the strategy showcard to help guide the way they answered. For these respondents the showcard had **a positive effect**.

3. Did not understand the strategy showcard. These respondents found the strategy showcard confusing and did not pick an item. Interviewers had to intervene to explain what was required. For these respondents the showcard had a **negative effect**, as they spent time trying to decipher the showcard rather then trying to work out their spending in the last month.

The following section of this report will demonstrate why respondents found the strategy showcard useful (or not) in a series of short case-studies.

Two respondents did not refer to the strategy showcard when answering as they had recently checked their records and could recall an answer without further assistance. For these respondents the showcard was neither a help nor a hindrance.

Two respondents felt the strategy showcard was useful, and used it effectively when answering the one-shot question. Case studies on these two respondents are shown below.

Case study 1

Respondent details: Male, aged 18-49, income= high, budgeting style=1, Highest qualification= GSCE or equivalent)

This respondent chose to consult his records after looking at the strategy showcard. He described how the strategy showcard had been helpful as it indicated that a high degree of accuracy was preferred, and without checking his records he would have given a less precise answer. The respondent knew where his records were (both bank statements and credit card bills) and went away briefly to refer to them at the one-shot question.

Case study 2

Respondent details: Female, aged 18-49, income= high, budgeting style=1, Highest qualification= A-Level or equivalent)

This respondent described how she thought it was good that the strategy showcard provided a range of options. She selected option 1 'the adding strategy' and was then showed the example showcard. She described the example showcard as being "helpful." Rather than adding up each item on the showcard this respondent calculated an answer by adding up all her regular costs (that come out of her account by direct debit) and then adding on a single estimate for everything else such as clothes and socialising.

In contrast, three respondents became confused when they were presented with the strategy showcard. These respondents did not initially understand that they could pick an option to receive further assistance in working out their answer. Likewise, these respondents did not fully understand what each strategy meant or which one to pick.

In some cases interviewers felt that the showcard became a barrier to answering the one-shot question rather than an enabler. See case study three (overleaf) for an example of this.

Case study 3

Respondent details: Female, aged 50+, income= low, budgeting style=1, No qualifications

This respondent spent some time looking at the showcard but was unable to understand it and did not pick a strategy or give an answer on expenditure. At this point the interviewer intervened and started to explain what each item on the strategy showcard meant. The respondent felt that item two '*Think about how much income you received last month after tax and how much you had left at the end of the month*' did not apply to her as she never has money left at the end of the month.

The respondent, who lived off a very limited budget, went on to explain:

"I know what I have got coming in and I know round about how much is coming out. I know that when I go shopping for shopping I know how much I can spend."

She then went on to work out a total (using an adding strategy) without seeing any of the follow-up showcards. It seemed clear to the interviewer that in this case the strategy showcard acted as a barrier to answering rather than an aid: the respondent knew how much she spent but did not answer the question initially as she was presented with too much information.

In addition, once respondents were guided towards one of the strategy options provided, it is unclear whether the extra help provided them with much assistance in formulating their answer on spending. Case study four (below) gives an illustration of this in relation to the second respondent who did not understand the strategy showcard.

Case study 4

Respondent details: Male, aged 50+, income=medium, budgeting style=1, Highest qualification= Higher qualification below degree

This respondent did not initially look at the strategy showcard and did not immediately understand he could select a strategy to gain further assistance. With prompting the respondent opted for the 'income minus surplus approach' and was shown Showcard P.

Upon seeing the second showcard the respondent did not immediately provide an answer, and started to instead talk about how he would need to check his records (although he made no move to do so). This respondent went on to give an answer based on the **total income** of himself and his partner, working on the basis they normally spend all of their income each month. It is unclear that Showcard N provided him with any assistance in relation to this. On probing it transpired that this respondent had recently started try and save money in order to pay for a holiday. In the last month he and his partner had saved a fair amount of money which he had not deducted from his total income (therefore his answer to the one-shot question was an overestimate). This respondent was unclear about how much he had saved.

Finally interviewers observed that if respondents selected the 'wrong strategy' they may not see the example showcard, which actually would have been of assistance to

them. Case study five (below) gives an illustration of this in relation to the third respondent who did not understand the strategy showcard.

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Case study 5

Respondent details: Male, aged 18-49, income=high, budgeting style=2, Highest qualification=Post-graduate degree

The respondent did not initially understand or give an answer to the one-shot question or select a strategy from the showcard. When pressed he opted for item four on the strategy showcard 'think about how much you spend each month on regular or essential payments and then add on how much you spent on other things.' The respondent selected this option because he thought that it was easier to remember. This item was meant to reflect the 'essentials' plus 'non-essential' strategy discussed in the focus group stage.[6]

The respondent described how he selected this option because:

"...regular payments are easiest to characterise and one-offs are easier to forget'.

However, the respondent did not know off-hand how much he spent on regular payments so used his own adding approach, adding up his mortgage, gas and electricity, groceries, children's activities and clothes. After he had given his first figure he realised he had forgotten his water, phone and mobile phone bills. He added these to his final figure. On probing it transpired a number of other types of payment were forgotten.

As the respondent did not select item one from the strategy showcard he was not shown the separate showcard of examples. He felt that the example showcard would have been helpful to him: he did not realise that by selecting item one he would have been given additional assistance.

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Case study five illustrates that option four on the strategy showcard (regular/essentials plus other spending) is currently not very helpful, as it could be selected by people who actually want to use a more detailed adding strategy. Therefore, it is recommended that (should the strategy showcard be retained) the fourth option should be removed or that if the fourth item is retained respondents who choose this option should be given the examples showcard. As mentioned in section 2.3 respondents who were given the example showcard at the one-shot question were able to use their own levels of breakdown (going into as much detail as they felt was required). Therefore an 'Essentials plus non-essentials' approach could still be used by respondents if they select option one.

Both the respondents described in case studies three and four used their own adding strategies but did not pick option one from the strategy showcard. Both these respondents described how they found the breakdown showcard helpful at the next question and that it improved the accuracy of their answers. These respondents also described how they preferred having a more concrete example (e.g. how much did you spend on groceries) compared to the more abstract strategy showcard.

Two respondents did not even look at the strategy showcard, and were able to give an answer without referring to it. These respondents typically were able to provide an

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[6] d'Ardenne, J. & Blake (2012) Developing Expenditure Questions: Findings from Focus Groups, *IFS working paper*

answer on 'total spend' by recall (for example because they had recently checked a bank statement or other records). On probing these respondents stated that they thought the strategy showcard was confusing as the statements were long-winded and difficult to read (particularly statement two). They felt the showcard was unnecessary as they knew how much they spent without referring to it.

2.4.4   Was the income minus surplus showcard helpful

Only one respondent (Male, aged 50+, see case study four) was routed onto the income minus surplus showcard (Showcard N). It is unclear that Showcard N provided him with any assistance in answering, as he gave an answer based solely on his income and did not include relevant deductions (namely the savings he had made in the last month). However as the showcard was only tested on a single respondent we are unable to draw firm conclusions about its utility.

When answering the breakdown question the respondent came up with a different total to the one-shot question. This respondent discussed how this was because he had been thinking about a 'typical month' when answering the one-shot question when in the last month he and his partner had been making an effort to save money. However the respondent did not know how much they had actually managed to save in the last month as he had not checked his account recently or received a bank statement for the month. This indicates that the income minus surplus approach used by respondents can be based on a general heuristic based on income and typical savings (if any) rather than recalling the specific amount saved in the last month.

2.5   Summary and conclusions

In the version A interview the examples showcard did not stop respondents from using other types of answering strategy (such as recall or heuristics based on income) if they felt these methods to be easier and quicker than adding things up. Respondents appeared to understand that use of this showcard was optional.

In version A respondents who used an 'adding strategy' understood that only a total was required rather than a full breakdown (although interviews did sometimes have to provide reminders to this effect). In some cases being asked to provide a total, rather than an itemised breakdown was beneficial as it meant respondents could categorise their types of spending in a way that suited them, and were not restricted by the examples on the showcard. In contrast, in other cases respondents took shortcuts as a result of not having to provide a complete breakdown and overlooked certain types of spending (including those mentioned on the example list). It was found that even where an adding up approach was not used the examples showcard could still be useful in defining the scope of the question.

Respondents felt the examples showcard could be improved if it included more examples, such as:

- If it explicitly referred to 'cars' under transport costs.

- If it listed examples of bills (including water, telephone and insurance)

In the version B interview respondents also did not feel constrained by the strategies provided on the showcard. Respondents opted to use their own tactic of providing an answer (recall) even when the strategy showcard was used.

There were mixed findings on the general utility of the strategy showcard. In one case it was found to be particularly useful as it encouraged a respondent to check his records and thus provide a more accurate answer than he would have done if left to his own devices. However, there is a question about whether we should indicate to respondents that a very high level of accuracy is required as it could make the question more difficult for respondents. Other respondents found the strategy showcard confusing and required assistance from the interviewers to unravel what it meant: this could make it difficult to administer the strategy showcard in a standardised way in a quantitative survey.

It is interesting to note some respondents who struggled with the strategy showcard could easily provide an answer on the total spend when left to their own devices (for example case study three was able to quickly add up the total amount she spent without ever selecting a strategy or being shown the example showcard). This indicates that for some people the task of providing an answer to the one-shot question is easier if the strategy showcard is omitted!

Another flaw with the strategy showcard approach is that respondents who chose to ignore it (or pick an 'unhelpful' strategy) were never exposed to the example showcard which they would have found helpful. Ideally all respondents should be exposed to some examples as this was found to be helpful, even for some respondents who chose not to use an adding strategy.

2.5.1 Recommendations

Our first recommendation is that the strategy showcard approach should not be pursued. Instead a one-shot question like version A where everyone is shown the example showcard works better. This is because the examples showcard is useful to respondents even when they do not use an adding approach and because the strategy card was found to be confusing to certain respondents

Recommendations: Version A

- Interviewers need to be briefed to remind respondents that they only need to provide a total, not an answer for each example on the showcard.

- The example showcard should be amended to include 'car' costs and examples of different types of bill. There is an argument that if the one-shot question is retained the example showcard should be made to be more like the breakdown showcard described in the following chapter.

Recommendations: Version B

If it is decided that the strategy approach should be retained for further testing we recommend that the following alterations are made:

- Testing revealed that respondents may need examples to define the scope of the question. Therefore some examples of types of spending may need to be provided within the question wording (as respondents do not automatically see the example showcard in Version B).

- Option four (regular/essential plus other spending) on the strategy showcard should be dropped as it is unhelpful and could be encompassed as part of the adding strategy. Alternatively respondents choosing option four should be shown the examples showcard.

- Interviewers should also be given clear guidance in the question wording and instructions on when to show the different follow-up showcards to respondents under the strategy approach.

2.6 Question on whether spending in last month was 'typical'

2.6.1 Question wording

The cognitive testing trialled two additional questions designed to supplement the one-shot question. The first question asked whether respondents felt their spending in the last month was higher than usual, lower than usual or typical. If respondents stated their spending was higher/lower than usual they were asked an extra question on how much they spent in a usual month. Wordings for both of these questions can be found below.

Usl1
Would you say your spending last month was…
READ OUT…
1) Higher than usual
2) Lower than usual, or
3) Typical of a usual month's spending?
4) [*HIDDEN RESPONSE: There is no such thing as a typical month*]

{ASK IF Usl1= higher or lower than usual}
Q5 Usl2
How much do you [and your partner/husband/wife] spend on everything in a **usual** month?

ENTER AMOUNT £_____

2.6.2 Saying whether spending was 'typical'

All respondents were able to answer the question on whether or not their spending in the last month was typical. However, on probing it became apparent that not all respondents had been thinking about the 'last month' when they answered the one-shot question: this phenomenon occurred in respondents who used various strategies for working out an answer, including adding strategies, an income minus surplus approach and recall.

Respondents who had incorrectly been thinking about a usual month at the one-shot question did one of the following:

- *Changed their answer to the one-shot question* and *stated their spending in the last month was atypical.* For example one respondent (Female, aged 50+) used an adding strategy based on a 'usual month' when answering the one-shot question. The 'typical' question reminded her that last month she had bought some atypical items (because of half term treats for her children and for home improvement). She went back and changed her answer to the one-shot question at this stage.

- *Retained their answer to the one-shot question* and *stated their spending the last month was typical*. These respondents justified their answers to both questions by saying that their spending does not vary that much month on month and therefore it did not matter they were thinking about a less specific reference period when answering the one-shot question.

Respondents who had been thinking about the last month when answering the one-shot question were able to answer the question whether their spending in the last month was typical. Respondents who said their spending was higher or lower than usual were able to justify why they had said this (for example if they had made an atypical purchase such as a holiday or building works).

Respondents who felt their spending in the last month was typical explained that they knew they had made no unusual purchases in the last month. Alternatively respondents who answered this way explained that they always spent the same amount (generally their entire income) and that if they had made an atypical purchase it would have been paid for by cutting down on spending in other areas. Income and outgoings each month were typically the same.

2.6.3 Saying how much was spent in a typical month

All respondents who stated that their spending last month was atypical were able to provide an answer for a typical month's spending. Respondents did this by thinking about the total for last month and deducting any atypical purchases (such as the cost of a holiday or the cost of building works). One respondent (Male, aged 18-49) described how he had spent less than usual in the last month as he had cut down on going away for the weekend. This respondent described how the amount he usually spent on this activity varied a lot and therefore it was difficult to give a total on typical spend. However this respondent went on to make an estimate of how much he usually spends per month on this activity and used this to calculate his answer.

2.6.4 Conclusions

The main findings from the round two testing echo the findings found at the round one testing. It is possible to ask questions on 'usual spend' and to get a coherent response. However, it should be noted the distinction between 'usual' and 'last month' may not be clear, as some respondents may think about a usual month at the one-shot question anyway. Thinking about a 'usual month' at the one-shot question occurred in both people using an adding strategy and people using an income based strategy.

There was some evidence to suggest these questions can act as a reminder for people who may have excluded atypical items of spending at the one-shot question. This in turn made them adjust their answer to the one-shot question making it more accurate. Therefore it is recommended that the questions on 'typical' spending should be kept if the one-shot question is retained. However clear guidance would need to be provided within the questionnaire on whether respondents who had actually given a usual month should be asked to go back and change their answer to the last month one-shot question.

3   The Breakdown question

3.1   Question wording

The alternative approach to the one-shot question tested was a 'breakdown' question where respondents had to say how much they had spent in the last month on a list of items shown on a showcard. For the breakdown question respondents were forced to provide sub-totals on different types of spending rather than to give an overall total.

The wording for the breakdown question is shown in the box below.

Break: In the **last** 30 days, that is from [*INSERT DATE] to [INSERT TODAY'S DATE]* how much did you [and your partner/husband/wife] spend on **each** of the items shown on this card [SHOWCARD P]?

READOUT: Please think about the last **30 days** even if you spent a different amount to usual. Please exclude work or other expenses for which you are reimbursed.

If asked:
* *Do not include paying into pension funds, savings or investments as a type of spending.*
* *Please report everything you bought in the last month however it was paid for (credit card, hire purchase etc). Spending on credit cards should be reported in the month the purchase was made. Repaying loans or credit card bills from earlier months should not be included*

ENTER AMOUNT £_____

Catchall
And in the last month how much did you [and your partner/husband/wife] spend on other items not listed on this card?

ENTER AMOUNT £_____

Breaktot
So in total in the last month you [and your partner/husband/wife] spent {TOTAL OF Break1-12 AND Catchall} £_____. Does that sound right?
1) Yes
2) No

{If Breaktot=No} **Breakad**
How much did you [and your partner/husband/wife] spend in the last month?

ENTER ADJUSTED TOTAL £_____

The spending categories given at the breakdown question were shown to respondents using a showcard. A copy of the showcard used is shown overleaf. The examples used on this showcard are similar to those used on the example showcard at the one-shot question (see 2.2) but with more detail given about each sub-category of spending.

It should be noted the aim of the question was to work out **total amount spent,** not how much respondents spent on each item. Therefore, the question still functions as intended if people vary in terms of how they classify certain items. For example, it does not matter if some respondents count cigarettes as 'groceries' and other respondents classify them as 'treats' provided each type of spending is included somewhere and is only included once[7].

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[7] It should be noted that, were the amounts to be provided in a dataset, analysts would be very tempted to analyse the amounts for specific items even if warnings about their accuracy were given.

The breakdown showcard

SHOWCARD P

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. running a car (petrol, tax, insurance) and public transport costs.

4. **Food and groceries** e.g. food, toothpaste, cleaning products, pet food

5. **Clothes and footwear**

6. **Child costs** e.g. childcare, school equipment and fees

7. **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)

8. **Health expenses** e.g. glasses, dental care, prescriptions, social care

Leisure

9. **Socialising and hobbies** e.g. going out (restaurants, pub, cinema) gym or sport club membership, arts and crafts, children's activities

10. **Other treats** e.g. Books, magazines, DVDs, CDs, games, beauty products

11. **Holidays**

12. **Giving money to other people** e.g. relatives, donations to charity

3.2   Aims of testing

The aims of the cognitive testing for breakdown question were:

- To explore respondents' general reactions to the breakdown question.

- To explore whether respondents could recall how much they had spent on different items and whether providing a list of spending categories influenced respondents' recall on 'total spend.'

- To establish whether the list of items provided on the showcard is suitable, including testing the new category on 'giving money to other people.'

- To check whether there are any missing or overlapping categories on the breakdown showcard.

- To investigate whether respondents adjust their answer after the check question and, if so, why this occurs.

Findings on each of these areas are discussed below.

3.3   General reactions

All respondents were able to provide answers to the breakdown question and all respondents described how they were comfortable providing a breakdown of their spending by category (see 4.5). However, it was acknowledged that the breakdown approach took more time and effort, and that after a longer survey people might find this question more frustrating. A further discussion of respondents' preference between the one-shot and breakdown question can be found in section 4.4.

There were nine cases (out of fourteen) where figures on total spending varied between the one-shot and the breakdown question by £200 or more. These cases are illustrated in section 4.2 with suggested reasons for the disparities.

3.4   Recall

One aim of cognitive testing was to explore whether respondents could recall how much they had spent on different items and whether providing a list of spending categories influenced respondents' recall on 'total spend.'

Respondents varied in terms of how easy or difficult they found it to recall how much they had spent on each item mentioned. Ease of recall varied between the different spending sub-categories (as previously found in both the focus groups[8] and the round one testing[9]). Types of spending that were regular and of fixed amounts (such as rent, mortgage and certain bills) were easier for respondents to recall. In contrast costs which vary from month to month (such as food and groceries, transport (petrol) costs and socialising costs were more difficult for respondents to recall, although they were able to provide estimates for these figures.

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[8]d'Ardenne, J. & Blake (2012) Developing Expenditure Questions: Findings from Focus Groups, *IFS working paper*

[9] d'Ardenne, J. & Blake (2012) Developing Expenditure Questions: Findings from R1 Cognitive Testing, *IFS working paper*

There was evidence that providing a breakdown did, in some cases, improve respondents' recall of how much they had spent. This typically occurred in respondents who had used an adding strategy at the one-shot question. Increased recall occurred when:

- Respondents who had <u>not</u> seen the one-shot example showcard remembered whole types of spending they had previously not considered (such as socialising and health costs).

- Respondents who <u>had</u> seen the one-shot example showcard remembered extra types of spending because the examples on the breakdown showcard were more detailed (for the breakdown showcard listed different types of bills).

- Respondents were forced to consider each item in more detail, rather than taking shortcuts when adding things up.

In contrast, other respondents felt that their answer to the breakdown question was less accurate then their answer to the one-shot question. This occurred when respondents felt able to recall the total amount they spent (for example if they had recently looked at their records or bank statement) but they could not recall the details of what they had spent the money on. In some cases respondents reported transferring over a certain amount each month to their partner who then paid for the individual bills, groceries, and so fourth. These respondents could provide a figure based on 'total spend' but were less certain about providing a breakdown as different members of the household were responsible for paying for different things.

3.5 The breakdown showcard

The cognitive testing investigated whether the breakdown showcard (Showcard P) was working as intended. Cognitive testing explored:

- Whether respondents were willing and able to say how much they had spent in the last month on 'giving money to other people.' This was a new showcard item added after the round one testing.

- Whether respondents felt there were any types of spending missing from the breakdown showcard.

- Whether respondents felt that any of the breakdown showcard categories overlapped and whether this had a negative impact on data quality due to respondents 'double-counting.'

- Whether respondents felt the breakdown showcard could be simplified or reduced in any way.

Findings on each of these areas are discussed below.

3.5.1 'Giving money to other people'

No problems were detected with the new showcard item 'giving money to other people.'

Six respondents stated they had given money to other people in the last month, with three respondents mentioning giving £100 or more in the last month. The types of things included:

- Pocket money for children

- Gifts of cash for grandchildren

- Giving money to charities

- Weekly donations to the local church.

No sensitivity concerns were raised with this question. Therefore it is recommended that this item is retained.

3.5.2 Were any categories missing from the breakdown showcard?

Respondents were given the opportunity to provide information on how much they had spent on other things (not covered by the breakdown showcard) at an additional 'catch all' question.

Respondents used this additional catch all question in two ways; either to report spending on an item that was covered by the showcard but that they had only just remembered (such as the cost of car insurance or train tickets) or to report spending on an item they thought was not covered in the existing categories.

One respondent (Male, aged 18-49) queried whether repayment of bank loans should included as an extra option on the showcard. Repayment of loans is something we want respondents to exclude when providing details of their expenditure. However, in this round of cognitive testing we found that respondents were including this as a form of spending. Furthermore the above respondent also felt that 'Savings and Investments' should be added to the list of categories on the breakdown showcard. Again this is not something we want respondents to include as a form of spending. These issues are discussed further in section 4.8.

Other than this, respondents reported thinking that the following three categories could be added to the showcard:

1. Cigarettes

2. Life insurance (this was considered different to bills as you chose to purchase it rather than it being a necessity)

3. Gifts for other people e.g. birthday presents

As spending on cigarettes is potential sensitive it is not included as a separate category of spending. In the interest of keeping the showcard categories to a minimum, we feel it is not worth adding 'Life insurance' as a separate category on this showcard.

We feel that there may be some merit in adding 'gifts' to the breakdown showcard, not as a heading but as an example elsewhere. This is because one respondent forgot to include a bike for his son at both questions which, for him, was a large purchase.

 In addition another respondent did not consider all the toys she bought for her young son when answering. It was felt this was because she was reading the item 10 'other treats' to refer to treats for herself rather than things for other people.

3.5.3 Did any of the breakdown showcard categories overlap?

There was some overlap between how different respondents classified different types of spending. Examples of how specific items were classified differently between individuals are shown below:

- **Cigarettes** were sometimes included under 'Food and groceries' and sometimes included under 'Other types of spending'

- **Alcohol** could be included under 'Food and groceries' or 'Socialising and hobbies'

- **Car insurance** could be included under 'Bills' or 'Transport costs.'

- **Beauty products** could be included under 'Food and groceries' or 'other treats.'

Despite the fact that respondents sometimes classified types of spending in different places we found no evidence of double-counting in this round of cognitive testing. Respondents looked at the list and decided which heading to classify each type of spending to - they did not count the same item more than once when working out their total.

3.5.4 Could the breakdown showcard be simplified in anyway?

In general respondents felt that the list provided on the breakdown showcard was comprehensive and should not be reduced further.

One respondent (female, aged 18-49) suggested that the first two items (mortgage/ rent and bills) could be combined into a single category. However, the downside of doing this is that already respondents have to add up a number of different items to provide a total on bills (utilities, telephone, TV, insurances and so forth). Therefore, combining the two items could result in respondents having to do an extra sum when answering. For this reason we recommend that the two items are kept separate. Likewise, it is thought that it may be useful to have information that differentiates between people who have high and low (or no) housing costs at the data processing stage. Therefore we recommend that the two items are retained in their current format and are not combined.

3.6   Check and adjustment questions

After respondents had provided a breakdown of all the things they had spent money on interviewers were asked to administer a check question (**Breaktot**), where all the items were added up and respondents were presented with a total and asked to comment on whether it sounded accurate. Respondents were allowed to adjust their answer on total spend if they felt it was necessary.

Two respondents both felt that their breakdown totals were much too low. One of these respondents had checked his records at the one-shot question and the other had used recall as he was familiar with his finances. Both of the respondents went on to adjust their total answers to the breakdown question to reflect the answers they had originally given at the one-shot question (one by adding £700 and one by adding £1,200).

For these respondents 'spending' was based on money leaving their current account. However, on probing it transpired both had included the transfer of money that we

would not want them to include at an expenditure question. For example, the respondent who was basing his answers on his bank statements was including the repayment of a bank loan as a form of spending. The other respondent had included transferring £1,200 into a separate savings account as a form of spending.

Currently, there is a general issue that respondents are not aware of exclusion criteria as clarifications are only supplied on request. At this stage we recommend that the check and adjustment questions are retained as they were shown to be of use for respondents who had forgotten specific items or made calculation errors[10]. However, further thought is required on how to effectively communicate our exclusion criteria-either at the original breakdown questions or at the subsequent checks (see section 4.8 for a further discussion).

3.7   Summary and conclusions

Respondents varied in whether they felt the breakdown question improved their recall, with some respondents claiming they remember their spending in more detail and others claiming they found it easy to remember a total but not a breakdown for each sub-category.

In general the breakdown showcard is working as intended. A summary of our recommendations in relation to the breakdown question are shown in the box below:

3.7.1 Recommendations

- Continue to use the new breakdown item 'Giving money to other people.' but amend wording to say 'Giving money or gifts to other people.'

- Consider adding additional examples of 'toys' to the category 10 list of examples under 'Other treats.'

- Retain all other showcard categories in their current format.

- Continue to use the 'catch all' question in order to capture spending on things that are missing from the showcard (or were forgotten initially).

- Retain the check and adjustment question. However, further work is required to ensure respondents know to exclude the repayment of loans and putting money into savings at this question (see 4.8).

- Ensure the reference period used in the check question is the same as the one used in the breakdown question (it was noted in this round of testing the reference period varied slightly between the original question and the checks).

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4 Comparing Questions

4.1 Methods and aims

In the final part of the interview, after both the one-shot question and the breakdown questions had been administered, interviewers were asked to explore with respondents which type of question worked best. Interviewers explained to respondents that they had been testing different ways of measuring spending. Respondents were shown a summary sheet showing the answer for total spending they had given using each approach. Interviewers went on to explore:

1. Which version elicited the most accurate information on the respondent's spending. and

2. Which version respondents preferred.

After this interviewers went on to ask further probes on:

3. How comfortable respondents felt answering these questions and what, if anything, could be done to increase comfort.

4. What time period respondents were thinking of when they answered the questions. For the cognitive testing we deliberately included reference periods that varied in their specificity, for instance the one-shot question asked about 'last month' whereas the breakdown question referred to 'the **last** 30 days, that is from [*DATE] to [DATE]*.' The aim of the testing was to see which reference periods respondents preferred and why.

5. Whether respondents included 'atypical' items on spending when answering or whether they based their answer on what was usual or typical. The aim of this was to see whether people include one-off large purchases or other atypical spending patterns and what impact this had on their answers.

6. How confident respondents felt about how much other people in the household were spending. The aim of this was to see whether respondents knew how much their partner and children spend.

7. Whether respondents noticed and understood the clarification not to include work expenses when answering.

8. Whether respondents included any types of financial activity that should have been excluded and what impact this had on their answers. Specifically we wanted to check whether respondents were incorrectly including paying off loan instalments or credit card bills as a type of spending. Similarly we wanted to explore whether respondents included 'putting money into savings' as a form of spending.

Findings on all of these areas are discussed in the following sections. A summary of key conclusions and recommendations for next steps are discussed in Chapter 5.

4.2 Differences between answers

There were nine cases (out of fourteen) where figures on total spending varied between the one-shot and the breakdown question by £200 or more. In five cases figures between the two questions by £500 ore more. In two cases figures given varied by £1,000 or more.

A summary of respondents' answers to both questions, and suggested reasons for disparities between answers are shown in tables 4.1 and 4.2 overleaf.

In summary, the reasons for the disparities noted were:

- Respondents thinking of a different reference period in the two questions (for example thinking about a usual month at the one-shot question and specifically about the last month at the breakdown question).

- Respondents using their own 'rough' adding strategies at the one-shot question and overlooking certain types of spending entirely. Excluded items were then counted at the breakdown question.

- Respondents remembering extra items of spending at the breakdown question as they were prompted by the extra examples displayed on the breakdown showcard.

- Respondents incorrectly including putting money into savings/ paying off bank loans as a form of spending at the one-shot question and then not including this at the breakdown.

- Respondents knowing how much they spend at the one-shot question (through recall or using their own adding strategies) but not being able to remember the details required for the breakdown questions. These respondents felt the breakdown underestimated their total spend as individual items may be forgotten.

Where disparities occurred respondents were asked to comment on which question they felt collected the most accurate information and why. These results are discussed in the following section.

Table 4.1: Difference between the one-shot and the breakdown questions

Version A: Example showcard

	One-shot	Strategy at one-shot	Breakdown [11]	Difference	Reasons for disparity
CT06	£400	Combination: Adding and recall	£625	+£225	• R only looked briefly at the example showcard at the one-shot. • Did not fully think about all the 'incidental' things he purchased last month. • **R felt the <u>breakdown</u> figure was more accurate.**
CT02	£9,300	Combination: Adding and recall	£8,105	-£1,195	• R knew roughly how much he had spent last month as he checks his accounts regularly. • R was including money transferred out of his current account into a savings account as a form of spending at the one-shot question. • **R felt the <u>one-shot</u> figure was more accurate <u>BUT</u> main discrepancy was from treating saving as a form of spending so in fact breakdown was probably actually more accurate**
CT01	£2,900	Recall	£2,900	£0	• R's outgoings are roughly the same each month. • R monitors outgoings regularly with a spreadsheet.
AR01	£1,800	Recall/ Income	£1,510	-£290	• R felt the one-shot should be accurate as she does not typically save anything per month. The one-shot answer reflected her income. • R felt the breakdown question was more difficult due to the specific reference period. • R felt she could have under-estimated on 'spontaneous' purchases at the breakdown question such as buying toys for her son • **R felt the <u>one-shot</u> was more accurate.**
AR02	£600	Adding	£890	+£290	• R forgot money spent on home improvements at the one-shot as was working things out quickly (however she did recall these after the question on 'usual vs. typical') • R felt the extra examples at the breakdown had encouraged her to recall more things e.g. car expenses/ MOT that she did not think about at the one-shot question (even with the examples showcard) • **R felt the <u>breakdown</u> figure was more accurate.**
AR06	£2,200	Adding	£2,095	-£105	• R felt he might have forgotten a number of small items at the breakdown. • **R felt the <u>one-shot</u> figure was more accurate.**
AR08	£1,000	Adding	£1,540	+£540	• Missed insurance at the one-shot (£200) • Missed out TV and internet costs and a number of 'treats' bought whilst internet shopping • **R felt the <u>breakdown</u> figure was more accurate.**

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[11] Before adjustments

Table 4.2: Difference between the One-shot and the breakdown questions

Version B: Strategy showcard

	One-shot	Strategy at one-shot	Breakdown[12]	*Difference*	Reasons for disparity
AR03	**£4,200**	**Checked records**	**£3,300**	*-£900*	- R checked his records at the one-shot after being prompted by the strategy showcard. - R found it difficult to remember how much he had spent on social activities in the last month. - R adjusted his breakdown answer back up to £4,000 at the check question. **R felt the <u>one-shot</u> figure was more accurate BUT was from treating paying off a bank loan and transferring money into his savings as a form of spending. His adjusted answer was an over-estimate**
CT03	**£2,000**	**Adding (with example showcard)**	**£1,670**	*-£330*	- R had provided an estimate of spending when she wasn't required to provide a full breakdown. - R felt the breakdown question encouraged her to think more about each item she had bought. **R felt the <u>breakdown</u> figure was more accurate.**
CT04	**£1,984**	**Recall**	**£1,988**	*+£4*	- R had checked her bank statement on the morning of the interview. - R could recall information easily at both the one-shot and the breakdown. **R felt the <u>breakdown</u> figure was more accurate.**
CT05	**£3,200**	**Income**	**£2,094**	*-£1,106*	- R provided an 'average' month at the one-shot based the fact they normally spend all their income. - R felt the breakdown answer was less than the one-shot as last month they had been saving money to go on a holiday. R did not know exactly how much they had been able to save. **R was unsure which answer was more accurate but opted for the <u>breakdown</u>.**
AR04	**£1,000**	**Recall**	**£978**	*-£22*	- Knew outgoings at one-shot without referring to the strategy card. - R felt may have forgotten some smaller items at the breakdown question. **R felt the <u>one-shot</u> figure was more accurate.**
AR05	**£200**	**Adding (without example showcard)**	**£174**	*-£26*	- R forgot to include her telephone bill when answering the breakdown question. **R felt the <u>one-shot</u> figure was more accurate.**
AR07	**£2,500**	**Adding (without example showcard)**	**£3,225**	*+£725*	- Forgot council tax bill when answering the one-shot question (£200) - Previously had not included any for socialising, or treats (£285) Also had not included trips to the dentist or giving money to charity (£255) **R felt the <u>breakdown</u> was more accurate**

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[12] Before adjustments

4.3   Views on accuracy

One respondent (Male, aged 18-49) gave exactly the same answer at the one-shot and the breakdown (without any adjustment of his answers). This respondent was described as being very much 'on top' of his finances and described how he regularly uses a spreadsheet to monitor incomings and outgoings. Therefore, this respondent could not make a comment on which of his responses were more accurate.

Other than this, the thirteen other respondents were asked to comment on which answer they had provided was more accurate.   It should be noted in this section that numbers are used to help understand how different groups of respondents behaved and to understand the experiences of individual respondents. However, as this was qualitative research with small numbers of cases from a non-representative sample, conclusions cannot be drawn about the prevalence of these experiences in the general population.

4.3.1 Thinking the one-shot more accurate

In total **six respondents** felt that the one-shot question was more accurate. The reasons for this are discussed below.

Three respondents felt that they may have forgotten items at the breakdown as they found it easier to think of their spending 'as a whole' or to use their own adding strategies. These respondents felt they may have underestimated how much they spent cumulatively on smaller items of expenditure such as grocery shopping or treats. However, on closer inspection the variation between their one-shot and breakdown answers was small (between £22 and £105).

One respondent (Female, aged 18-49) felt the one-shot question was more accurate as it reflected her monthly income. On probing she described how she had difficulty with the more specific reference period used in the breakdown question as did not fit-in with her spending month. Therefore her accuracy to a breakdown question could have been improved if a different reference period was used (see 4.6).

Two respondents gave much higher responses to the one-shot question compared to breakdown question (the differences were £900 and £1,195). These respondents both reported that they felt their answers to the one-shot question were more accurate as their answer was based on having checked their bank statements recently. However, on probing it transpired that these respondents had included types of outgoing at the one-shot that should have been excluded. One of the respondents (Male, aged 50+) had included transferring £1,200 into a savings account as a form of spending at the one-shot question and this was not captured at the breakdown. Without this his one-shot figure and his breakdown figure were broadly the same. The other respondent (Male, aged 18-49) had also been including loan repayments and transferring money into savings. For this respondent it appeared an accurate answer was somewhere between his one-shot and breakdown answer.

Therefore, even though some respondents described the one-shot question as being more accurate this was because their definition of spending was slightly different to the one meant to be captured. These respondents were taking 'spending' to mean 'money exiting the current account.' This meant they were incorrectly including loan repayments and transferring money into their savings as a form of spending (see 4.8.).

4.3.2 Thinking the breakdown question was more accurate

In total **seven respondents** felt that the breakdown question was more accurate. The main reason for this was that the breakdown assisted people who were using an adding strategy to be more accurate. This occurred because:

- Some respondents who used an adding strategy in the version B interview did not see the example showcard (see 2.4). Therefore the breakdown question was the first time they had been exposed to an example list. These respondents described how the list helped them to concentrate and to recall many more items of spending.

- Respondents who had seen the example showcard at the one-shot question recalled more types of spending at the breakdown because of the extra examples given on the breakdown showcard (such as specific bills and car expenses).

- Respondents were required to think about each type of spending individually. This encouraged them to think about their spending on individual categories in more depth compared to the one shot question.

In addition, one respondent (Male, aged 50+) felt the breakdown question was more accurate with regard to what he had spent in the *last month.* This respondent described how for the one-shot question he had used a strategy based on the fact he usually spends all his income each month (see case study four in section 2.4.3). This respondent felt the breakdown question more accurately reflected his spending for the last month as he had cut back on his spending to save up for a future holiday. However, he was unsure how much money he had saved in total. The respondent felt the breakdown was probably more accurate but he was still unsure about how accurate it was as he did not know all elements of his partner's spending (see 4.7).

4.3.3 Conclusions

The above suggests, despite the varying views on accuracy initially, during the cognitive testing respondents' answers were more accurate at the breakdown question. This is because:

- Strategies involving recall and checking statements at the one-shot question meant that respondents included items they should have excluded (such as paying off loans and putting money into savings). These errors did not occur in the breakdown approach.

- The breakdown approach prompted respondents to recall extra items of spending. This improved accuracy for people using an adding strategy.

- The breakdown question forced people using an adding strategy to consider their spending in more detail rather than to give a rough estimate.

Therefore, it is suggested that the breakdown question should be the preferred method if accuracy is the only consideration. However, in practice other factors might be important such as administration time and respondent burden. These issues are discussed more in chapter five.

4.4   Respondent preference

In addition to probing on accuracy the cognitive interviews explored which type of question respondents preferred and why. Issues related to this are discussed below.

4.4.1 The link between respondent preference and accuracy

On probing respondents tended to dislike a question if they felt it collected inaccurate information, therefore the question respondents preferred tended to be the same as the question format they considered most accurate, even if it had taken more effort on their part to answer it.

This finding echoes that found in the round one testing, despite the fact that in round two we had not briefed respondents in advance about the main purpose of the interview and the fact we had preceded the spending questions with a short dummy questionnaire (on range of subjects) to set the context of the actual survey. This questionnaire took between 7 minutes and 10 minutes for the respondents to complete. It is encouraging that respondents still expressed a desire to be accurate when reporting spending after they had completed the dummy questionnaire. However, it is still unclear whether the preference for providing more accurate answers will remain in the context of a much longer survey.

Respondents varied in terms of which question approach they preferred and why. Three respondents had no preference in regards to the two questions. These tended to be respondents for whom the two questions had yielded similar answers. Details of why other respondents preferred one question over the other are described below.

4.4.2 Preferring the one-shot question

In total **three respondents preferred the one-shot approach** on probing.

The reasons for this were:

- Respondents felt that the one-shot question was quicker (particularly if you can provide an answer from recall)

- Respondents felt that their answer to the one-shot question was more accurate.

- Respondents felt that the breakdown question could require more effort. One respondent (Male aged 18-49) commented that it was easy for him to report how much he spends per month as this is relatively constant. However, what the money goes on is more fluid, and is therefore more difficult to recall.

It is worth noting that one respondent (Female, aged 18-49) originally stated she felt that the one-shot was more accurate but she stated that she preferred the breakdown concept. This was because she felt that the breakdown question should be easier for people who had not recently checked their accounts.

4.4.3 Preferring the breakdown questions

In total **nine respondents preferred the breakdown approach** on probing.

The reasons for this were:

- Respondents thought their answers were more accurate as extra items were recalled.

- Respondents thought the breakdown showcard was helpful. Those who had not seen the example showcard in the version B interview felt that having a list of things to include was very useful. Furthermore, even those who had seen the example showcard at the one-shot question found the extra clarifications at the breakdown question useful.

- No calculations were required - all the adding up was done by the interviewer.

- There was less time pressure to provide a single answer straight away. The question was easier as an answer was worked out step-by-step:

"The more you think about it the more pops into you mind." (Female, aged 50+)

In addition to the above one respondent (Male, aged 18-49) felt the breakdown question was generally 'less *confusing'*. This comment was made by a respondent who had received the version b interview and who had problems deciphering the strategy showcard (see case study 5 in section 2.4.3).

4.4.4 Conclusions

The main advantage of the one-shot question is that it allows respondents who know how much they spend per month to provide an answer quickly without the additional effort required at the breakdown question. In contrast, respondents preferred the breakdown question as they found it helpful in terms of conducting an effective adding strategy.

Potentially some reasons for preferring the breakdown question could be incorporated into a one-shot question, for example if:

- Respondents are always given the list of examples at the one-shot question (including the extra examples are provided on the breakdown showcard).

- Interviewers are allowed to assist respondents with calculation at the one-shot if requested.

- Interviewers are briefed to instruct respondents to take as much time as they like for the one-shot question.

- The strategy showcard is omitted.

Therefore it may be possible to improve the one-shot question by allowing some flexibility of support: extra time and assistance can be provided for respondents who require it whereas respondents who want to use their own recall heuristics are able to do so.

4.5   Comfort when answering

Cognitive testing aimed to explore how comfortable respondents felt answering the spending questions, and whether perceived sensitivity could lead to item non-response.

Generally speaking no issues relating to comfort arose during the cognitive testing. There were no cases where a respondent refused to answer one of the spending questions. All respondents provided answers to both the one-shot and all the breakdown questions; where assistance was required this was related to respondents not being able to understand the question (or the showcards) not because there were concerns about question content or sensitivity.

Respondents felt they would be comfortable answering these questions in a survey context provided:

- Anonymity is assured; and

- The information was being collected by a reputable organisation. Respondents discussed how they may not be happy answering these question over the phone to a 'cold-caller.'

As described in the round one cognitive testing report, respondents felt that some people could find the breakdown questions more intrusive than the one-shot question[13]. This is because people are asked to divulge specific information on how much they spend on certain things (for example their mortgage, or their socialising). Likewise respondents felt that particular groups might not want to answer the spending questions, for example if they were 'not living within their means.'

4.5.1 Introducing the spending questions

As part of the probing on how comfortable they were answering the questions, interviewers explored how respondents felt about the introduction to the spending questions, and whether this should be expanded or clarified in anyway. The wording to the introduction section is shown in the box below:

READ OUT: I would now like to ask you some questions about spending. It is important for us to ask these questions in order to learn more about people's living standards.

Respondents generally felt that the introduction was clear and is acceptable in its current form.

It was commented on by some that the introduction could contain a reference to who is going to use the information (e.g. is it being collected for academics or for a government department) and why it is being collected. Generally speaking respondents made this comment as they were concerned about their information being used for marketing purposes. For example, one respondent (Male, aged 50+) described how he would not want to be a target for 'junk mail' if he was deemed to be a high spender or someone who might pay more for certain things.

4.5.2 Conclusions

Within the social research industry it is standard for all surveys to be up front about who the information is being collected for and to stress the confidentiality of the findings. Therefore, hopefully some of the above concerns will already be addressed in the survey context without having to stress them again in the introductory statements. That said, it could be worth adapting the introduction so it fits in with the aims of

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[13] d'Ardenne, J. & Blake (2012) Developing Expenditure Questions: Findings from R1 Cognitive Testing, *IFS working paper*

individual surveys. For example in a health survey the statement could read 'to learn more about how people's *health* relates to their living standards'[14]. This would ensure respondents have a clearer idea about why the question is relevant to the survey they are doing.

4.6   Reference period

In the second round of cognitive testing we hoped to explore in greater detail the most appropriate reference period to use. To do this, variations in reference period were used between the one-shot and the breakdown question.

The one-shot used a simple reference period 'In the last month.'

The breakdown question used a more specific reference period and a reminder about the period to consider. The wording of the reference period used at the breakdown question is shown again below:

In the **last** 30 days, that is from [*INSERT DATE] to [INSERT TODAY'S DATE]* how much did you [and your partner/husband/wife] spend on **each** of the items shown on this card [SHOWCARD P]?

Please think about the last **30 days** even if you spent a different amount to usual.

The aim of the testing was to see which reference periods respondents actually thought about at each question, which periods they preferred and why.

4.6.1 One-shot reference period: 'Last month'

Respondents thought about slightly different reference periods at the one-shot question, when given the 'last month' reference period. Respondents either thought about:

- A typical month. This strategy tended to be used by people using recall in income based heuristics to work out their answer.

- The previous calendar month (if they were interviewed at the start of the month)

- The current calendar month (if they were interviewed towards the end of the month)

- The last four week or five weeks (for example if they thought of outgoings as weekly)

- Their last pay-month (the period between one pay cheque and the next)

- The 30 day period coved by their last bank statement (this occurred in one respondent who checked his records- see 2.4.3).

On probing respondents either described having no preference for the reference period used or for preferring the more simple 'last month' timeframe. A number of respondents described how they budget their money either by calendar month or by pay period

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[14]   d'Ardenne, J. & Blake (2012) Developing Expenditure Questions: Findings from Focus Groups, *IFS working paper*

month, and therefore it was easier to think of these periods rather than specifically the last 30 days (please see the following section).

4.6.2 Breakdown reference period: In the last 30 days

Respondents varied in terms of what they thought about the more specific 30 day reference period used in the breakdown question. A number of respondents ignored the specific reference period and continued to think about the reference period used at the previous question (for example they continued to think about a calendar month or the period covered by their records).

In general, respondents found it hard to restrict themselves to the specific dates mentioned. As a result:

- Respondents who were *interviewed* at the *end of the month* tended to think about the current calendar month when answering, and ignored the named dates.

- Respondents who were *interviewed* at the *start of the month* tended to think back to the start of the previous calendar month, and again ignored the dates.

The 30 day reference period was problematic for people who were interviewed in the middle of the month. This was because:

- They could not picture what date they were meant to be thinking back to (there was nothing distinctive about the start date that made it stand out as a reference point);

- They found it difficult to remember what purchases were made before and after the cut off date;

- The dates used did not correspond to how they thought about their finances.

Respondents in these situations either ignored the reference period (and just thought about their own definition of the last month used in the previous question) or tried to work out an answer with the boundary dates. Respondents who did this noted they were confident about reporting things such as mortgage or rent, bills or any expenditure that come out by direct debit as these don't necessarily vary month by month. However, variable spending such as socialising and groceries were more difficult to recall.

It was also noted by interviewers that the question was more long-winded with the specific reference period which lead to respondents asking for the dates to be repeated.

As discussed in 4.3 there was one respondent who felt his answer to the breakdown question was more accurate as in the one-shot question he was thinking about a 'typical' month rather than the last month. However, this shift in accuracy appears to be due to the respondent being forced to use a different strategy at the breakdown question (i.e. an adding strategy rather than a heuristic based on income), it was not caused because the reference period was more specific.

4.6.3 Atypical spending

One reason the specific 30 day reference period was trialled was to establish whether it encouraged respondents to include items of 'atypical spending.' It was hoped that the

more specific reference period would encourage people to report items even if they were one-off or unusual spends.

It was noted that respondents did include extra items at the breakdown question. However, on probing it appeared the reason for this was because respondents remembered more items as a result of the breakdown showcard; the inclusion was not due to more specific reference period. In addition two large items of atypical expenditure were excluded at both the one-shot and the breakdown questions (a new car and a new bike). Therefore, increased specificity of reference period did not seem to have an impact on reporting unusual items.

4.6.4 Recommendations

The cognitive testing did not uncover any evidence that suggested the specific reference period was encouraging people to give more accurate responses

Furthermore where respondents did have a preference between the two reference periods 'last month' was universally preferred over the specific last 30 day period. For this reason it is recommended that going forward the reference period 'last month' is retained despite the fact the phrase means slightly different things to different people.

4.7 Knowledge of others in household

In the second round of cognitive testing no major issues were found in relation to respondents not knowing what other members of the benefit unit spent.

Respondents varied in terms of how confident they were reporting how much was spent by a co-habiting partner or spouse. Respondents were either:

- Highly confident they could give details of their spouse's spending. These instances occurred when the respondent had a joint bank account with their spouse or took overall control of managing the households' finances.

- Fairly confident they could give details of their partner or spouse's spending. Respondents in this group described how they could provide an estimate of how much their spouse spends. Respondents described not having a full knowledge of how much money their spouse spent on socialising, treats or hobbies although they were able to make a guess.

Generally speaking the breakdown question caused more difficulty for co-habiting couples than the one-shot question. This was due to certain people within the household taking responsibility for different types of spending. For example, one respondent (Female, aged 18-49) described how her husband would be better placed to discuss how much was spent on bills and direct debits as this is something he organises. She would be better placed to discuss other types of household expenditure such as groceries. This respondent felt able to answer the one-shot question (as she knew their joint outgoings were similar to their incomings) but had to take a guess at the breakdown question about the costs of items she was not responsible for.

Respondents did not encounter any major issues in relation to reporting spending by their children. Parents noted that younger children had everything bought for them and the costs of this were included. Older children or teenagers may receive an allowance or pocket money. Respondents included giving older children pocket money as a form of spending, even if they didn't know whether it had been spent. For example, one

respondent (Female, aged 18-49) gave her teenage son £40 per month as an allowance, this was paid directly into his bank account via a direct debit. This respondent described how she had included this money when working out her answers but she did not know whether it had all been spent or, if so, what it had been spent on.

4.7.1 Recommendations

The cognitive testing found that respondents are able to provide information on the spending of other people in their benefit unit (partners/spouses and dependant children). Therefore it is recommended that the benefit unit is retained as the unit of interest, rather than the household as a whole (see round one report for a further discussion).

4.8   Exclusion Criteria

The final aim of the cognitive testing was to establish whether respondents knew to exclude the following things when providing answers on how much they spent in the last month:

1.   Work expenses

2.   Money that was put into savings and investments

3.   Repayment of loans and credit card bills

Each of these will be discussed in the following sections.

4.8.1   Work expenses

In the first round of cognitive testing it was found that respondents sometimes included work expenses as a form of spending when the measurement intention was for this to be excluded. To prevent this in the future the questions were amended so respondents were explicitly told, as part of the question, to exclude work expenses.

The round two cognitive testing found that respondents understood the new instruction to exclude work expenses as intended. They knew to exclude any money they spent that was reimbursed, such the cost for attending courses and costs associated with working away from home (hotel charges, petrol and other transport costs).

> *"Anything work is willing to pay for and give you the money back"*
>
> *(Female, aged 18-49)*

In addition respondents knew to *include* work-related costs that are not reimbursed (such as transport to and from work) as part of their figures on spending.

Respondents who were self-employed (or had self-employed partners) correctly excluded costs incurred as part of their business. These respondents described having to keep accurate records of their work expenses for tax purposes, and therefore it was easy to distinguish between these costs from household expenses.

Therefore, in the cognitive testing it appears that the instruction to exclude work expenses is working. It is recommended that this is instruction is retained going forward.

4.8.2   Savings and investments

Respondents were not explicitly told to exclude savings and investments as there was a desire to keep the questions as simple as possible. However, interviewers were instructed to tell respondents not to include paying into pension funds, savings or investments if respondents asked if these things should be included.

During the cognitive testing three respondents included putting money into savings accounts, pensions and investments as a form of spending. These cases are described below:

- One respondent (Male, aged 18-49) included direct debits paid into both his pension fund and other investments at both questions. This expenditure came to approximately £400 per month. At the breakdown question this type of spending was classified under 'bills'.

- One respondent (Male, aged 18-49) checked his bank statements to work out his answer to the one-shot question. This respondent therefore included £100 transferred out of his current account into a savings account at the one-shot question. This was not included at the breakdown.

- One respondent (Male, aged 50+) included transferring £1,200 into a savings account as a form of spending at the one-shot question. He did not originally include this at the breakdown question, but then he added it back in at the breakdown check (see 3.6).

On probing, respondents varied as to whether they felt putting money into savings or investments should be included as a type of spending. Respondents either:

- Felt this <u>was</u> a form of spending as it was an 'outgoing' i.e. it was money leaving their current account; or

- Felt this <u>was not</u> a form of spending as the money is still in their possession.

In general respondents felt that if payments into savings and investments should be excluded this should be made more explicit.

4.8.3   Loan and credit card repayment

Again, respondents were not explicitly told to exclude loan and credit card repayments as there was a desire to keep the questions as simple as possible. Interviewers were instructed to provide a clarification about this area only if respondents asked about it.

On probing it transpired a number of respondents were including the repayment of credit cards at both the one-shot and the breakdown question. Respondents thought of this type of spending as 'paying bills'. However, it did not appear that the inclusion of credit cards had much impact on respondents' answers. Respondents described how they would use their credit cards for buying groceries and day-to-day things but how they always cleared the bill each month. There was no evidence of double counting where respondents included the same type of payment twice (once as a bill and once for the items they had bought). One respondent (Male, aged 18-49) found that checking his credit card bill provided him with useful information in regards to working out his spending.

However, probing also revealed that respondents were including other larger items and loan repayments. These included:

- Repayments of cars bought on hire purchase

- Bank loan repayments

Instalments paid on a car were being included as a form of spending. Respondents put this cost down as part of their transport costs at the breakdown question. It was noted that although respondents included paying monthly instalments on their car as a form of spending, the one respondent who had actually purchased a car in the last month did not consider this at all when answering either of the spending questions (see 4.6.3). This fits in with the idea that respondents consider spending as 'money exiting their current account.' Therefore, the point at which hire purchases are signed-off may not be considered as spending by respondents. Instead, the spending occurs afterwards when the monthly instalments are paid.

Bank loan repayments were included at the one-shot question and once at breakdown question. Where bank loan repayments were included at the breakdown question they were being classified as 'other bills.'

4.8.4   Conclusions and Recommendations

The explicit instruction to exclude work expenses appears to work well and we recommend that this instruction is retained.

However, there remains a general issue that respondents are not aware of the other exclusion criteria as clarifications are only supplied on request (and respondents do not ask for them).

We recommend that respondents need to be explicitly told not to include money put into savings and investments as a form of spending. We recommend that this information is included in the question itself as a read out. Exclusions could also be shown on the example showcard as a reminder.

The issue of whether or not to include an exclusion statement in relation to paying off loans and things bought on credit is slightly more complicated. We do not want respondents to become confused by a high number of clarifications and exclusion statements. In addition, we have no evidence to suggest that respondents are 'double-counting' as result of reporting credit card payments, catalogue payments or hire purchases.

We suggest that the requirement for respondents to exclude all loan repayments and credit repayments is revisited. If the exclusion is still required we recommend that we focus our energy on preventing respondents reporting repayment of bank loans, as these might be relatively high amounts of money and are not related to respondents' current consumption. Therefore an exclusion statement related to bank loans could be added to both the question itself (as a read out) and to the example showcard used in the one-shot question.

5 Summary and Conclusions

This report has demonstrated that the different question formats have different strengths and weaknesses. Table 5.1 below summarises these for each type of question asked:

Table 5.1 Strengths and weaknesses of each question format

Question	Strengths	Weaknesses
One-shot **Version A:** With example showcard	• Quick to administer. • Respondents had flexibility to choose their own answering strategy. • Preferred by respondents who could provide a total spend without providing a breakdown (e.g. those who used recall or income based heuristics).	• Respondents who used an adding strategy forgot to include some types of spending not mentioned on the example card. Items of spending were not thought about in as much detail as in the breakdown. • Respondents who used a recall or an income based strategy may be more likely to include excluded items (such as putting money into savings).
One-shot **Version B** With strategy showcard	• Respondents had flexibility to choose their own answering strategy. • The strategy showcard could encourage respondents to check their records.	• Respondents can be confused by the strategy showcard. • Interviewers may need to provide assistance-difficult to administer in a standardised way in a survey setting. • Respondents forgot to include multiple types of spending if they did not see the example showcard. • Respondents who used a recall strategy or checked records may be more likely to include excluded items.
Breakdown question	• Recall is improved for respondents who use an adding strategy. • Respondents using an adding strategy are not required to do as many calculations. • Respondents may be less likely to include excluded types of spending (such as putting money into savings) as this category is not mentioned in the breakdown.	• More time consuming. • Potentially more intrusive. • Potentially frustrating for those who know the answer without giving a breakdown. • Respondents may know how much they spent in total but not all the details of what the money was spent on. • Items that should be excluded (e.g. investments) may still be included for example if respondents treat them as 'bills' or 'other' types of spending.

On balance in the second round of testing it was thought that the breakdown question works best if the primary concern is accuracy. However, in practice the length of administration time could also be an issue.

A number of the issues encountered with the one-shot question could be improved if:

- All respondents are exposed to the example showcard (i.e. version A of the one-shot question is adopted).

- Extra examples are added to example showcard so it is more similar to the showcard used in the breakdown approach

- Interviewers are allowed to assist respondents with calculation if this is requested.

- Clarifications about exclusions are added to the one-shot question and to example showcard.

An additional question on whether the amount spent in the last month is typical or not could also be useful, although the uptake of this may depend partially on what effect this has on administration time.

A suggestion for the revised wording of the one-shot question is shown in the box below.

5.1.1 Suggested One-shot wording post testing

One: About how much did you [and your husband/wife/partner] spend on EVERYTHING in the LAST MONTH.

READOUT: Please exclude work expenses for which you are reimbursed, money put into savings and repayment of bank loans.

Examples of what to include and exclude are shown on this card [EXAMPLES SHOWCARD].

ENTER AMOUNT £_____

Interviewer instruction: If required remind respondents they only need to give a total amount, not a breakdown for each item. Please assist respondents in adding things up if this is requested.

A revised examples showcard is shown overleaf.

PLEASE DO <u>NOT</u> INCLUDE

- **Work expenses** that are reimbursed

- Money you put into **savings, investments or pensions**

- Repaying **bank loans**

PLEASE INCLUDE

<u>Essentials</u>

- **Mortgage or rent**

- **Bills** e.g. gas, electricity, water, council tax, telephone, internet, TV, mobile and household insurance.

- **Transport costs** e.g. running a car (petrol, tax, insurance) and public transport costs.

- **Food and groceries**

- **Clothes and footwear**

- **Child costs** e.g. childcare, school equipment and fees

- **Home improvements and household goods** e.g. DIY gardening, furniture, white goods (e.g. fridge or washing machine) or electrical goods (e.g. television or computer)

- **Health expenses** e.g. glasses, dental care, prescriptions, social care

<u>Leisure</u>

- **Socialising and hobbies** e.g. going out (restaurants, pub, cinema) gym or club membership, arts and crafts, children's activities

- **Other treats e.g.** Books, magazines, DVDs, CDs, games, toys, beauty products

- **Holidays**

- **Giving money or gifts to other people** e.g. money for children, gifts or money to help relatives, donations to charity

5.2 Suggestions for next steps

It is recommended that, after the above suggestions have been fully discussed and agreed with the project steering committee, further piloting work would be beneficial. We would suggest:

- Trialling the revised version A one-shot question on a quantitative pilot. As part of this exercise feedback should be collected from interviewers about the ease of administration. Data could be collected on average administration time and the number of respondents who request assistance with calculations.

- Trialling the breakdown questions (with the check and adjustment questions) as a comparison. Again data should be collected about how long it takes to administer this question in practice. This information could be used to help survey practitioners decide whether they are willing to use it.

At this stage it is hoped that the vehicle for this trial could be the IP5 on USOC. However, if this is not possible other vehicles should be discussed.

Finally, it may be worth considering piloting an additional one-shot question that does not provide the example showcard. This could provide us with information on what impact (if any) the addition of this showcard has on data collected using a one-shot approach.

Appendix C shows the spending questions revised as a result of the recommendations of this report. These questions could form the basis of any further testing or implementation.

Appendix A: Screening documents

NatCen
Social Research that works for society

Recruitment Script and Screening Questions

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

- NatCen Social Research are looking for people to help us by taking part in some research.
- Taking part would involve completing an interview at a time and place chosen by you.
- Everyone who takes part will be given a £20 high street voucher as a thank you gift.
- Can I give you some more information?

If the person is interested explain the following key points:

- Every year thousands of people take part in one of our social research surveys. Our research covers a wide range of social policy areas.

- The aim of the study is to try out some new questions we have developed with collaborators at the Institute for Fiscal Studies (IFS) and Oxford University and Cambridge University.

- Before we add any new questions to a survey we like to check that they are working properly. To do this we try out the new questions with a small number of people to make sure the questions are easy to understand and people are comfortable answering them.

- Taking part would involve me asking you the new questions and then asking you to give me your opinion on how you found them. The questions are on a variety of topics.

- You don't need any specialist knowledge to take part. Everything that you say will be treated in strict confidence. You can skip any questions you would prefer not to answer.

- The interview will last about an hour.

- 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. What age group are you in…READ OUT:

17 or under ☐ → INELIGIBLE. Screen out

18-49 or ☐ → GO TO Q3

50 or over? ☐ → GO TO Q3

SHOWCARD A

3. We would like to talk to people who have different living arrangements. Who do you currently live with?
Select all that apply.

Partner or spouse	☐
Children aged 14 and under	☐
Children aged 15-18	☐
Other people (e.g. children aged 19+, other relatives, Friends or lodgers)	☐
-- -	
No-one/ I live alone	☐→GO TO Q6

4. In this household, who arranges the payment of the rent or mortgage, and the other household bills?

The respondent (either alone or with others)   ☐→ GO TO Q6

Someone else   ☐→ GO TO Q5

5. In this household, who is mainly responsible for budgeting for grocery shopping or buying other household goods?

The respondent (either alone or with others)   ☐→ GO TO Q6

Someone else   ☐→ INELIGIBLE.

SHOWCARD B

6. We would like to talk to people with a range of different income levels. Which of the categories on this card best describes your total income from all sources **after** any taxes have been taken off?

IF RESPONDENT LIVES WITH PARTNER/SPOUSE: Please include your partner/spouse's income as well as your own.

IF REQUIRED: Please include income from employment, self-employment, private pensions, state pensions, state benefits and any interest or returns on any assets that you might hold.

Prompts: **Does that include your partner/spouse's income?**
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+

7. *INTERVIEWER CHECK:*
Is respondent needed to fill remaining quota groups?

Yes ☐ → *CONTINUE*

No ☐ → *Screen out (you may put them on your reserve list)*

SHOWCARD C
8. Which of the phrases on this card best describes how you manage your money?

1. I have a budget that I usually stick to ☐ → Keeps to budget

2. I have a budget but I often don't stick to it ☐ → Does not keep to budget

3. I don't set myself a budget ☐ → No budget

SHOWCARD D

9. How often do you have money **left over** at the end of the month (or if you budget by the week, at the end of the week?)

1. Always   □ →   Does not spend all monthly income

2. Most weeks/months   □ → Does not spend all monthly income

3. Sometimes   □ → Does not spend all monthly income

4. Hardly ever   □ → Spends all income each month

5. Never   □ → Spends all income each month

10. Do you [or your partner] receive any income from being self-employed?
Yes   □
No   □

11. In the last 12 months have you done any voluntary work?
Yes   □
No   □

12. Approximately how long have you lived in this local area?

OPEN RESPONSE:

POST SCREENING ACTIVITIES

For each recruit:
- Collect name and contact details and make appointment.
- Give the respondent the confirmation letter.

Name: _____

Address: _____

_____

Telephone:

_____

Appointment:

_____

After screening

- Update your quota sheet to aid in subsequent recruitment.
- Call Jo d'Ardenne to pass over the details of the respondent. Please note respondent details should not be sent by email unless they are attached in a separate file that is encrypted and password protected using WinZip.

1) **Partner or spouse**

2) **Children aged 14 and under**

3) **Children aged 15-18**

4) **Other people** e.g. children aged 19+, other
   relatives, friends, housemates or lodgers

5) **No-one/ I live alone**

	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 C

1) I have a budget that I usually stick to

2) I have a budget but I often don't stick to it

3) I don't set myself a budget

1) **Always**

2) **Most weeks/months**

3) **Sometimes**

4) **Hardly ever**

5) **Never**

Appendix B: Interview protocol

VERSION B

P3112 Round Two
Cognitive Testing of Questions

Introduction

- Introduce **yourself, NatCen and the study**
- NatCen Social Research (NatCen) is the UK's largest independent social research organisation.
- The aim of the study is to try out some new questions we have developed with collaborators at the Institute for Fiscal Studies (IFS) and Oxford University and Cambridge University.

- Before we add any new questions to a survey it is important to check that they are working properly. To do this we try out the new questions with a small number of people to make sure the questions are easy to understand and people are comfortable answering them.

- Explain that you will first ask them to answer a series of questions and, when you have finished, you will be asking them to tell us a bit more about how they found some of the questions (we will not be asking for opinions on all of the questions, just a small number of new ones we have added).
- Explain we are not interested in their answers as such, more about how they understand the questions and how comfortable they feel answering them. They can skip any questions they would prefer not to answer.
- Stress there are no right or wrong answers and this **isn't a test**. We are testing the questions not the respondent.
- Explain as part of the interview we will be asking different versions of the same question in order to find out which is better. This is why some of the questions may seem similar to one another.
- Remind them:
  - o that participation is voluntary;
  - o the interview will last about one hour; and
  - o everything they tell us will be useful.
- Stress the confidentiality of the process; all the findings will be reported anonymously. Please make sure they understand this.
- Explain that you will be audio recording the interview so that you don't have to make lots of notes during the interview. Check this is OK with the respondent. If they ask who will have access to the recording, tell them that only the interviewer and a small research team at NatCen will have access and that recordings are stored securely electronically.
- Ask whether they have any questions before you start

Serial (e.g. JD01): _____

SECTION A: Think Aloud Training

Train the respondent to think aloud using the windows example or another example of your choice.
- *Explain at certain points of the interview you would like them to think aloud.*
- *You will tell them when they need to start doing this.*

SECTION B: Background

The questions are for background purposes and routing only.

Respondents do not need to use think aloud. You do not need to probe.

Household Grid:

For each person living in the house please collect their:
- Name (or initial or pseudonym).
- Age.
- Relationship to the respondent.
- Whether they are in full time education.

Enter the respondent's details in the first row:

	Name	Age	Relationship to respondent	In full time education?
1				1. Yes 2. No
2				1. Yes 2. No
3				1. Yes 2. No
4				1. Yes 2. No
5				1. Yes 2. No
6				1. Yes 2. No
7				1. Yes 2. No
8				1. Yes 2. No

SECTION C: Context questions

These questions are added so the respondent gets a feel for some of the topics that may be covered in a social survey and what taking part is like. This section should take approximately 10- 15 minutes to complete.

Respondents do <u>not</u> need to use think aloud. You do <u>not</u> need to probe.

READOUT: The first few questions are about your local area…

SHOWCARD A
QD1
For the following things I read out, can you use one of the phrases on this card to tell me how common they are in your area. How common would you say the following things are in this area…

(a) …noisy neighbours or loud parties?
1 Very common
2 Fairly common
3 Not very common
4 Not common at all
5 *[Don't know]*

(b) …teenagers hanging around on the street?
1 Very common
2 Fairly common
3 Not very common
4 Not common at all
5 *[Don't know]*

(c) …people sleeping rough on the streets or in other public places?
1 Very common
2 Fairly common
3 Not very common
4 Not common at all
5 *[Don't know]*

(d) …rubbish or litter lying around?
1 Very common
2 Fairly common
3 Not very common
4 Not common at all
5 *[Don't know]*

(e) …vandalism, graffiti or other deliberate damage to property?
1 Very common
2 Fairly common
3 Not very common
4 Not common at all
5 *[Don't know]*

(f) …people being attacked or harassed because of their race or colour?
1 Very common
2 Fairly common
3 Not very common
4 Not common at all
5 *[Don't know]*

(g) …people dealing or using drugs?
1 Very common
2 Fairly common

3 Not very common
4 Not common at all
5 *[Don't know]*

(h) …homes in bad condition?
1 Very common
2 Fairly common
3 Not very common
4 Not common at all
5 *[Don't know]*

(i) …abandoned or burnt out cars?
1 Very common
2 Fairly common
3 Not very common
4 Not common at all
5 *[Don't know]*

SHOWCARD B
QD2 The types of things we have discussed can affect people's quality of life. Can you tell me which, if any of the things listed on this card, you feel have a bad effect on your quality of life at the moment?
CODE ALL THAT APPLY
1.Noisy neighbours or loud parties
2.Teenagers hanging around on the street
3.People sleeping rough on the streets or in other public places
4. Rubbish or litter lying around
5. Vandalism, graffiti or other deliberate damage to property
6. People being attacked or harassed because of their race or colour
7. People dealing or using drugs
8. Homes in bad condition
9. Abandoned or burnt out cars
10 *[None of these]*

QD3
To what extent do you agree or disagree that this local area (within 15-20 minutes walking distance) is a place where people from different backgrounds get on well together?

READ OUT: Do you….
1   Definitely agree
2   Tend to agree
3   Tend to disagree or
4   Definitely disagree?

QD4
How strongly do you feel you belong to your immediate neighbourhood…
READ OUT:
1   Very strongly
2   Fairly strongly
3   Not very strongly, or
4   Not at all strongly?

SHOWCARD C
QD5
In the last 12 months, have you felt unsafe in any of the following places?
CODE ALL THAT APPLY:

1   at home
2   at school, college or work
3   on public transport
4   in shops, banks, restaurants or other public buildings
5   outside: on the street, in parks or other public spaces
6   other places
7   none of the above (SPONTANEOUS)

QD6
Would you say that this is a good neighbourhood to live in? READ OUT…
1   Yes, definitely → GO TO QD7
2   Yes, to some extent → GO TO QD7
3   No? → GO TO QD8

{Ask if QD6=1 OR 2: YES}
SHOWCARD D
QD7
Why would you say this is a good neighbourhood to live in?
CODE ALL THAT APPLY
> 1   It is a safe area
> 2   I have friends in the local community
> 3   It is a quiet area
> 4   There are lots of local amenities such as shops, doctor's etc.
> 5   There are places to meet other people
> 6   There are lots of opportunities to get involved in groups, societies and clubs
> 7   There are opportunities to get involved in influencing decisions affecting the local area
> 8   The area is well maintained and tidy?
> 9   Other PLEASE WRITE IN:_____

{IF QD6=3: NO}
SHOWCARD E
QD8
Why would you say this is not a good neighbourhood to live in?
CODE ALL THAT APPLY

> 1   There is too much crime/it is unsafe
> 2   It is too isolated/remote
> 3   It is too noisy/busy
> 4   There are not enough local amenities such as shops, doctor's etc.
> 5   People do not look after one another / there is no sense of 'community'
> 6   It is untidy/in disrepair
> 7   There are no opportunities to get involved in influencing decisions affecting the local area
> 8   I do not have many friends who live here or nearby
> 9   There are not enough opportunities to meet other people
> 10 Other PLEASE WRITE IN:_____

INTRO
READOUT: The next questions are about the environment…

QD9
Does your council run a recycling scheme as part of your normal rubbish collection?
1 Yes

2 No

SHOWCARD F
{ASK If QD9= Yes}
QD10
How often do you separate your rubbish into items that can be recycled through your normal rubbish collection?
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 *[Not applicable, cannot do this]*

{ASK ALL}
QD11.
Please look at this card and tell me how often you personally do each of the following things**.**

(a)…Leave your TV on standby for the night?
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 [Not applicable, cannot do this]

(b)…Switch off lights in rooms that aren't being used?
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 [Not applicable, cannot do this]

(c)…Keep the tap running while you brush your teeth?
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 [Not applicable, cannot do this]

(d)…Put more clothes on when you feel cold rather than putting the heating on or turning it up?
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 [Not applicable, cannot do this]

(e)…Decide not to buy something because you feel it has too much packaging?
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 [Not applicable, cannot do this]

(f)…Buy recycled paper products such as toilet paper or tissues
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 [Not applicable, cannot do this]

(g)…Take your own shopping bag when shopping?
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 [Not applicable, cannot do this]

(h)…Use public transport (e.g. bus, train) rather than travel by car?
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 [Not applicable, cannot do this]

(i)…Walk or cycle for short journeys less than 2 or 3 miles?
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 [Not applicable, cannot do this]

(j)…Car share with others who need to make a similar journey?
1 Always
2 Very often
3 Quite often
4 Not very often
5 Never
6 [Not applicable, cannot do this]

INTRO

READ OUT: The next few questions are about how you feel about your life …

QD12
Overall, how satisfied are you with your life nowadays?
Please give your answer on a scale of 0 to 10, where 0 is 'not at all satisfied' and 10 is 'completely satisfied'.

QD13
Overall, to what extent do you feel that the things you do in your life are worthwhile?
Please give your answer on a scale of 0 to 10, where 0 is 'not at all worthwhile' and 10 is 'completely worthwhile'.

QD14
Overall, how happy do you feel at present?
Please give us your answer on a scale of 0 to 10, where 0 is 'not at all happy' and 10 is 'completely happy'.

QD15
On a scale where 0 is 'not at all anxious' and 10 is 'completely anxious', overall, how anxious do you feel at present?

SHOWCARD G
QD16
Which of the phrases on the card best describes how you [and your partner/spouse] are getting along financially these days?":
1. Manage very well
2. Manage quite well
3. Get by alright
4. Don't manage very well
5. Have some financial difficulties
6. Have severe financial difficulties

QD17…Looking ahead, how do you think you will be financially a year from now, will you be...
READ OUT
1 Better off
2 Worse off than you are now
3 or about the same?

SECTION D: Demographics section

Encourage respondents to 'think aloud' from this point

INTRO And now some final questions about you…

SHOWCARD H
QD18
Looking at this card how would you describe your highest level of qualification?
2.   Postgraduate Degree
3.   Degree
4.   Higher Education below degree level
5.   A-Level or equivalent
6.   O Level/ GSCE or equivalent
7.   CSE or equivalent
8.   Other qualification/ Foreign qualification
9.   No qualifications

SHOWCARD I
QD19
Please look at this card and tell me which of these best describes your ethnic group?
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

SHOWCARD J
QD20
I'm now going to ask you some questions about your income. Please remember the answers you give are confidential. Which of the following sources of income do you [and your partner/husband/wife] receive?
1)   Earnings from employment
2)   Earnings from self-employment
3)   Income from state benefits or tax credits (including child benefit, income support, jobseekers allowance)
4)   State or private pension
5)   Income from rent
6)   Student loan or grant
7)   Interest from savings and investments
8)   Other source of income (including gifts)

QD21

Last month, how much income did you [and your partner/husband/wife] receive after all deductions from taxes? Please think about all the types of income you just mentioned so *{READ OUT sources of income mentioned at QGX SRCINC}.You can tell me the letter next to the amount that applies to you.*

SHOWCARD K
A. Under £200
B. £200 - £829
C. £830 - £1,649
D. £1,650 - £2,499
E. £2,500 - £3,349
F. £3,350 - £4,149
G. £4,150 - £6,249
H. £6,250 or more

SECTION E: Introduction to spending questions

Encourage respondents to continue to 'think aloud' if required

INTRO
READ OUT: I would now like to ask you some questions about spending. It is important for us to ask these questions in order to learn more about people's living standards.

- → *If the respondent lives alone go straight to the Q2. in Section G (page 13).*
- → *If the respondent lives with anyone else read out relevant statements from the list below*

If respondent lives with partner or spouse
READ OUT: The following questions are about how much you and your [partner/husband/wife] spend.

If the respondent has children aged 18 or under in full time education living in the household:
READ OUT: Please include spending by any children aged 18 or under in full time education who live with you.

If there are others in the household grid:
READ OUT: You do **not** need to talk about the spending of any other people who live in your house such as any adult children, any 16-18 year old children who are not in full time education, other relatives e.g. parents or siblings, friends or lodgers.

SECTION F: Finding the best person to speak to

- → *If the respondent does not live with a partner or spouse go straight to the Q2. in Section G (page 13).*

{Ask if respondent lives with partner/spouse}
Q1. Resp
Who would be most able to answer these questions on spending?
1. Respondent
2. Spouse/partner
3. Either

Interviewer, if the answer is spouse or partner, check whether this is really the case and if necessary speak to someone else in the benefit unit. However after the screening process you should be speaking to the right person.

SECTION G: One-Shot Question

REMIND RESPONDENT TO THINK ALOUD.

SHOWCARD M (Strategy showcard)
Q2 One
About how much did you [and your husband/wife/partner] spend on EVERYTHING in the LAST MONTH.

READOUT: Please exclude work or other expenses for which you are reimbursed. Different ways you could work out your answer are shown on this card, Would you like to use any of the strategies on this card or would you prefer to work it out your own way?

> *1)   Add up how much you spent on different things→ SHOW RESPONDENT **SHOWCARD L**: EXAMPLES OF SPENDING.*
>
> *2)   Think about how much income you received last month and how much you had left at the end of the month → SHOW RESPONDENT **SHOWCARD N**: INCOME MINUS SURPLUS.*
>
> *3)   Check your records*
>
> *4)   Think about how much you spend each month on regular or essential payments and then add on how much you spent on other things.*
>
> *5)   [Respondent uses a different strategy or gives an answer without using the strategy showcard]*

If asked:
- *Do not include paying into pension funds, savings or investments as a type of spending.*
- *Please report everything you bought in the last month however it was paid for (credit card, hire purchase etc). Spending on credit cards should be reported in the month the purchase was made. Repaying loans or credit card bills from earlier months should not be included*

ENTER AMOUNT £_____

Q3 NEW Check 1
{if respondent says spending is higher than £8,500 check answer given is correct. Adjust answer to Q2 One if necessary}

Q4 Usl1
Would you say your spending last month was…
READ OUT…
1) Higher than usual
2) Lower than usual, or
3) Typical of a usual month's spending?
4) [*HIDDEN RESPONSE: There is no such thing as a typical month*]

{ASK IF Q4= higher or lower than usual}
Q5 Usl2
How much do you [and your partner/husband/wife] spend on everything in a **usual** month?

ENTER AMOUNT £_____

Suggested probes for 'One-shot' Question and checks
- ***Explain to respondents you are now going to ask them some extra questions about how they found the last section of the questionnaire.***

Q2 One
- In general, how easy or difficult was it for you to answer the question on how much you spent on <u>everything</u> in the <u>last</u> month? Why?
- How easy or difficult was it for you to remember how much you spent?

Calculation
- How did you go about answering this question? *Explore whether respondent added up everything bought in the last month, used an 'income minus surplus' approach, took a guess or used another strategy. Collect full details.*
- *If respondents report adding things up (but did not see Showcard L):* What did you include? What did you exclude?

Strategy showcards
- Was Showcard M, that suggests different strategies for working out an answer, helpful or unhelpful? Why? Did it influence how you approached the question?
- Did you use the suggestions provided? How did you pick a strategy?
- *[If used Showcard N: Income minus surplus showcard]* Did you use Showcard N when working out your answer? How helpful was this card? Why? *Interviewer: Explore whether respondents were clear that the use of this card was optional.*
- *Make a note of whether the respondent added up things themselves or whether they asked for your assistance.*

Types of spending included and excluded
- *[If used Showcard L: Examples of things to include]* Did you use Showcard L when working out your answer? How helpful was this card? Why?
- Was there any type of spending you were unsure whether to include or exclude? What?
- *Interviewer: Explore whether respondents were clear that the use of this card was optional.*
- *Make a note of whether the respondent added up things themselves or whether they asked for your assistance, or whether they didn't add up at all.*

Q4 Usl1
- How did you decide whether or not your spending last month was higher or lower than usual?

Q5 Usl2 *{If asked}*
- How did you work out your answer for a 'usual' month's spending?
- How much does your spending vary from month to month?
- Was this easier or more difficult than thinking about the last month?

SECTION H: Breakdown question and checks

- ***Explain to respondents you have a slightly different version of the same question you would like to ask…***
- ***REMIND RESPONDENT TO THINK ALOUD.***

SHOWCARD P BREAKDOWN

Q6: Break
In the **last** 30 days, that is from [*INSERT DATE] to [INSERT TODAY'S DATE]* how much did you [and your partner/husband/wife] spend on **each** of the items shown on this card?

READOUT: Please think about the **30 days** even if you spent a different amount to usual. Please exclude work or other expenses for which you are reimbursed

If asked:
- *Do not include paying into pension funds, savings or investments as a type of spending.*
- *Please report everything you bought in the last month however it was paid for (credit card, hire purchase etc). Spending on credit cards should be reported in the month the purchase was made. Repaying loans or credit card bills from earlier months should not be included*

Essentials	
1. …**Mortgage or rent** **NEW Check 2** *If Mortgage or rent=£0 check why. Housing benefit paid direct to landlords should be included at this question if respondent knows the amount.*	£
2. … **Bills** E.g. gas, electricity, water, council tax, telephone, internet, TV, mobile and household insurance.	£
3. …**Transport costs** E.g. Running a car (petrol, tax, insurance) and public transport costs.	£
4. … **Food and groceries** e.g. food, toothpaste, cleaning products, pet food	£
5. …**Clothes and footwear**	£
6. …**Child costs** E.g. childcare, school equipment and fees	£
7. …**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)	£

8.	… **Health expenses** e.g. glasses, dental care, prescriptions, social care	£
Leisure		
9.	…**Socialising and hobbies** e.g. going out (restaurants, pub, cinema) gym or sport club membership, arts and crafts, children's activities	£
10.	… **Other treats e.g.** Books, magazines, DVDs, CDs, games, beauty products?	£
11.	…**Holidays**	£
12.	...**Giving money to other people** e.g. relatives, donations to charity	£

Q7Catchall
And in the last month how much did you [and your partner/husband/wife] spend on other items not listed on this card?

ENTER AMOUNT £_____

Q8 Breaktot
So in total in the last month you [and your partner/husband/wife] spent {*TOTAL OF Break1-12 AND Catchall*} £_____. Does that sound right?
1) Yes
2) No

{If Q8 Breaktot=No}
Q9 Breakad
How much did you [and your partner/husband/wife] spend in the last month?

ENTER ADJUSTED TOTAL £_____

Suggested probes for 'Breakdown questions' and checks
General • In general, how did you find these questions? Why? **Recall** • How easy or difficult was it for you to remember how much you [and your partner] spent on each of these items? Why? *Explore whether any specific categories raise difficulties and why.* • *If included spending of children:* How easy or difficult was it to know how much your children spend on different items? How did you calculate this? How confident are you about the accuracy of these estimates?   **Showcard categories**

- Is there anything you regularly spend money on that is missing from the Showcard? *Explore how often respondents spend money on this item, roughly how much and whether it was included under 'other.'*
- Did any of the showcard categories overlap? If so which ones? *Explore whether this led to respondent 'double-counting' spending or not.*
- When you felt that categories overlapped what did you do (*Interviewers explore whether they double counted, picked one category or didn't include the item at all*)
- Could the list of items on Showcard P be simplified or shortened in any way?

Q9: Breakad {if asked}
- Why did you adjust the figure you gave? *Explore reasons why the total did not originally add up.*

Section I: Comparing the different questions

Explain to respondents the main purpose of this exercise is to find out which of the two approaches to measuring spending works best and to establish how willing people would be to answer them at the end of a social survey..

Explain the two different ways we have tried to measure spending using the separate **question summary sheet** *provided. Write the respondent's final answer to each section on the sheet so they can compare their answers. If applicable also write down their usual spending and adjusted answer to the breakdown question. Also enter the serial number and date so we have a record of which interview it goes with.*

{If necessary explain we included a number of other questions at the start of the interview so respondents could get a feel for the type of questions we ask in our surveys and the context in which the questions would be asked}.

Suggested Probes

General
- Which of the two types of question did you prefer? Why?
- Which of the questions, if any, were easier for you to answer? Why?
- Did/ would you find it helpful to be given suggestions on how to answer the first question?

Comfort
- How comfortable would you be answering questions on spending in a survey setting? Why? *Explore whether respondents feel more comfortable answering one version of the question over the other.*
- *Repeat introduction given on p12.* How can we introduce these questions so people feel comfortable answering them? *Explore how introduction could be improved.*

Accuracy
- How accurate would you say your answers are? (*Explore whether answer is accurate to the nearest £10, £50, £100, £200 etc- repeat for both questions).*
- How motivated were you to be accurate when answering these questions? Why?
- What can we do to encourage or enable people to give accurate answers?

If respondents have given two different answers at each section.
- Why do you think your answers to the questions are different?
- Which of the questions do you think gives the most accurate picture of the TOTAL amount you [and your partner] spent in the last month (one shot, initial breakdown answer, adjusted breakdown answer)? Why?
- *If gave three answers because they adjusted breakdown*, which is least accurate?

Last month
- What time period were you thinking about when answering these questions? From when until when? *Explore whether respondents were thinking about the last calendar month, the last 30 days or a typical month. Does this vary by question?*
- Which time period is it easiest to talk about? Which is likely to give the most accurate answer?

Atypical spending

- Were there any items which you purchased in the last month but did not include because they were so unusual? Was this the same for all questions, or just for some?

Others in household {if applicable}
- How confident are you that you know what other members of the household [partner/spouse or children aged 18 or under in full time education] are spending? *Explore impact on accuracy in each type of question (1st to 4th D-G).*
- *Thinking about children:* When working out their spending, did you think about what they buy / spend their money on or did you think about how much money you give them to spend? How about their own income earned from jobs?
- *{If shares house with partner/spouse} Explore how household budgeting is managed with partner, is there one person who takes overall responsibility for budgeting or do they share this task? In practical terms how can we find the best person to talk to?*

Work expenses
- The questions asked you to 'exclude work or other expenses.' What did you understand by 'work or other expenses' when answering these questions?
- Did you include any work expenses that you can claim back when answering*? Was this the same for all questions? INT: Ideally this should be excluded. If respondents included this explore how this influenced their answers).*
- Did you include costs associated with work which you cover (e.g. travel to work from home, work clothes etc)

Credit complications
- Did you include spending which you did on a credit card or store card in the questions? Was this the same for all questions? *(INT: Ideally this type of spending should be included. If respondents excluded buying things on credit cards explore how much money was excluded from their answer).*
- Did you include repayment of debts (e.g. student loans, credit card bills from previous months etc) when answering the questions? Was this the same for all questions? (*INT: Ideally this type of spending should be excluded. If respondents included this explore how much how much they spent on repaying debts in the last month).*

Savings complications
- Did you include putting money in a savings account or pension, or buying investments, as a form of spending when answering these questions? Was this the same for all questions? *(INT: Ideally this should be excluded. If respondents included this explore how this influenced their answers i.e. how much they saved or put into investments in the last month).*

Other suggestions
- Do you have any suggestions about how these questions could be improved?

Section J: Interview Close

1) *Thank the respondent.*
2) *Ask the respondents whether they have any further questions.*
3) *Give the respondent the £20 high street voucher and collect receipt.*
4) *Give the respondent the thank you leaflet with useful contacts.*

Appendix C: Revised Questions

INTRODUCTIONS

Please note the introductory section could be amended to fit in with the survey context. For example, if the questions are used in a health survey, the introduction could read: 'It is important for us to ask these questions in order to learn more about how people's living standards relate to their health.'

INTRO I would now like to ask you some questions about spending. It is important for us to ask these questions in order to learn more about people's living standards.

DEFINING BENEFIT UNIT

The questions are designed to ask about benefit unit spending (rather than the household spending). The following statements can be used in conjunction with a household grid to clarify who should be considered when answering.

If respondent lives with partner or spouse **READ OUT**: The following questions are about how much you and your [partner/husband/wife] spend.

If the respondent has children aged 18 or under in full time education living in the household **READ OUT**: Please include spending by any children aged 18 or under in full time education who live with you.

If there are others in the household grid **READ OUT**: You do not need to talk about the spending of any other people who live in your house such as any adult children, any 16-18 year old children who are not in full time education, other relatives e.g. parents or siblings, friends or lodgers.

FINDING THE BEST PERSON TO TALK TO

If the question is asked in a household survey an additional screening question could be used to establish who would be the best person to answer these questions. In an individual survey this question can be omitted

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Resp: Who would be most able to answer these questions on spending?
1. Respondent
2. Spouse/partner
3. Either.

ONE-SHOT APPROACH

One-shot: About how much did you [and your husband/wife/partner] spend on EVERYTHING in the LAST MONTH?

READOUT: Please **exclude** work expenses for which you are reimbursed, money put into savings and repayment of bank loans.

Examples of what to include and exclude are shown on this card [EXAMPLES SHOWCARD].

ENTER AMOUNT £_____

*Interviewer instructions/ briefing points: If required remind respondents they only need to give a **total amount**, not a breakdown for each item.*

Please assist respondents in adding things up if this is requested.

ONE-SHOT APPROACH: Supplementary questions

Usl1: Would you say your spending last month was…READ OUT

1) Higher than usual
2) Lower than usual, or
3) Typical of a usual month's spending?
4) [HIDDEN RESPONSE: There is no such thing as a typical month]

{ASK IF Usl1= higher or lower than usual}

Usl2: How much do you [and your partner/husband/wife] spend on everything in a **usual** month?

ENTER AMOUNT £_____

PLEASE DO <u>NOT</u> INCLUDE

- **Work expenses** that are reimbursed

- Money you put into **savings, investments or pensions**

- Repaying **bank loans**

PLEASE INCLUDE

<u>Essentials</u>

- **Mortgage or rent**

- **Bills** e.g. gas, electricity, water, council tax, telephone, internet, TV, mobile and household insurance.

- **Transport costs** e.g. running a car (petrol, tax, insurance) and public transport costs.

- **Food and groceries**

- **Clothes and footwear**

- **Child costs** e.g. childcare, school equipment and fees

- **Home improvements and household goods** e.g. DIY gardening, furniture, white goods or electrical goods

- **Health expenses** e.g. glasses, dental care, prescriptions, social care

<u>Leisure</u>

- **Socialising and hobbies e.g.** going out (restaurants, pub, cinema) gym or club membership, arts and crafts, children's activities

- **Other treats e.g.** Books, magazines, DVDs, CDs, games, toys, beauty products

- **Holidays**

- **Giving money or gifts to other people e.g.** money for children, gifts or money for relatives, donations to charity

BREAKDOWN APPROACH

Break: In the last month how much did you [and your partner/husband/wife] spend on each of the items shown on this card? READOUT: When answering please **exclude** work expenses for which you are reimbursed, money put into savings and repayment of bank loans.

[BREAKDOWN SHOWCARD]

1. …Mortgage or rent	£ *Interviewer check* *If Mortgage or rent=£0 check why. Housing benefit paid direct to landlords should be included at this question if respondent knows the amount.*
2. … Bills	£
3. …Transport costs	£
4. … Food and groceries	£
5. …Clothes and footwear	£
6. …Child costs	£
7. …Home improvements and household goods	£
8. … Health expenses	£
9. …Socialising and hobbies	£
10. … Other treats e.g.	£
11. …Holidays	£
12. ...Giving money or gifts to other people	£

Catchall: And in the last month how much did you [and your partner/husband/wife] spend on other items not listed on this card? READOUT: Again please **exclude** work expenses for which you are reimbursed, money put into savings and repayment of bank loans.

ENTER AMOUNT £_____

Breaktot: So in total in the last month you [and your partner/husband/wife] spent {*TOTAL OF Break1-12 AND Catchall*} £_____. Does that sound right?
1) Yes
2) No

{If Breaktot=No}
Breakad: How much did you [and your partner/husband/wife] spend in the last month?

ENTER ADJUSTED TOTAL £_____

Breakdown Showcard

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. running a car (petrol, tax, insurance) and public transport costs.

4. **Food and groceries** e.g. food, toothpaste, cleaning products, pet food

5. **Clothes and footwear**

6. **Child costs** e.g. childcare, school equipment and fees

7. **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)

8. **Health expenses** e.g. glasses, dental care, prescriptions, social care

Leisure

9. **Socialising and hobbies** e.g. going out (restaurants, pub, cinema) gym or sport club membership, arts and crafts, children's activities

10. **Other treats** e.g. Books, magazines, DVDs, CDs, games, toys, beauty products

11. **Holidays**

12. **Giving money or gifts to other people** e.g. money for children, gifts or money for relatives, donations to charity