



REPORT

CHILD POVERTY

WORK

HOUSING

# Households living below a Minimum Income Standard: 2008–2022

A minimum standard of living is more than just food, clothes and shelter: it's about having the opportunities and choices to participate in society.

This report, from the Centre for Research in Social Policy (CRSP) at Loughborough University, is the 11th in a series monitoring the number of people living beneath the Minimum Income Standard in the UK.

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# Executive summary

The Minimum Income Standard (MIS) sets out what the public agree is needed to have a minimum socially acceptable standard of living in the United Kingdom (UK) today, to live with dignity. This report focuses on three groups: children, working-age adults and pensioners. It gives an estimate of the proportion of people who are living below MIS and those with incomes below 75% of MIS. Those living below 75% of MIS face a far greater likelihood of deprivation compared with those whose incomes are above MIS.

The report looks at the period between 2008 and 2022, the latter being the most recent year for which data is available. In 2021–22, there was an increase in the proportion of people living in households below MIS compared with 2020–21. The number and proportion of all individuals below MIS remained higher in 2021–22 than in 2008–09.

## Key messages

- In 2021–22, 30.4% of all individuals in the UK were living in households with incomes below MIS, compared to 27.2% in 2008–09. This means that they do not have the income required to be able to afford the goods and services the public agree people need to meet their material needs and to participate in society.

- In 2021–22, 20.2 million people were living below MIS, compared to 16.5 million in 2008–09. This is around 900,000 more people than in 2020–21.
- The proportion of individuals in households with incomes below MIS varies across demographic groups: 41.7% of children, 29.2% of working-age adults and 20.5% of pensioners were below the MIS threshold in 2021–22.
- Children in lone-parent families continue to be far more likely to live in a household below MIS compared to those in couple-parent families. In 2021–22, 69.9% of children in lone-parent families were growing up in households with inadequate incomes compared to 33.0% in couple-parent families.
- In 2021–22, 6 million children were growing up in households lacking the income needed for a dignified standard of living. More than twice as many children below MIS were in working households (4.3 million) than in workless households (1.7 million).
- People aged 16–24 are far more likely to have an inadequate income than other working-age adults, with 41.8% of this age group being below MIS. This reflects the lower levels of state support and earnings available to individuals in this age group.
- The likelihood of being below MIS has increased substantially for single pensioners since 2008–09, from 16.9% to 30.2% in 2021–22.

The following tables show the number of individuals in households across various groups living below MIS, and as a proportion of the population.

**Table 1a: Number of individuals in households below MIS (millions), 2008-2009 and 2021-2022**

	2008-2009	2021-2022
<b>All individuals</b>	16.5	20.2
<b>All working-age adults</b>	9.8	11.8
<b>All children</b>	5.2	6.0
<b>All pensioners</b>	1.5	2.4
<b>Children with lone parents</b>	2.1	2.4
<b>Children with couple parents</b>	3.1	3.6
<b>All parents</b>	4.2	4.5
<b>Single working-age adults, no children</b>	3.7	4.7
<b>Couple working-age adults, no children</b>	1.9	2.5
<b>Single pensioners</b>	0.7	1.3

	2008-2009	2021-2022
<b>Couple pensioners</b>	0.7	1.1

**Table 1b: Proportion of individuals in households below MIS, 2008-2009 and 2021-2022**

	2008-2009	2021-2022
<b>All individuals</b>	27.2%	30.4%
<b>All working-age adults</b>	27.0%	29.2%
<b>All children</b>	39.9%	41.7%
<b>All pensioners</b>	13.1%	20.5%
<b>Children with lone parents</b>	69.4%	69.9%
<b>Children with couple parents</b>	30.9%	33.0%
<b>All parents</b>	32.1%	33.2%
<b>Single working-age adults, no children</b>	35.4%	38.1%

	2008-2009	2021-2022
<b>Couple working-age adults, no children</b>	14.9%	17.7%
<b>Single pensioners</b>	16.9%	30.2%
<b>Couple pensioners</b>	10.7%	14.9%

**Table 1c: Number of individuals in households below 75% of MIS (millions), 2008-2009 and 2021-2022**

	2008-2009	2021-2022
<b>All individuals</b>	10.2	12.2
<b>All working-age adults</b>	6.5	7.6
<b>All children</b>	3.1	3.7
<b>All pensioners</b>	0.6	0.9
<b>Children with lone parents</b>	1.3	1.6
<b>Children with couple parents</b>	1.8	2.2

	2008-2009	2021-2022
<b>All parents</b>	2.6	2.7
<b>Single working-age adults, no children</b>	2.7	3.3
<b>Couple working-age adults, no children</b>	1.2	1.6
<b>Single pensioners</b>	0.3	0.5
<b>Couple pensioners</b>	0.3	0.4

**Table 1d: Proportion of individuals in households below 75% of MIS, 2008-2009 and 2021-2022**

	2008-2009	2021-2022
<b>All individuals</b>	16.9%	18.4%
<b>All working-age adults</b>	17.8%	18.9%
<b>All children</b>	24.1%	25.8%
<b>All pensioners</b>	5.7%	7.9%

	2008-2009	2021-2022
<b>Children with lone parents</b>	44.0%	46.0%
<b>Children with couple parents</b>	18.0%	19.6%
<b>All parents</b>	19.7%	19.9%
<b>Single working-age adults, no children</b>	25.6%	26.8%
<b>Couple working-age adults, no children</b>	9.4%	11.1%
<b>Single pensioners</b>	7.5%	12.2%
<b>Couple pensioners</b>	4.6%	5.3%

**Table 1e: Composition of overall population, 2008-09 and 2021-2022**

	2008-2009	2021-2022
<b>All individuals</b>	100.0%	100.0%
<b>All working-age adults</b>	59.9%	60.7%



	2008-2009	2021-2022
<b>All children</b>	21.4%	21.8%
<b>All pensioners</b>	18.7%	17.6%
<b>Children with lone parents</b>	5.0%	5.1%
<b>Children with couple parents</b>	16.4%	16.7%
<b>All parents</b>	21.7%	20.6%
<b>Single working-age adults, no children</b>	17.3%	18.6%
<b>Couple working-age adults, no children</b>	21.0%	21.5%
<b>Single pensioners</b>	7.3%	6.5%
<b>Couple pensioners</b>	11.4%	11.1%

Note: Numbers may not sum to totals due to rounding.

# 1. Introduction

As we head further into what is likely to be a general election year in the UK, the outlook for people's living standards makes for grim reading. In its recent [Economic and Fiscal Outlook](https://obr.uk/docs/dlm_uploads/E03004355_November-Economic-and-Fiscal-Outlook_Web-Accessible.pdf) ([https://obr.uk/docs/dlm\\_uploads/E03004355\\_November-Economic-and-Fiscal-Outlook\\_Web-Accessible.pdf](https://obr.uk/docs/dlm_uploads/E03004355_November-Economic-and-Fiscal-Outlook_Web-Accessible.pdf)), the Office for Budget Responsibility noted that 'living standards, as measured by real household disposable income (RHDI) per person, are forecast to be 3.5% lower in 2024/25 than their pre-pandemic level' and that this represents 'the largest reduction in real living standards since ONS [Office for National Statistics] records began in the 1950s' (p 8). Further, Resolution Foundation analysis shows a fall in real incomes in 2022/23 and they predict that the current parliament will be the worst on record for income growth – and living standards more generally – with an estimated 300,000 more people in absolute poverty in 2024/25 (Corlett, 2023; Brewer et al., 2023). Meanwhile, new data from the Trussell Trust (<https://www.trusselltrust.org/news-and-blog/latest-stats/mid-year-stats/>) (2023) shows that around 1.5 million emergency food parcels were provided to people across the UK between April and September 2023. And the latest report from the Joseph Rowntree Foundation (JRF) on [destitution in the UK](https://www.jrf.org.uk/deep-poverty-and-destitution/destitution-in-the-uk-2023) (<https://www.jrf.org.uk/deep-poverty-and-destitution/destitution-in-the-uk-2023>) shows that around 3.8 million people in 2022 were not able to meet their basic physical needs: to stay warm, dry, clean and fed. This was more than double the number in 2017.

Clearly, pressures on household incomes have been growing over the past couple of years, as the costs of many essentials, such as food and domestic energy, have increased dramatically. Consequently, any nominal, cash increases in earnings and benefits have been wiped out, with real-terms reductions in both since the start of the cost of living crisis (Stirling et al., 2023). The full impact of all of this is yet to be seen in this latest annual analysis of who is most likely to have an income below what is needed to have a minimum socially acceptable standard of living in the UK – to live with dignity. Our analysis of the latest year that data is available for 2021–2022 shows that the proportion of individuals below MIS is increasing, as is the proportion below 75% of MIS. The year 2021–22 was a period in which the government protections, introduced during the pandemic, came to an end (towards the end of 2021) and support with the increases in the cost of living had not yet begun.

What is perhaps most dispiriting about the analysis reported here is that there has been no discernible progress in improving incomes relative to MIS over the past decade. Despite, for example, increases in the National Living Wage and additional support with the cost of childcare through Universal Credit, a growing number of individuals are falling short of the income needed to meet their material needs. Tracking the adequacy of incomes relative to the publicly determined MIS benchmark therefore continues to be an important undertaking, particularly given the dismal predictions about living standards over the next few years.

## 2. Who is most likely to have an income below MIS?

### Key points

- In 2021–22, 30.4% of all individuals in the UK were living in households with incomes below MIS, compared to 27.2% in 2008–09. In 2021–22, 20.2 million people were living below MIS, compared to 16.5 million in 2008–09.
- The proportion of individuals in households with incomes below MIS varies across demographic groups: 41.7% of children, 29.2% of working-age adults and 20.5% of pensioners were below the MIS threshold in 2021–22.
- The likelihood of being below MIS has increased substantially for single pensioners since 2008–09, from 16.9% to 30.2% in 2021–22.

This chapter sets out how the likelihood of having an income below what is needed for a minimum socially acceptable standard of living has changed over time. It looks at the adequacy of incomes for all individuals in the UK, and explores how three key subgroups – children, working-age adults and pensioners – fared between 2008–09 and 2021–22. Chapter 3 looks in more detail at the relationship between household characteristics and income

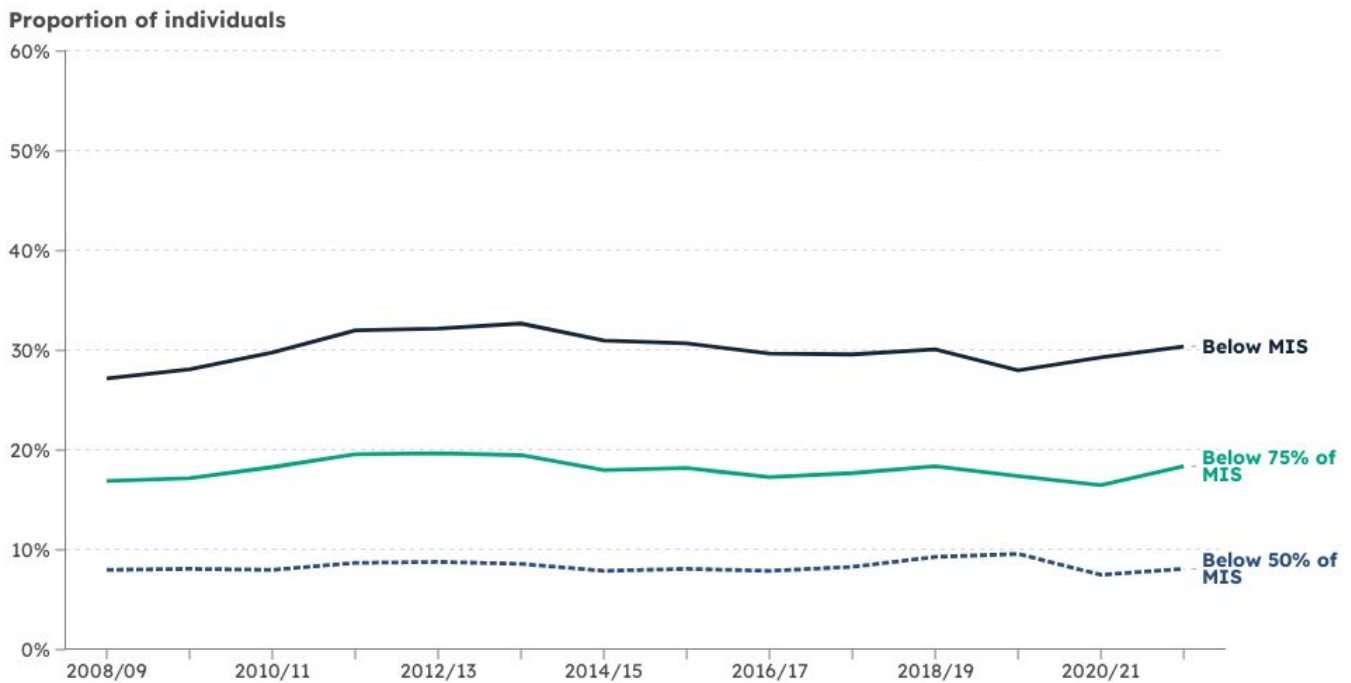
adequacy over this period. (For technical details on the MIS measure, the figures presented in this report and the categorisation of individuals, see Appendix 1.)

Figure 1 shows that there was an increase in the proportion of individuals below MIS in 2021–22, the most recent year for which data is available. In 2021–22, 30.4% of individuals in the UK were living in households with inadequate incomes, up from 29.3% in 2020–21. The proportion of individuals living below 75% of MIS – and therefore at substantially greater risk of material deprivation (Hirsch et al., 2016) – also increased between 2020–21 and 2021–22, from 16.5% to 18.4%. This follows a two-year period in which the proportion of individuals below 75% of MIS had fallen, a result of measures that the Government took to protect household incomes and reduce the financial impact of Covid, which began in 2020. Both the Coronavirus Job Retention Scheme (also called ‘furlough’) and the £20 a week uplift in Universal Credit and Working Tax Credit came to an end in 2021. The increase in the proportion of individuals in the UK living below MIS and the increase in the proportion living below 75% of MIS are both likely to be a consequence of these reductions in state support for those on the lowest incomes. The stagnation in median household incomes since 2019–20 (Ray-Chaudhuri and Xu, 2023), against a backdrop of rising prices and therefore the rising cost of a minimum budget, has also contributed to this increase.

Figure 1 also shows the proportion of individuals in the UK who are living in households with incomes below half of what is needed for a minimum socially acceptable standard of living. Households with incomes so far below MIS will face substantial challenges in meeting their

essential needs. While there has been little change in the proportion below this level over time, around 1 in 13 people in the UK – 5.4 million – were living below this level in 2021–22.

**Figure 1: Proportion of individuals below MIS, below 75% of MIS and below 50% of MIS, 2008/09 to 2021/22**



Worryingly, we are yet to see the full impact of rapidly rising inflation and soaring energy costs on income adequacy, but it is clear that 2022–23 was a challenging year for a great number of households. In spite of government support in the face of these substantial

increases in the cost of living – which were particularly high for both food and domestic energy – and despite a substantial nominal increase in wages, real pay decreased and median household incomes fell by 3% in real terms in 2022–23 (Brewer et al., 2023). These sustained challenges to living standards are likely to further increase the proportion of individuals living in households with incomes below and well below what is needed for a dignified standard of living over the coming years.

## **Households with children**

As in all previous years covered by this analysis, children continue to be the group who are most likely to be living in a household with an inadequate income. There was a small increase in the proportion below the MIS level between 2020–21 and 2021–22 (see Figure 2). In 2021–22, 6.0 million children in the UK were living in a household whose income was below that needed for a dignified standard of living; this was an increase of around 220,000 since 2020–21 and of around 360,000 since 2019–20.

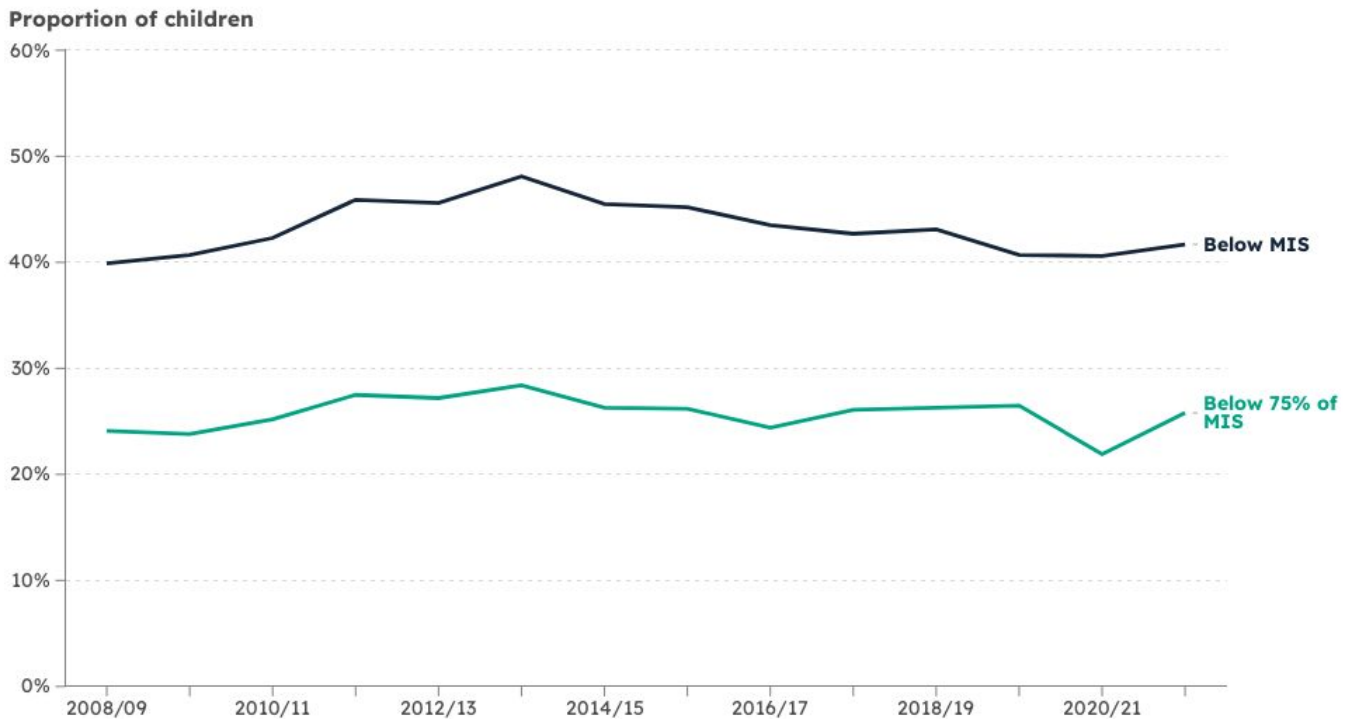
There was also an increase in the proportion of children in households below 75% of MIS in the latest year. This was likely due, at least in part, to government support for low-income households during the pandemic being withdrawn from October 2021, and support with the spiralling cost of living not yet being in place. This increase in children living in households below 75% of MIS in 2021–22 corroborates the reported increase in the proportion of children

living in relative poverty ([Department for Work and Pensions, 2023a](https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022/households-below-average-income-an-analysis-of-the-uk-income-distribution-fye-1995-to-fye-2022#children-in-low-income-households) (<https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022/households-below-average-income-an-analysis-of-the-uk-income-distribution-fye-1995-to-fye-2022#children-in-low-income-households>); see also Figure A2 in Appendix 2). However, the [Department for Work and Pensions \(2023b\)](https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022/technical-report-an-assessment-of-the-impact-of-covid-19-pandemic-on-the-hbai-statistics-for-fye-2022#what-you-should-know) (<https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022/technical-report-an-assessment-of-the-impact-of-covid-19-pandemic-on-the-hbai-statistics-for-fye-2022#what-you-should-know>) reports that there remain issues with the sample composition in 2021–22 and caution should therefore be taken in interpreting year-on-year changes.

The increase in the proportion of children below 75% of MIS in the latest year means that a quarter of children in the UK (25.8%) in 2021–22 were living in a household likely to be lacking the sorts of things identified as being central to a dignified living standard – so 3.7 million children are growing up without the sorts of things that many of us take for granted.



**Figure 2: Proportion of children below MIS and below 75% of MIS, 2008/09 to 2021/22**

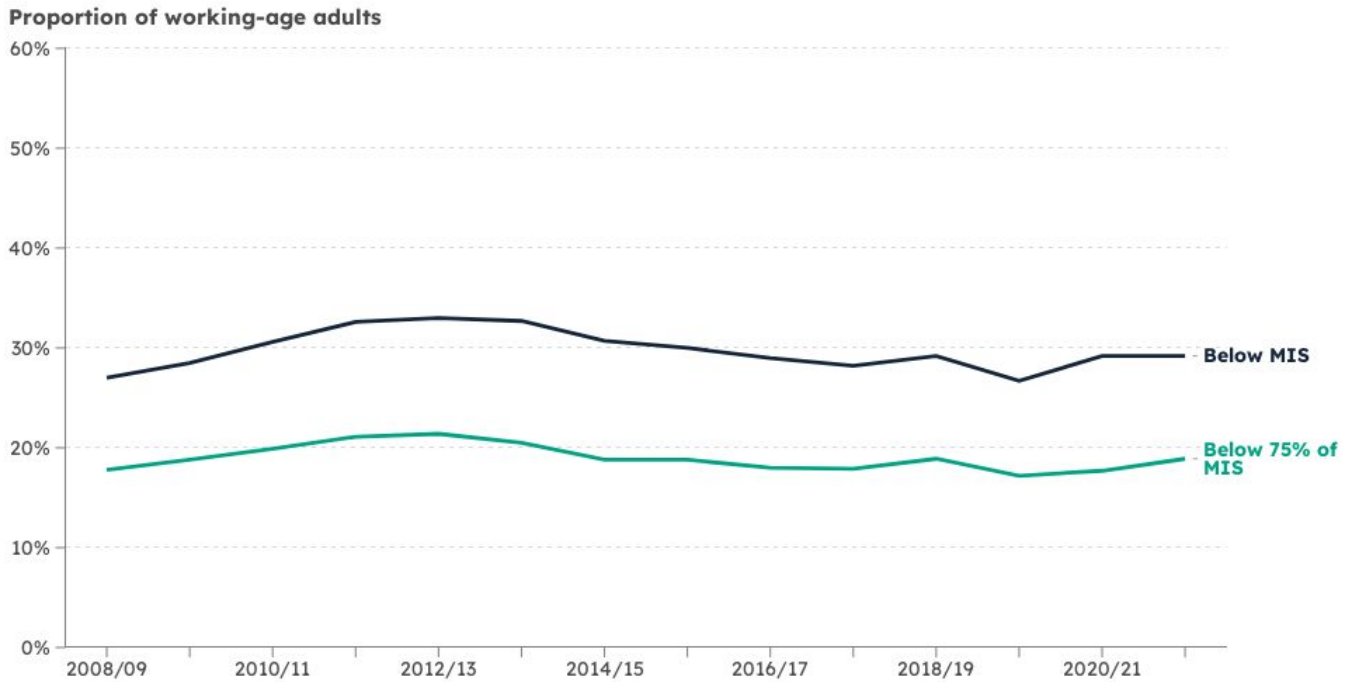


## Working-age adults

The proportion of working-age adults below MIS did not change in the latest year, with 29.2% living below this level (see Figure 3). The proportion below 75% of MIS increased from 17.7% in 2020–21 to 18.9% in 2021–22. This means that in the latest year, 11.8 million working-age adults were in households below MIS, and of those, 7.6 million working-age adults had a substantial risk of lacking the goods and services the public consider necessary for a dignified standard of

living.

**Figure 3: Proportion of working-age adults below MIS and below 75% of MIS, 2008/09 to 2021/22**

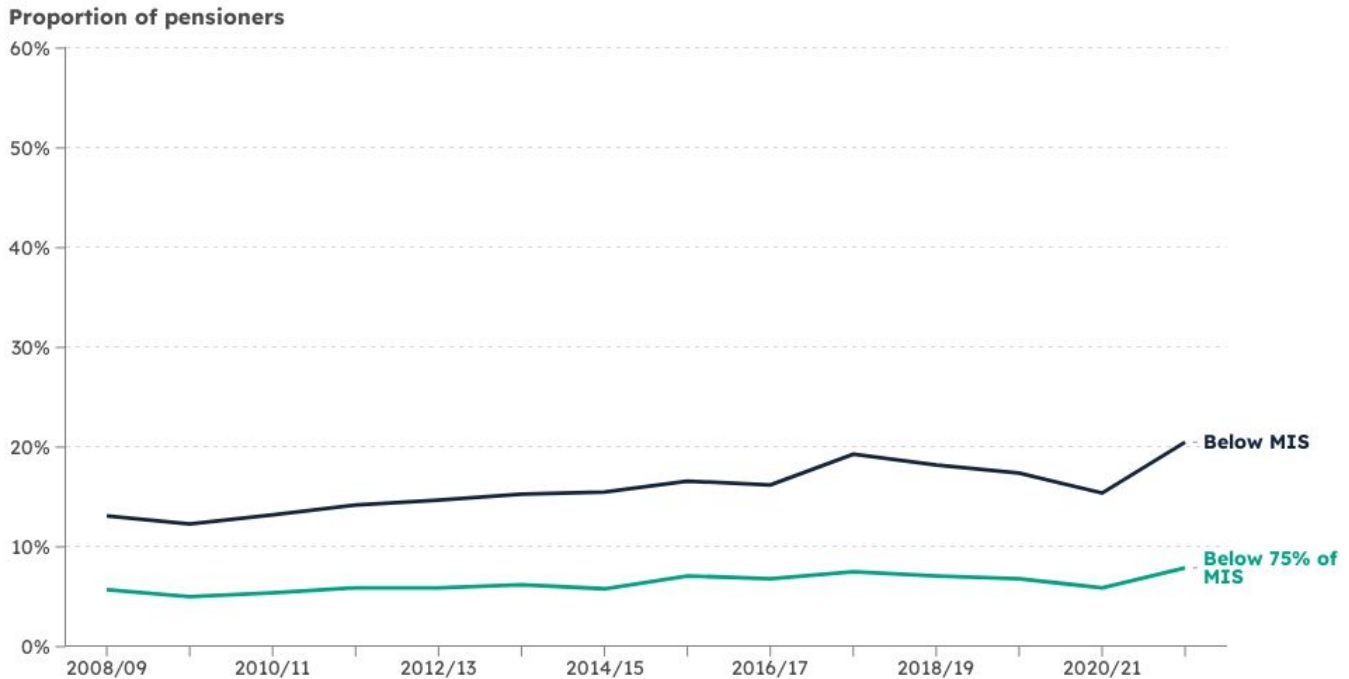


## Pensioners

Just as children have been the **most** likely to be living below MIS throughout this series of reports, pensioners have been the group **least** likely to be living below this level since 2008–09. While they remain the group with the lowest risk, in the latest year the proportion of

pensioners lacking the income needed for a dignified standard of living increased to 20.5% (see Figure 4), the highest level since the series began. This means that 1 in 5 pensioners did not have the income needed to meet their material needs and participate in society. The proportion of pensioners below 75% of MIS also increased in 2021–22 to its highest level in the period covered by this analysis: in 2008–09, 5.7% of pensioners were below 75% of MIS, compared with 7.9% in 2021–22. In 2021–22, there were 2.4 million pensioners below MIS, with just over 900,000 of these having incomes below 75% of MIS. This is a substantial increase since 2008–09, when 1.5 million pensioners were below MIS and around 650,000 were below 75% of MIS.

**Figure 4: Proportion of pensioners below MIS and below 75% of MIS, 2008/09 to 2021/22**



The increase in the proportion of pensioners below MIS is likely to be a consequence of a combination of factors affecting incomes and minimum costs, but it is worth noting that the [Department for Work and Pensions \(2023b\)](https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022/technical-report-an-assessment-of-the-impact-of-covid-19-pandemic-on-the-hbai-statistics-for-fye-2022#what-you-should-know) (<https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022/technical-report-an-assessment-of-the-impact-of-covid-19-pandemic-on-the-hbai-statistics-for-fye-2022#what-you-should-know>) has identified some

issues with data regarding pensioner incomes in the 2020–21 Family Resources Survey. What is clear is that there has been a gradual decline in the adequacy of pensioner incomes since 2008–09, relative to MIS. The past decade has seen shifts in the social norms and expectations around retirement, with a minimum budget for pensioners more closely resembling a minimum budget for working-age adults than when the MIS research was first published in 2008 (Bradshaw et al., 2008; Davis et al., 2022; Padley and Stone, 2023).

This societal shift has resulted in a substantial increase in a minimum budget over time: adjusting for inflation, a minimum budget for couple pensioners (after housing costs) increased by 37.5% between 2008 and 2022, while for single pensioners it increased by 35.9% in the same period. The protections provided to pensioner incomes have resulted in the proportion of pensioners in relative poverty remaining well below levels seen at the turn of the century, but this has been increasing since 2012–13. These protections have also meant that pensioners are the least likely to be below MIS, but the below-inflation uprating of the State Pension in April 2022 – referenced to the Consumer Price Index (CPI) in the year to September 2021 – will have an impact on income adequacy and may well increase the proportion of pensioners lacking the income needed for a dignified standard of living in the coming years.

## 3. What household characteristics affect the likelihood of having an income below MIS?

### Key points

- Children in lone-parent families continue to have a very high risk of living in a household with an inadequate income, with 69.9% in a household below MIS in 2021–22, more than double the rate among children in couple-parent families (33.0%).
- The vast majority (87.8%) of children in workless households, and more than a third (34.6%) of children in working households, are living in households below MIS.
- In 2021–22, more than twice as many children below MIS were in working households (4.3 million) than in workless households (1.7 million).
- Among working-age adults without children, single people are consistently more likely to be below MIS than those in couples, and in 2021–22 had more than double the risk (38.1% versus 17.7%).
- Single pensioners have a substantially higher risk of having an inadequate income than couple pensioners, and this gap has widened over time.
- Single female pensioners are particularly vulnerable to insufficient income to reach a minimum socially acceptable standard of living. In 2021–22, 32.0% of single female

pensioners and 26.5% of single male pensioners were living in a household below MIS.

- Among all working-age adults, those aged 16–24 have a markedly higher risk of having an inadequate income as compared to other age groups, reflecting the lower rates of benefits and earnings available for people in this age group.
- Reflecting child poverty statistics, the proportion of children below MIS has been increasing in areas such as the North East and the West Midlands, and London is no longer the geographical area with the highest proportion of children below MIS.
- While workless households remain highly likely to be living with an inadequate income, the proportion of households below MIS where at least one adult is in employment has increased since 2008–09, with these households now representing nearly two-thirds of all working-age households below MIS. In part, this is due to increasing employment over this period. In February–April 2009, 71.2% of 16–64 year olds were in employment; in February–April 2022, 75.6% were in employment.

In this chapter, the risk of a household falling below MIS is examined in more detail for the three main demographic groups analysed in this report: children, working-age adults and pensioners. The statistics are broken down further to look at key characteristics within these groups, including analysis by household composition and housing tenure. The chapter also shows how the likelihood of a household being below MIS varies by country and region of the UK.

## Children

There is a marked and persistent difference in the risk of being in a household below MIS between children in lone-parent families and those in couple-parent families (see Figure 5). In 2021–22, 7 in 10 children in lone-parent families (69.9%) were living in a household without the income needed for a socially acceptable standard of living, compared with 3 in 10 children in couple-parent families (33.0%). This sizeable difference has remained of a similar magnitude since the start of the time series in 2008–09, with children in lone-parent families having at least double the risk of being in a household below MIS compared with children in couple-parent families.

Nevertheless, a greater proportion of the 6 million children living in a household below MIS are in couple-parent families (3.6 million) than are living with a lone parent (2.4 million), emphasising that improving the incomes of households with children remains crucial regardless of family type.



**Figure 5: Proportion of children below MIS by family type, 2008/09 to 2021/22**

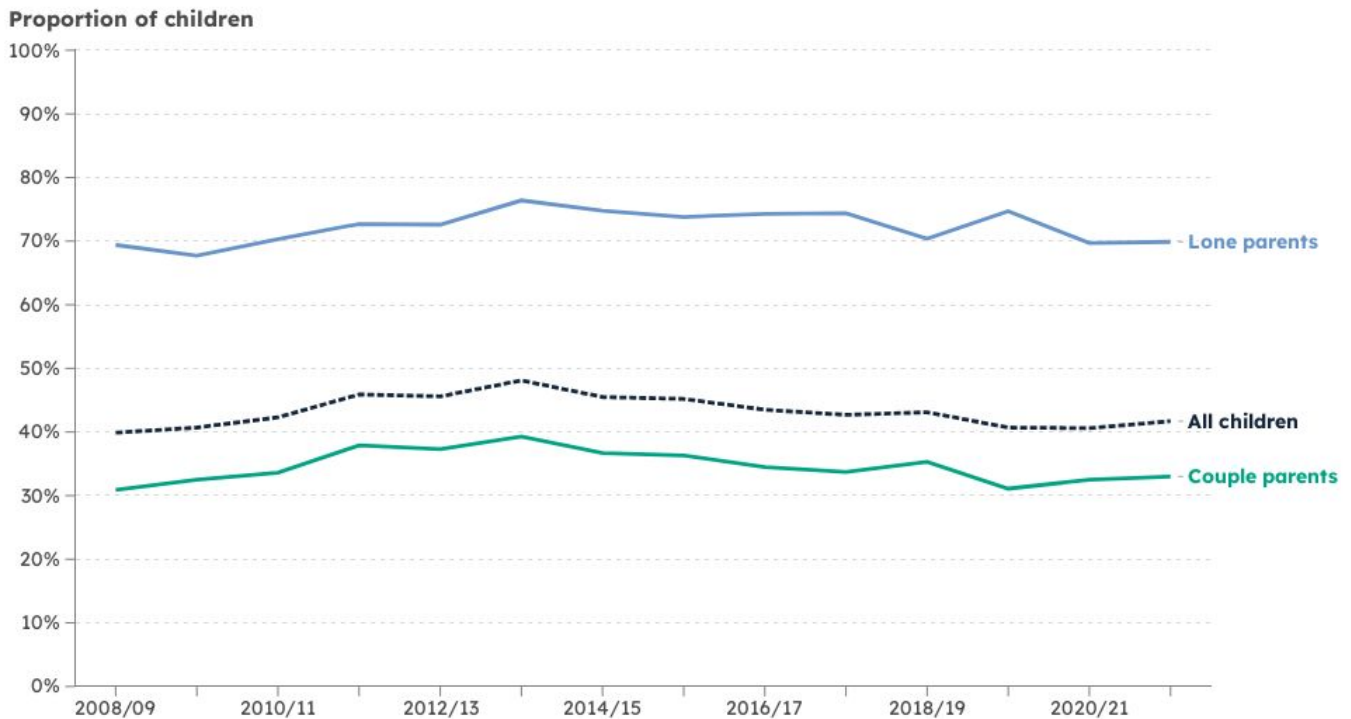
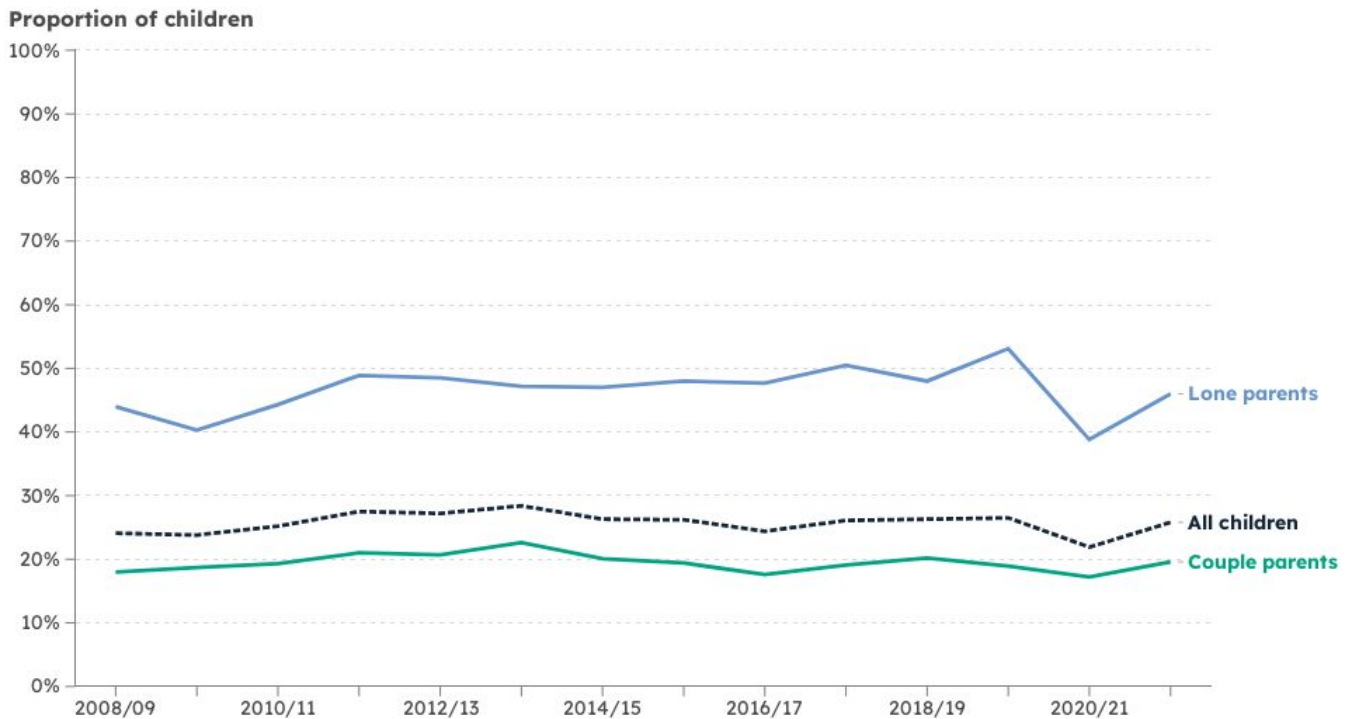


Figure 6 shows the same trend for children living in households with an income below 75% of MIS, the point at which the risk of being materially deprived increases substantially. The pattern is very similar to that for children in households below MIS, but the gap between children in different family types is even wider. In some years, the risk of children in lone-parent households being in a household below 75% of MIS is nearly three times the risk of those in couple-parent households. Overall, in 2021–22, 2.2 million children in couple-parent

families and 1.6 million children in lone-parent families were living in a household with an income below 75% of MIS.

The fall in risk in the penultimate year of the series – 2020–21 – for children in lone-parent families should be treated with caution due to data-quality issues associated with the 2020–21 Family Resources Survey. However, it does suggest that the £20 uplift to Universal Credit and Working Tax Credit may have had a temporary beneficial effect in preventing families from falling further below the MIS threshold.

**Figure 6: Proportion of children below 75% of MIS by family type, 2008/09 to 2021/22**

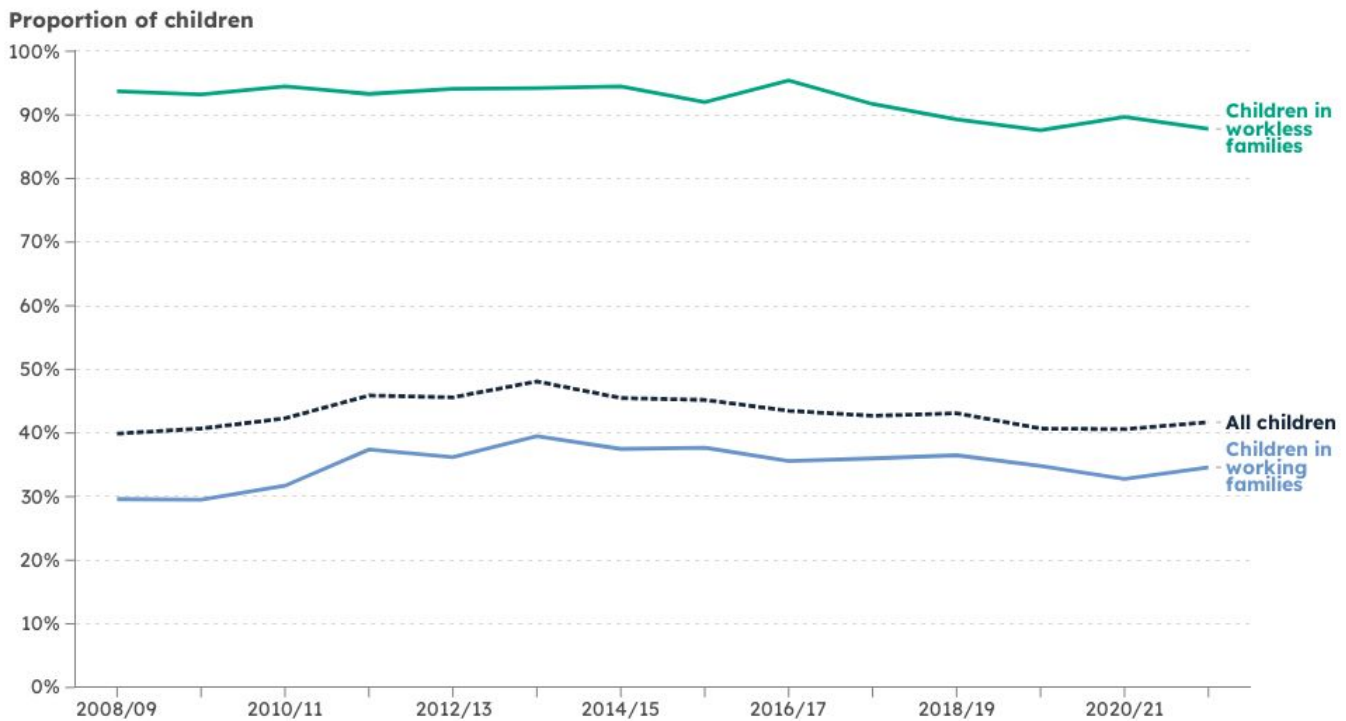


Figures 7 and 8 focus on economic activity within households with children, looking at the relationship between parental employment and the risk of children being below MIS or below 75% of MIS. In 2021–22, children in households where no adults were in work remained extremely likely to be living in a household with an income below the socially acceptable minimum (87.8% were in this situation) (see Figure 7), and around two-thirds were living below 75% of MIS (65.8%) (see Figure 8). The risk was much lower for children in working households,

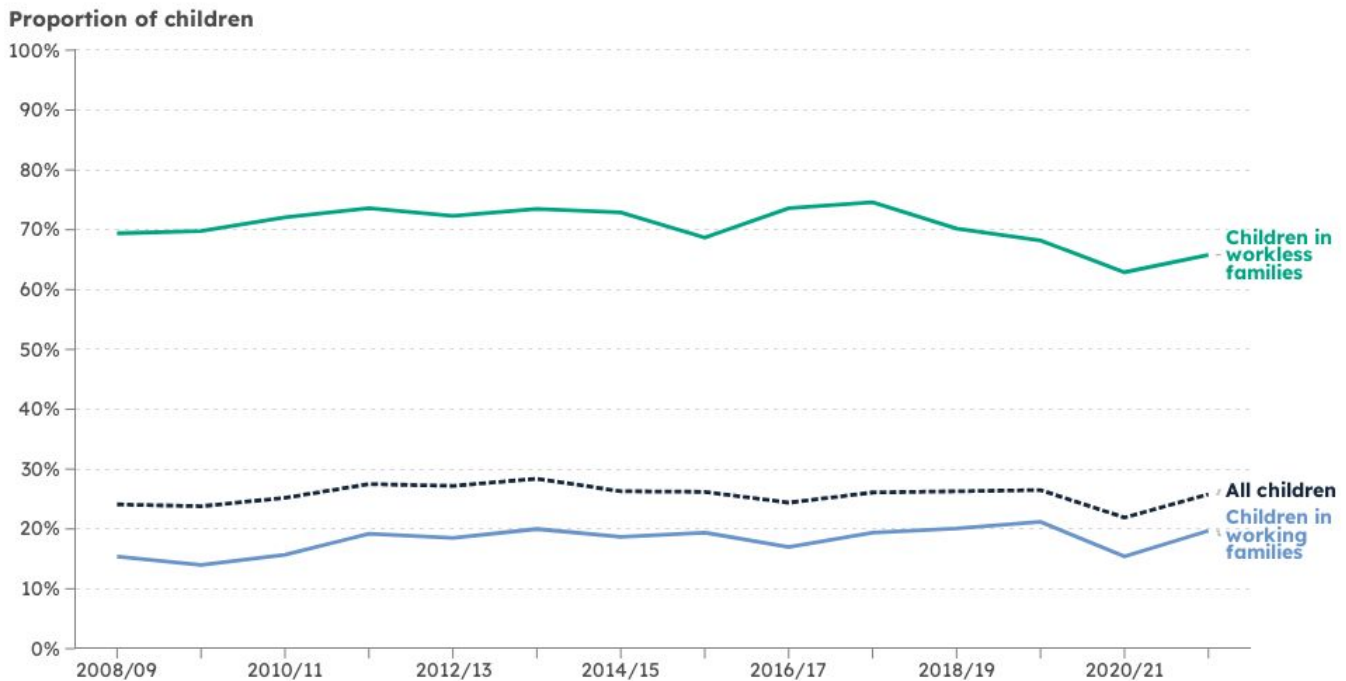
but still, more than a third (34.6%) of children in working households were below MIS in 2021–22 (see Figure 7), and 1 in 5 (19.7%) were below 75% of MIS (see Figure 8).

Importantly, this reinforces the argument against treating employment as a straightforward route out of inadequate living standards. Furthermore, in 2021–22, more than twice as many children below MIS were in working households than in workless households, at 4.3 million and 1.7 million, respectively.

**Figure 7: Proportion of children below MIS by family work status, 2008/09 to 2021/22**



**Figure 8: Proportion of children below 75% of MIS by family work status, 2008/09 to 2021/22**

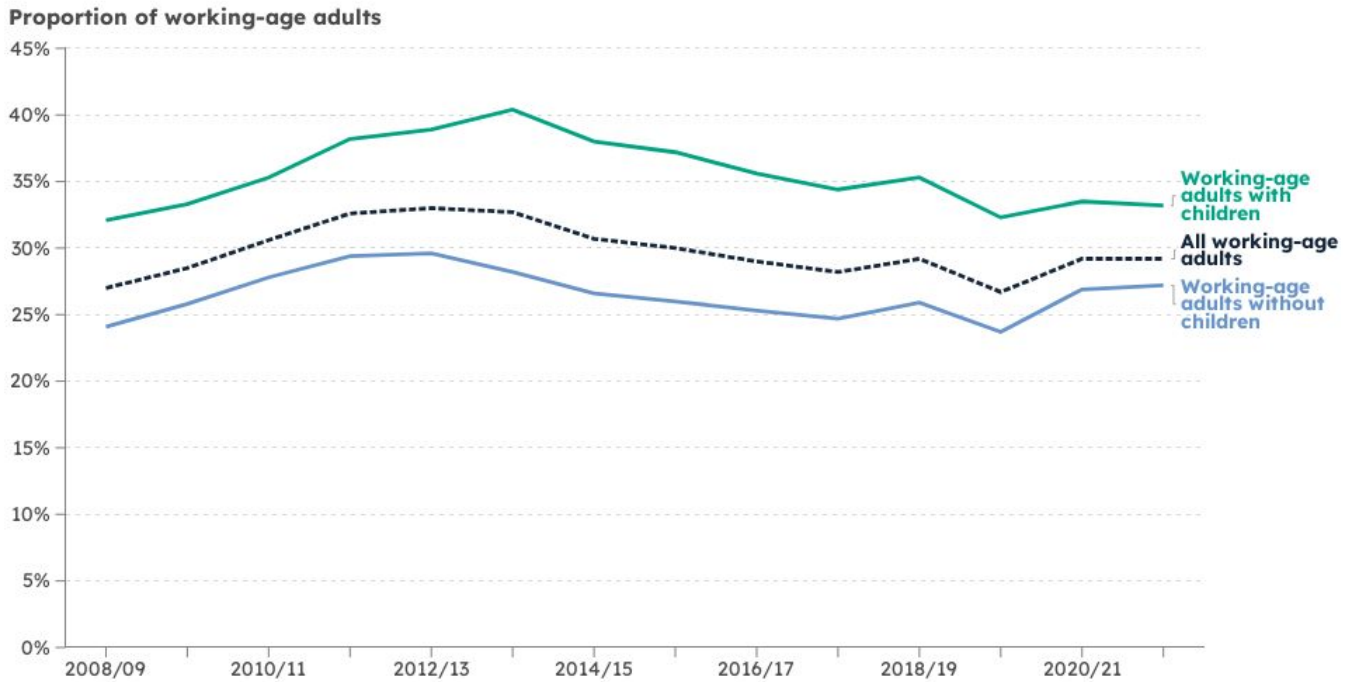


## Working-age adults

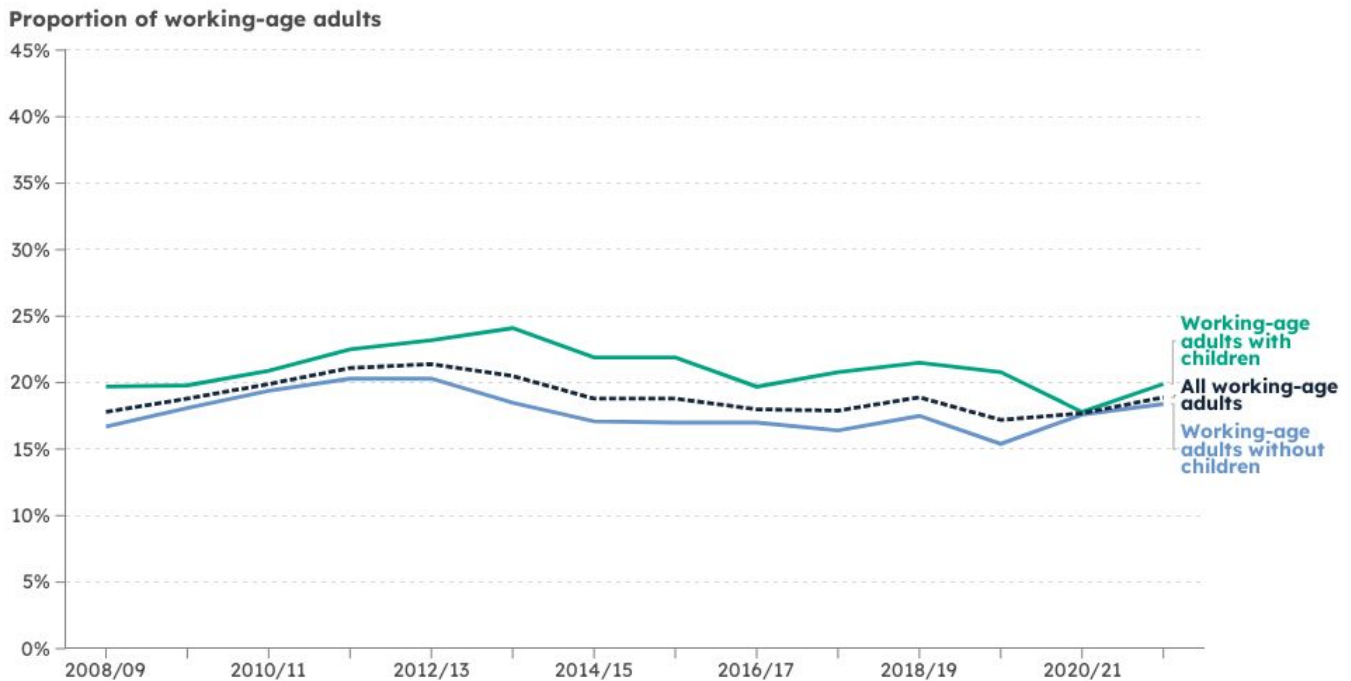
Figures 9 and 10 further emphasise the particularly challenging financial circumstances that households with dependent children experience, showing that working-age adults with dependent children are more likely to be in a household with an inadequate income than those without children. Reflecting the pattern in the general population (see Figure 1 in Chapter 2), the risk peaked in 2013–14, at which point 40.4% of working-age adults with children were

below MIS, compared with 28.2% of those without children (see Figure 9).

**Figure 9: Proportion of working-age adults below MIS by household type, 2008/09 to 2021/22**



**Figure 10: Proportion of working-age adults below 75% of MIS by household type, 2008/09 to 2021/22**



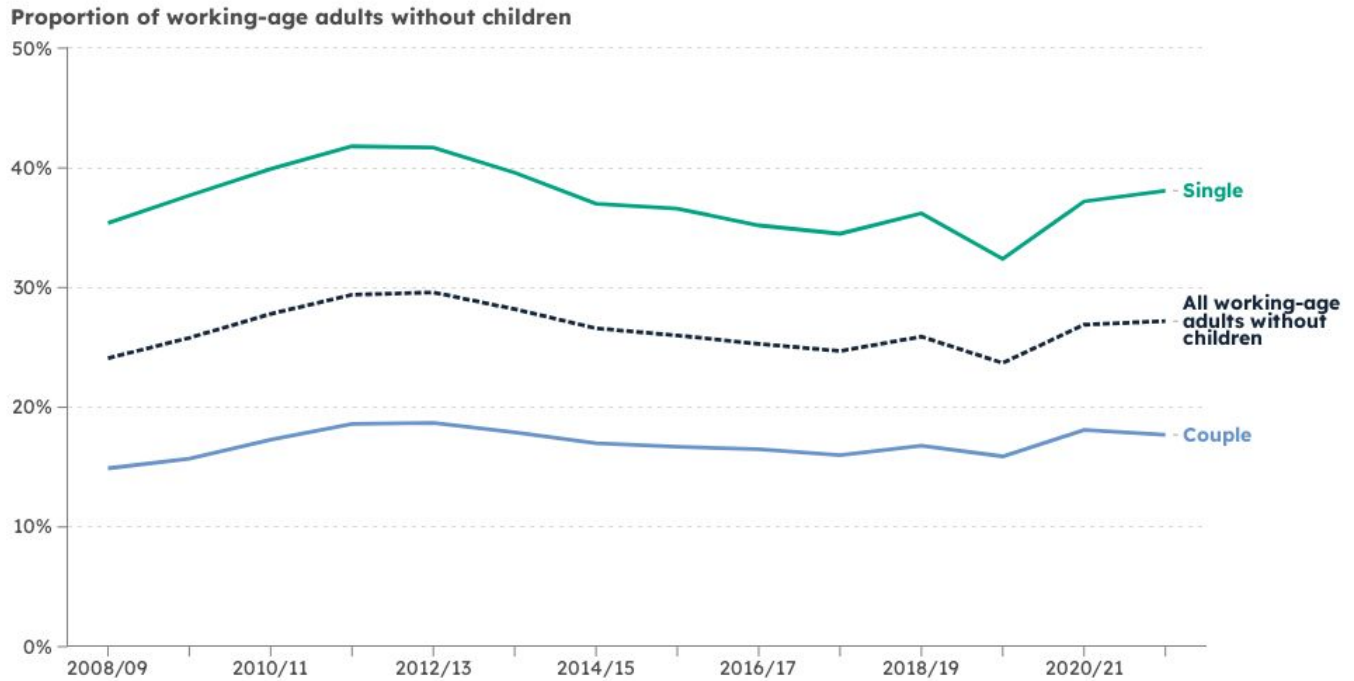
Figures 11 and 12 focus on working-age adults without children, showing the risk of being in a household with an inadequate income by partnership status. Across the time series, the risk of being below MIS or below 75% of MIS was substantially higher for single adults than for working-age couples. Single adults without children also showed more variation over time in their risk of being below MIS. The slight fall in the risk of having inadequate income in 2019/20, for all groups but in particular for single working-age adults, reflects that MIS

budgets remained relatively stable for this group between 2018 and 2020, but earnings were increasing. The National Living Wage went up by 9.5% during this period, from £7.50 an hour in 2017–18 to £8.21 an hour in 2019–20.

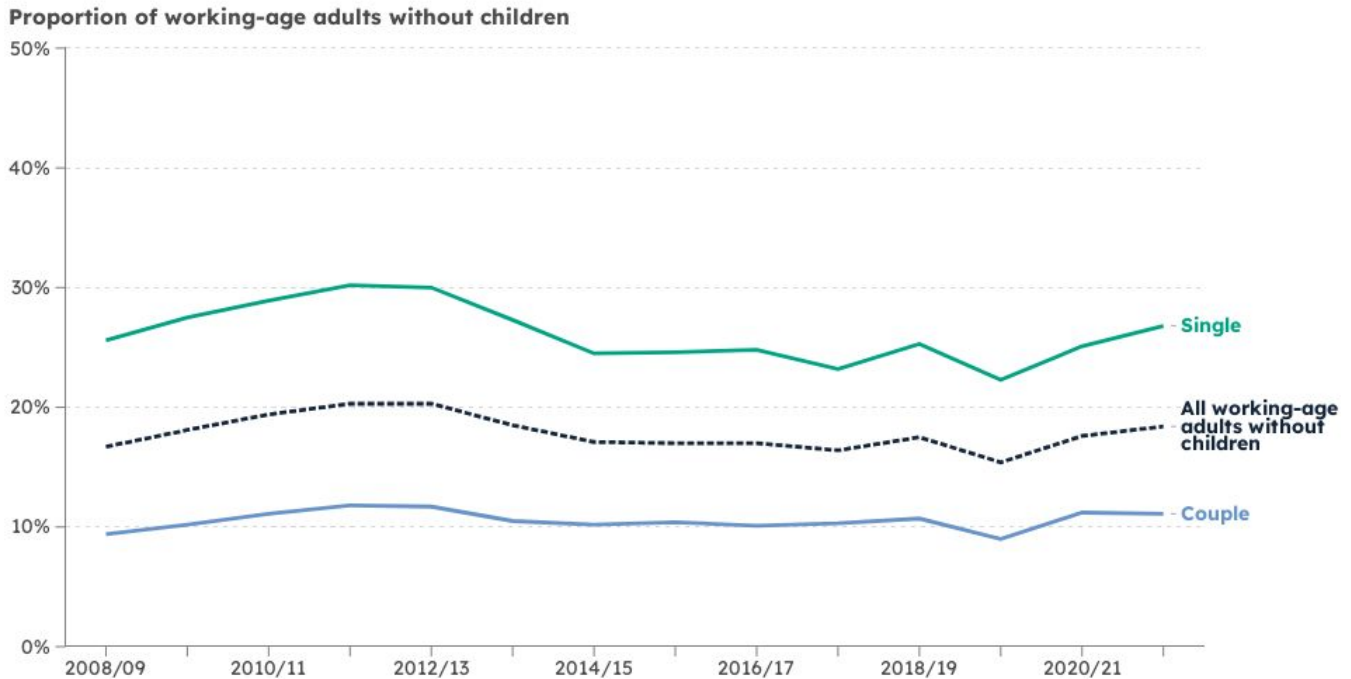
The gains from this increase were particularly strong for working-age adults without children, who in many cases have a more straightforward relationship with the labour market than those with children, who need to juggle the demands of childcare alongside work. However, subsequent increases in the National Living Wage have failed to keep pace with rising costs and increases in MIS budgets, so these gains were temporary.



**Figure 11: Proportion of working-age adults without children below MIS by household type, 2008/09 to 2021/22**



**Figure 12: Proportion of working-age adults without children below 75% of MIS by household type, 2008/09 to 2021/22**



## Pensioners

Figure 13 compares the risk of being below MIS or below 75% of MIS for pensioners by partnership status. This demonstrates clearly that the changes in the risk of being below MIS for pensioners over the time series – either increasing or decreasing – were being driven primarily by those who were single. For couple pensioners, there has been little substantial change over time, although the uptick in the overall proportion of pensioners with inadequate

incomes shown in Figure 4 in Chapter 2 can be observed regardless of partnership status. In 2021–22, 1.3 million single pensioners and 1.1 million couple pensioners were living in a household with insufficient income to reach a minimum socially acceptable standard of living.

**Figure 13: Proportion of pensioners below MIS and below 75% of MIS by household type, 2008/09 to 2021/22**

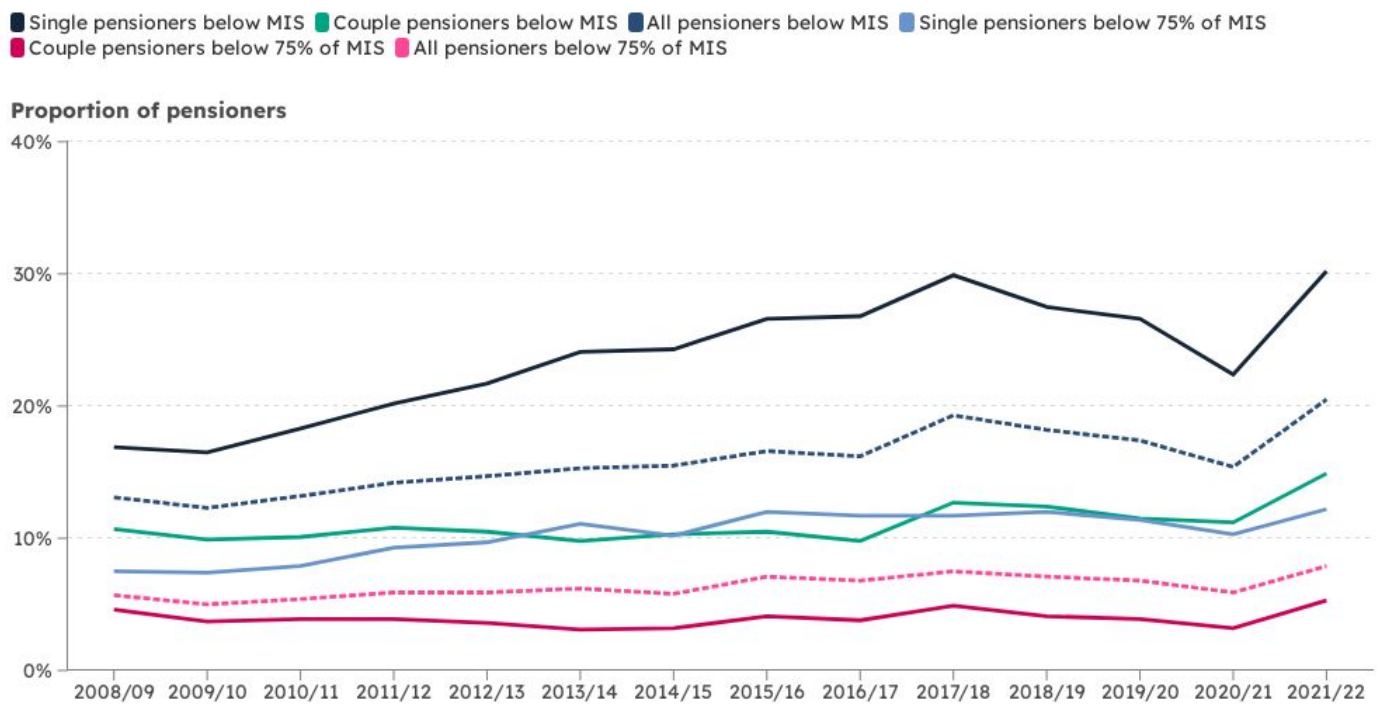
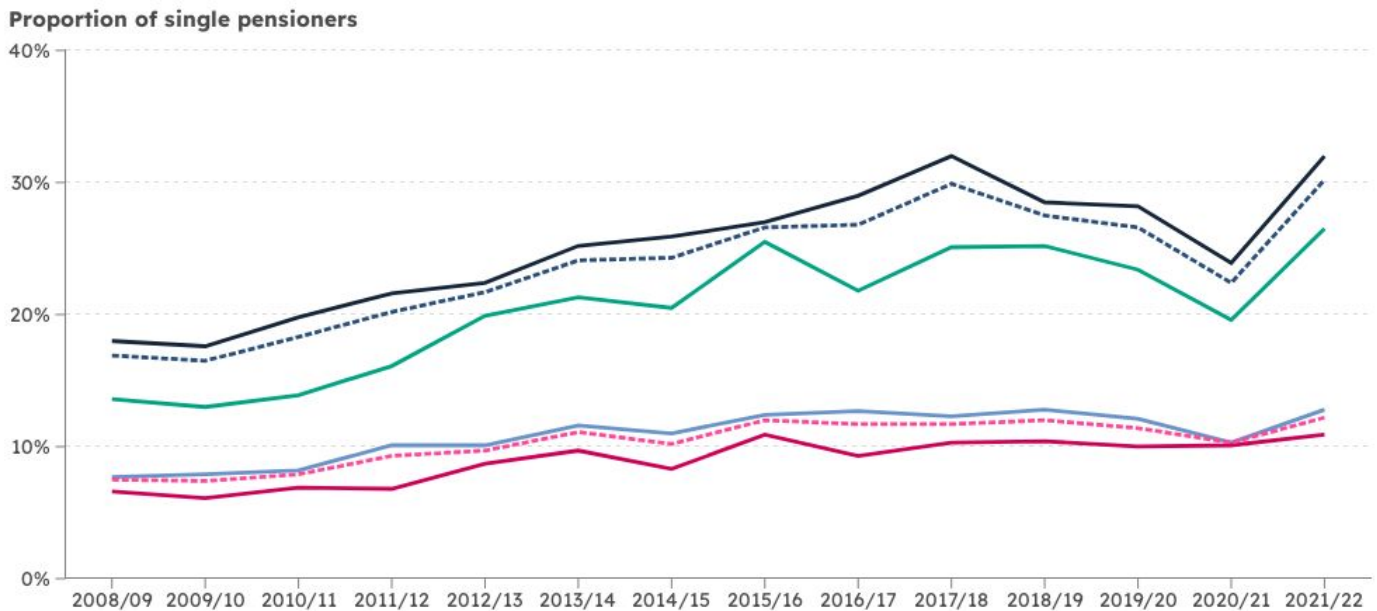


Figure 14 looks more closely at single pensioners, this time breaking down the risk of being below MIS by sex. Single female pensioners were consistently more likely to be below MIS than

single male pensioners, at 32.0% versus 26.5% in 2021–22. Looking at the absolute numbers below MIS, this difference was even more stark. Of the 1.3 million single pensioners living below MIS, 933,000 (72.1%) were women and 362,000 (27.9%) were men. While this in part reflects that women make up more than two-thirds (68.1%) of the single pensioner population overall, it remains the case that women are disproportionately represented among households below MIS in this subgroup of the population.

**Figure 14: Proportion of single pensioners below MIS and below 75% of MIS by sex, 2008/09 to 2021/22**

■ Single female pensioners below MIS 
 ■ Single male pensioners below MIS 
 ■ All single pensioners below MIS  
■ Single female pensioners below 75% of MIS 
 ■ Single male pensioners below 75% of MIS 
 ■ All single pensioners below 75% of MIS



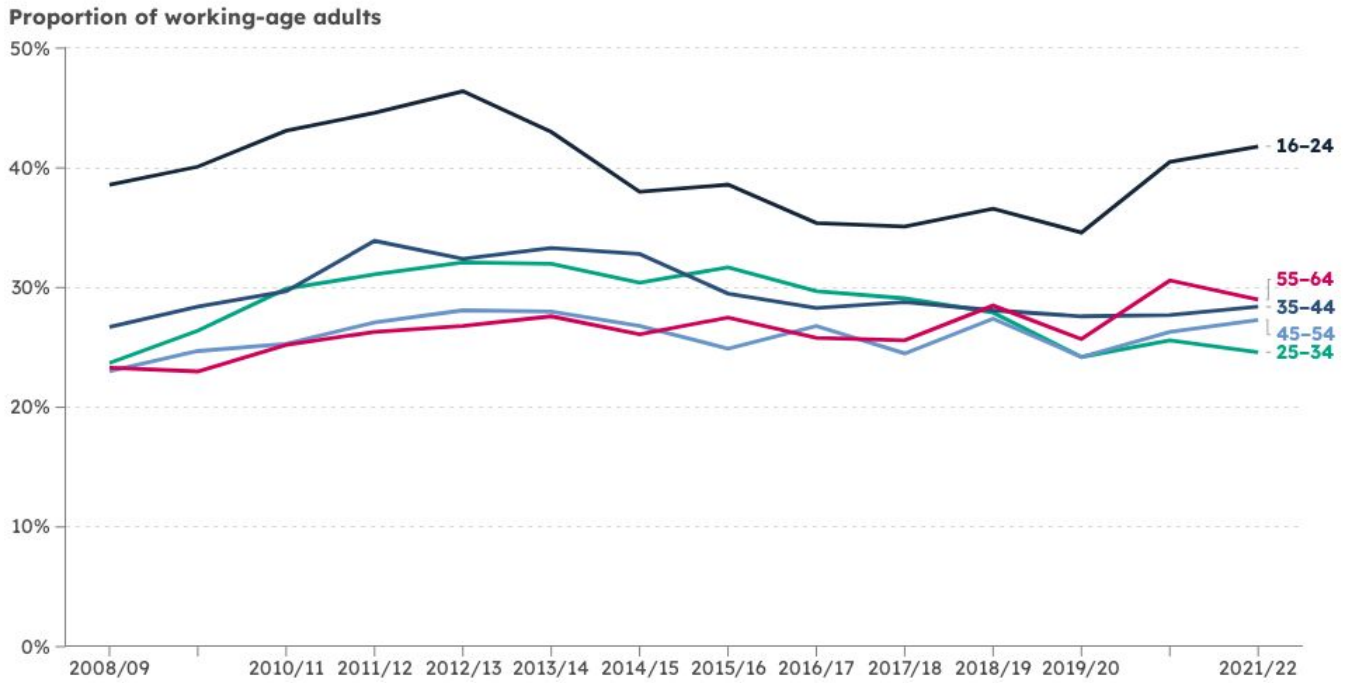
## Age group

Figures 15 and 16 show the risk of being below MIS or below 75% of MIS for working-age adults, by age group. It is clear that young adults aged 16–24 years have a substantially higher risk of being in a household with an inadequate income than older adults. Between 2008–09 and 2017–18, the risk of being below MIS was higher for those aged 25–44 than for those aged 45–64. In 2021–22, there was little difference in the risk of inadequate income between those aged 25–44 and those aged 45–64.

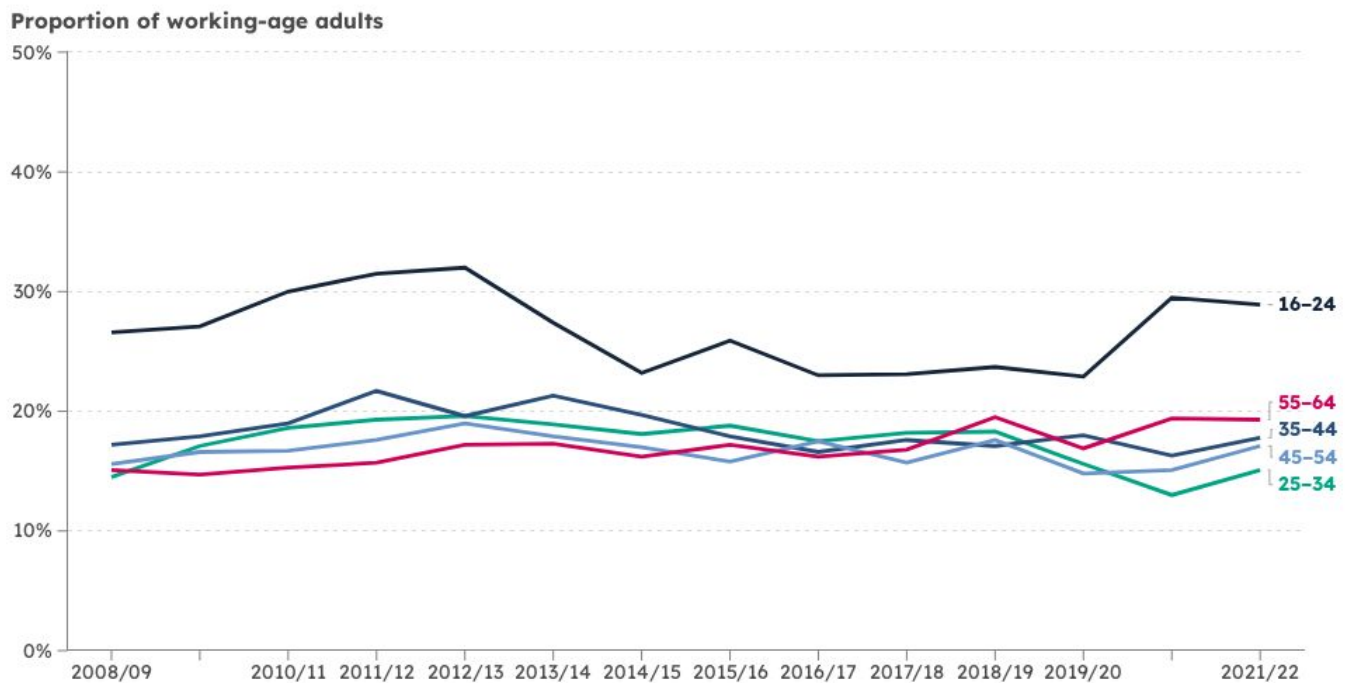
In the current system, young adults are disadvantaged in terms of both the cash value of benefits to which they are entitled and their minimum earnings. In 2021–22, the standard allowance (excluding the temporary uplift) for Universal Credit was around £60 a week for adults under the age of 25, compared with around £75 a week for those aged 25 and older. Similarly, while the National Living Wage was £8.91 an hour for those aged 23 and older, it was slightly lower for those aged 21–22 (£8.36), and substantially lower for those aged 18–20 (£6.56).

It is not surprising, therefore, that these young adults are struggling to bring in enough income to allow them to reach a socially acceptable standard of living. Moreover, although the standard rate of the National Living Wage is due to be extended down to those aged 21 and older in April 2024, rising to £11.44 an hour, the very youngest adults will not benefit from this, with the hourly minimum wage for those aged 18–20 remaining much lower, at £8.60.

**Figure 15: Proportion of working-age adults below MIS by age group, 2008/09 to 2021/22**



**Figure 16: Proportion of working-age adults below 75% of MIS by age group, 2008/09 to 2021/22**



## Housing tenure

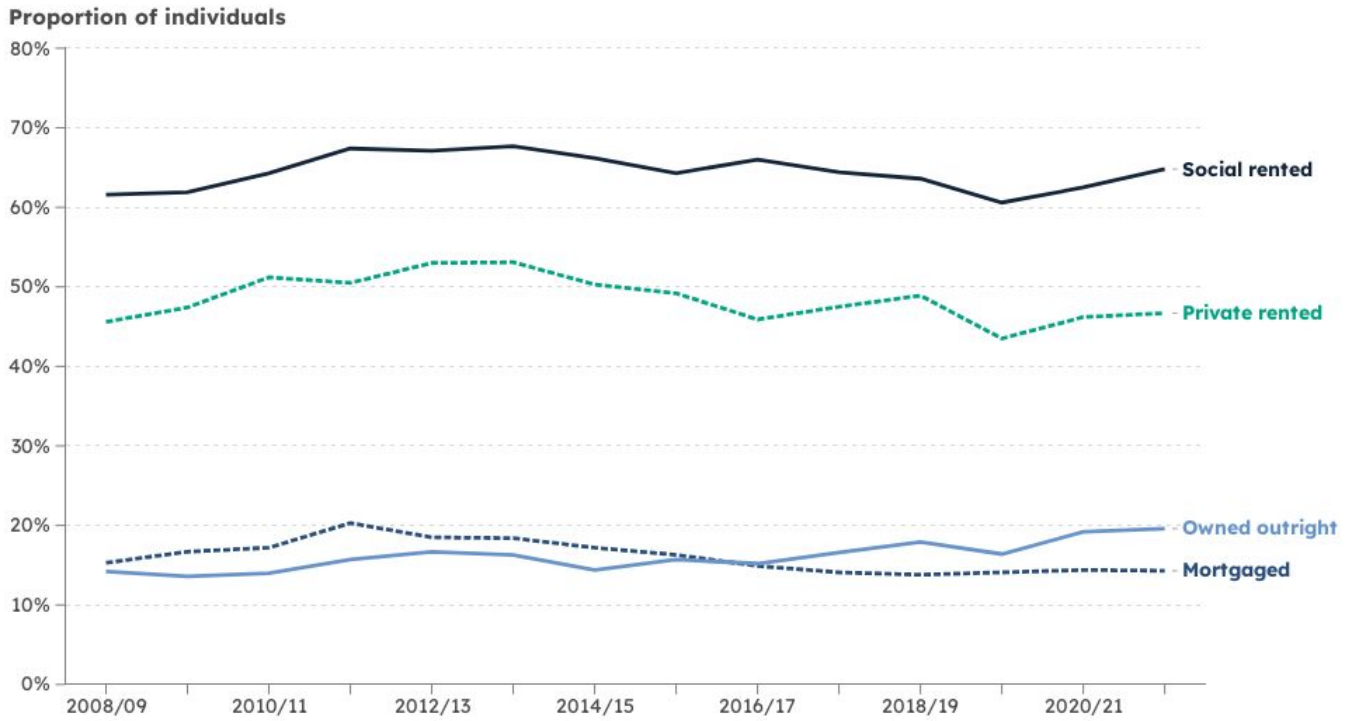
In Figures 17 and 18, we examine the relationship between the risk of being in a household below MIS or below 75% of MIS and housing tenure. In the most recent year and across the time series, those living in social rented accommodation were the most likely to be below MIS, with nearly two-thirds (64.8%) lacking the income for a socially acceptable standard of living in 2021–22 (see Figure 17). The risk was also high for those in the private rented sector (46.7%),

while those with either a mortgage or who owned their home outright, comparatively, had a lower risk, below 20%. The fact that the risk was slightly higher for those who owned their home outright than for those with a mortgage likely reflects that pensioners are over-represented in the former group; in the 2021–22 data, pensioners represented 48.5% of those who owned their home outright, but just 22.5% of the total population.

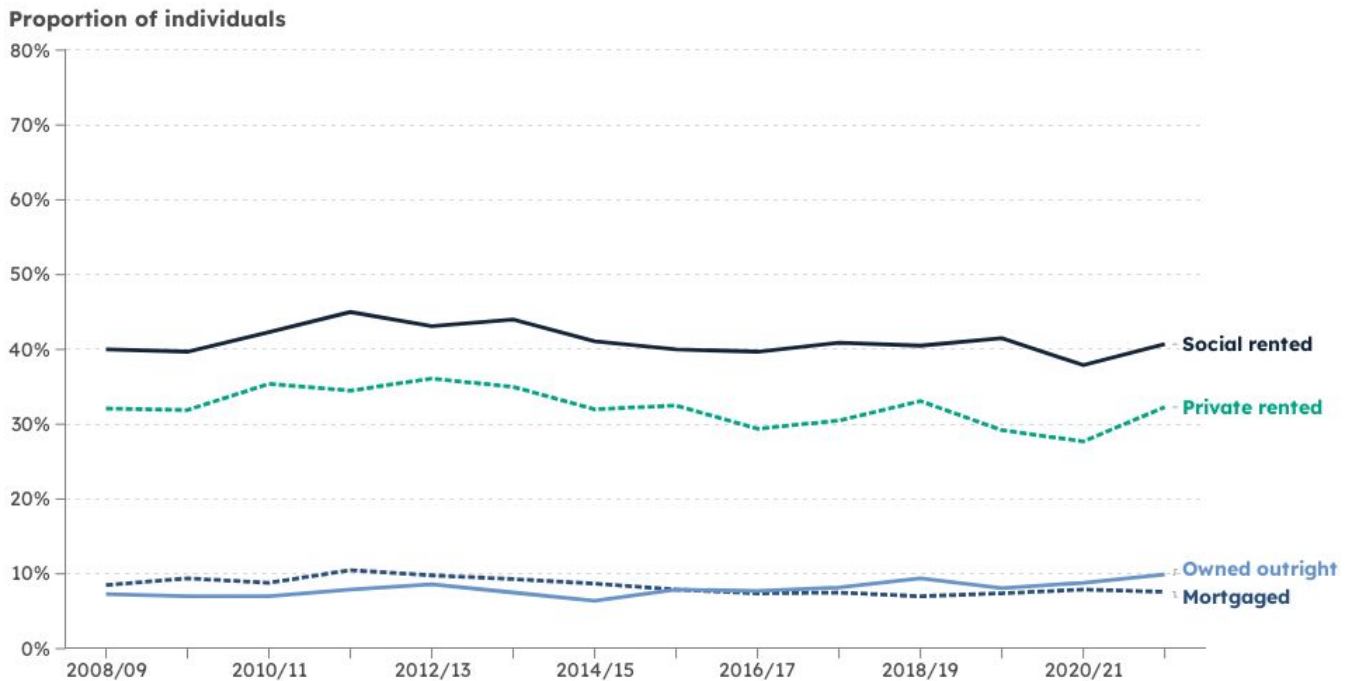
Furthermore, more than three-quarters of pensioners (77.1%) owned their home outright, with very few renting. In the working-age population, tenure is much more varied, with private renting (21.6%) and owning with a mortgage (39.2%) the most common housing situations. The lower risk of being below MIS for those buying their home with a mortgage, therefore, likely reflects that this is comprised of a relatively affluent subgroup of the working-age population.



**Figure 17: Proportion of individuals below MIS by housing tenure, 2008/09 to 2021/22**



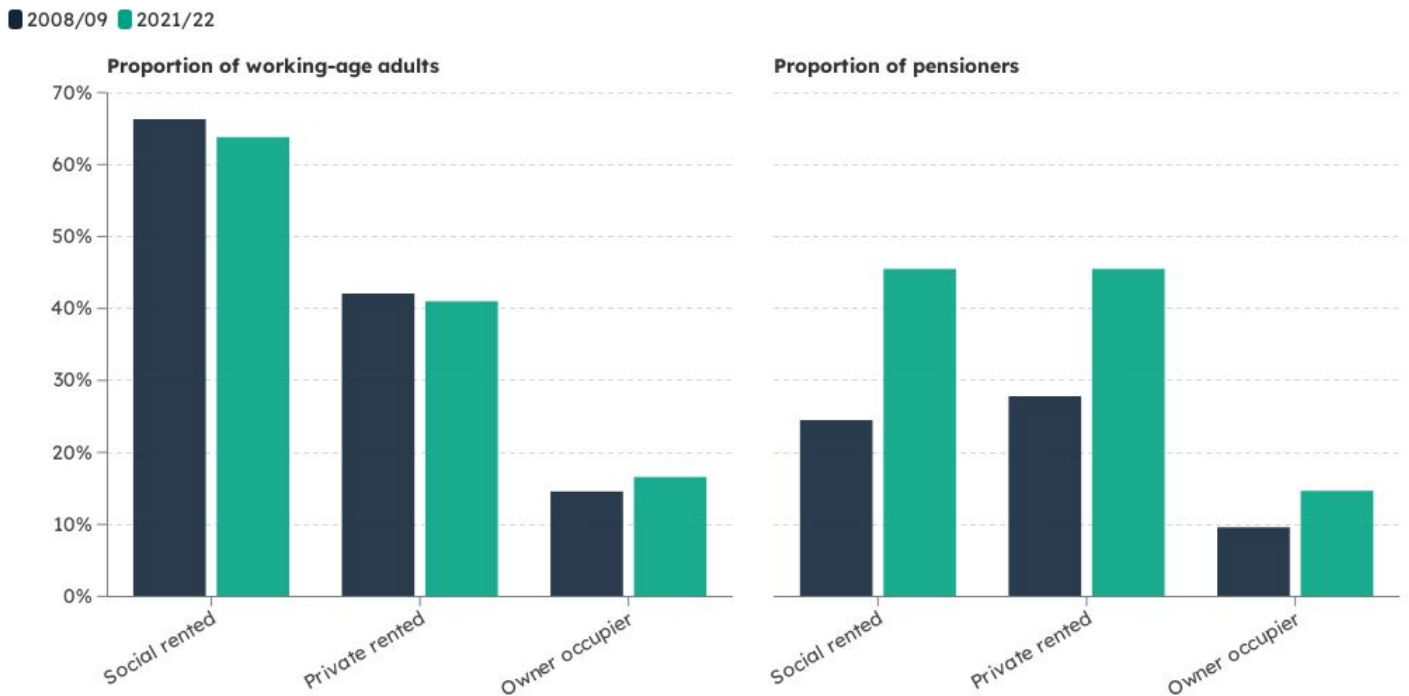
**Figure 18: Proportion of individuals below 75% of MIS by housing tenure, 2008/09 to 2021/22**



The changing relationship between tenure and reaching pension age is further explored in Figure 19, which shows the proportion of adults below MIS for each housing tenure, for working-age adults and pensioners. While for working-age individuals, there was little change in the proportion below MIS in each housing tenure between 2008–09 and 2021–22, for pensioners there was a marked increase in the risk of being below MIS for those in rented accommodation. This is especially important given that, despite a continued high rate of owner-occupation among pensioners, the proportion of people between the age of 45 and

State Pension age who are living in private rented accommodation is increasing. In 2008–09, 7.0% of households with a household reference person aged 55–64 were in private rented housing; by 2021–22, this had increased to 11.1% (Department for Levelling Up, Housing and Communities, 2022). For people aged 45–55, the increase was even more pronounced, rising from 11.0% to 16.5%. It is likely, therefore, that in the near future, private renting will become more common for those of retirement age, which may in turn contribute to an increased risk of being below MIS among pensioners.

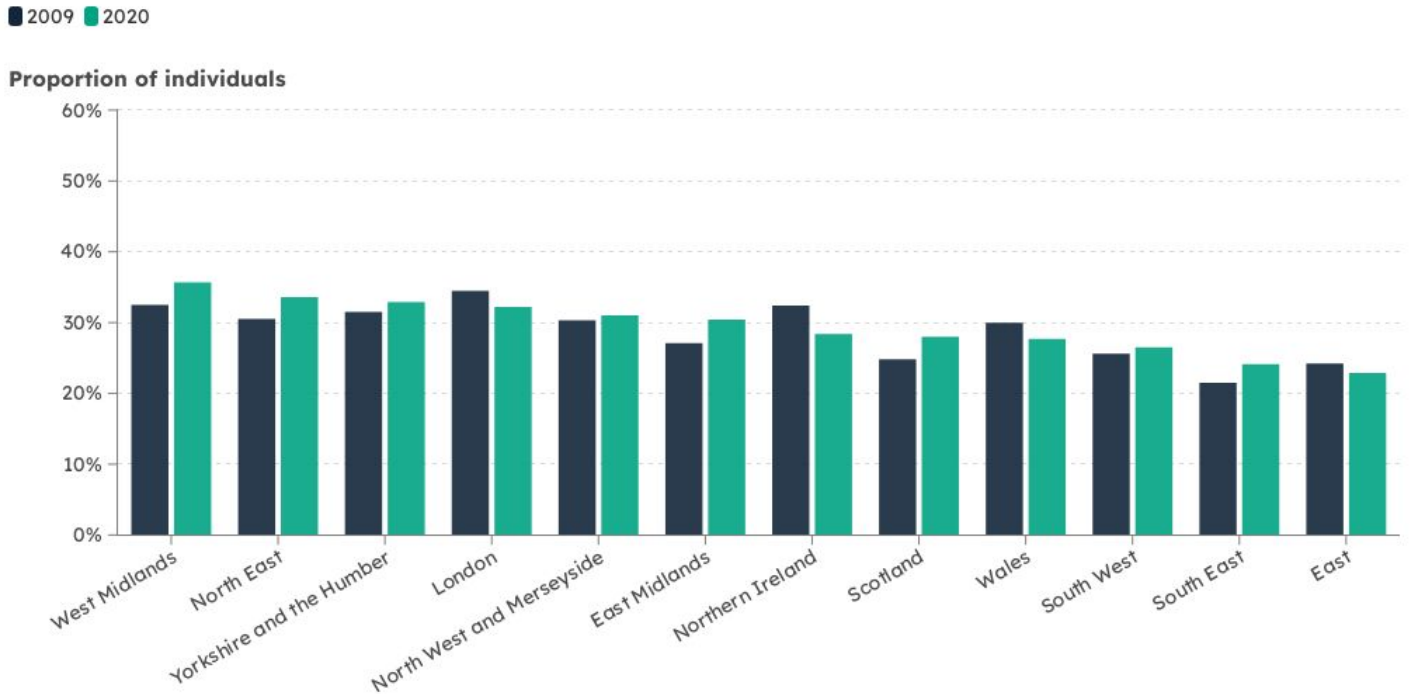
**Figure 19: Proportion of working-age adults and pensioners below MIS within each housing tenure, 2008/09 and 2021/22**



## UK country and region

Figure 20 shows how the risk of being in a household below MIS varies by country and region of the UK, and how this has changed over time. In 2009, London had the highest proportion of individuals living in a household below MIS (34.5%), but in 2020 the risk was highest in the West Midlands and the North East. Figure 21 shows that the pattern was similar for children. This reflects the latest statistics on child poverty, which show that the proportion of children in low-income families is rising in areas outside London, with a particularly rapid rise in the North East (Stone, 2023).

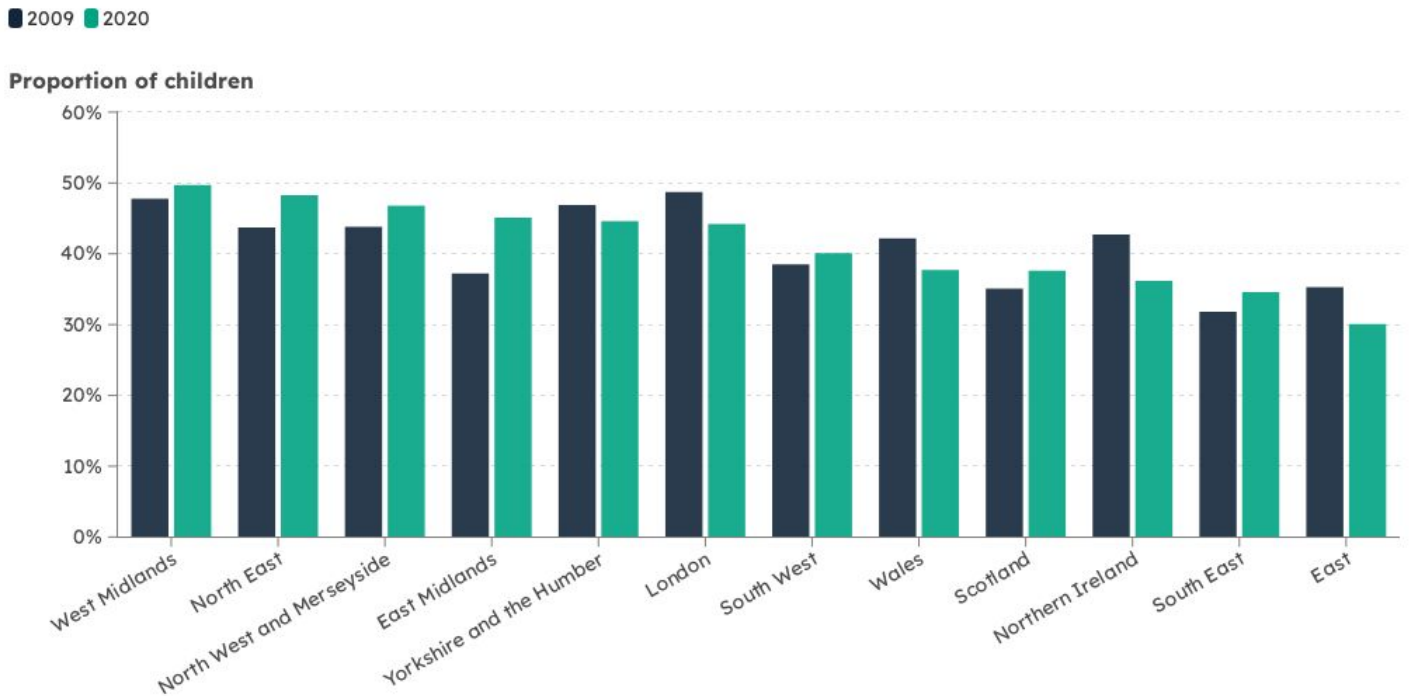
**Figure 20: Proportion of individuals below MIS by UK country and region, 2009 and 2020 (three-year averages)**



Note: Data for 2009 are an average of 2008–09, 2009–10 and 2010–11 and data for 2020 are an average of 2019–20, 2020–21 and 2021–22



**Figure 21: Proportion of children below MIS by UK country and region, 2009 and 2020 (three-year averages)**



Note: Data for 2009 are an average of 2008–09, 2009–10 and 2010–11 and data for 2020 are an average of 2019–20, 2020–21 and 2021–22.



## Employment

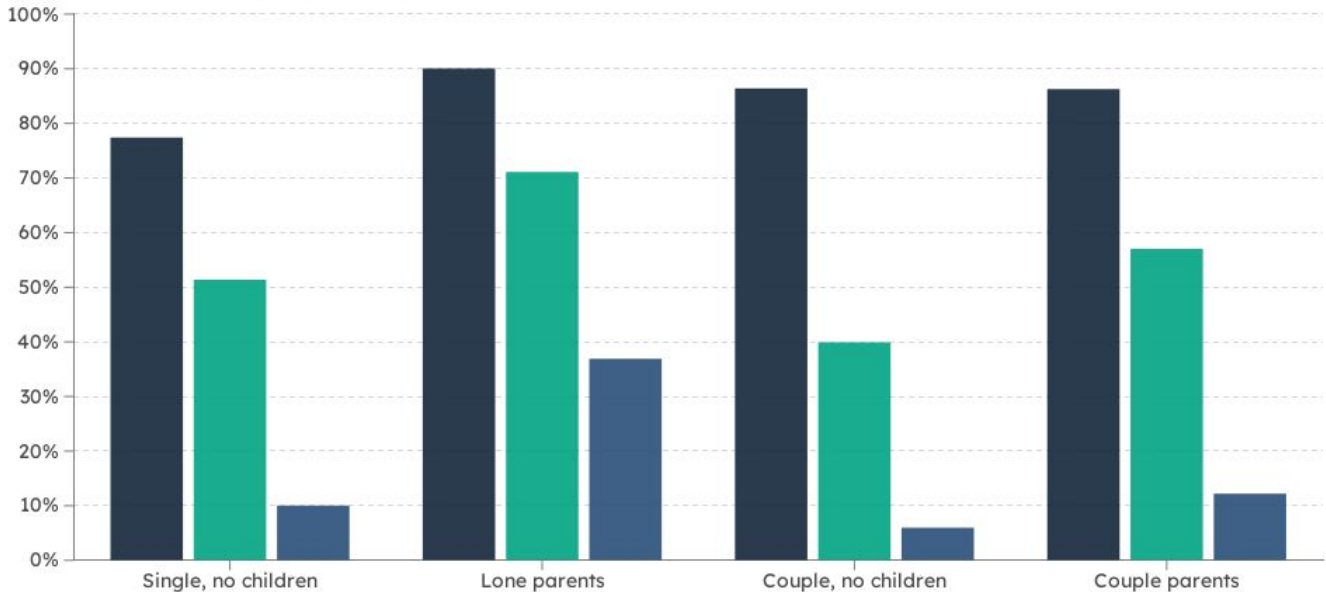
Due to data-quality issues, analysis of the relationship between employment status and the risk of being below MIS has been streamlined for this year’s update, as sample sizes were insufficient to look in detail at combined household economic activity status, or at changes in risk over time. Figure 22 therefore presents a summary of this relationship for the most recently available year of data.

Figure 22 shows that for all household types, being in a workless household is associated with a very high risk of being below MIS, ranging from 77.4% for single working-age adults, to 90.1% for lone-parent households. However, the extent to which work reduces this risk is not uniform. For single working-age adults, working part time reduces their risk of being below MIS by around a third, to 51.4%. However, for lone parents, working part time has less impact, with their risk of being below MIS only falling by around 20 percentage points to 71.1%. Full-time work reduces the risk for single working-age adults substantially, to just 10.0%, but for lone parents, more than a third (36.9%) remain in a household below MIS even if working full time.

**Figure 22: Proportion of working-age households below MIS by household type and work status, 2021/22**

■ Workless household\* ■ Partly working household\*\* ■ Fully working household

**Proportion of working-age households**



\*Workless households are those where all adults are unemployed or economically inactive

\*\*Partly working means working part-time for single working age adults and lone parents, and one adult working and one not working for couples.



For couples, having one partner in work halves their risk of being below MIS from 86.4% to 39.9%; with both adults in work, this falls to just 6.0%. However, for parents, the gains are again less substantial. If one parent in a couple is working, the proportion of households below MIS reduces by a third, from 86.3% to 57.0%. With both parents working, the proportion below MIS is relatively low, at 12.2%, but still double that observed in couples without children.



These differences emphasise that the factors driving the risk of being in a household below MIS vary according to household composition, especially in relation to the presence of dependent children. Figure 22 shows that even partial employment can reduce the risk of being below MIS for all working-age households, but for parents, the increase in income from paid employment is likely to be offset by the costs of childcare. Moreover, in every family type, a proportion remain below MIS even if all adults in the household are working, and this is especially pronounced for lone parents, for whom work is clearly not a straightforward path to achieving a socially acceptable standard of living.

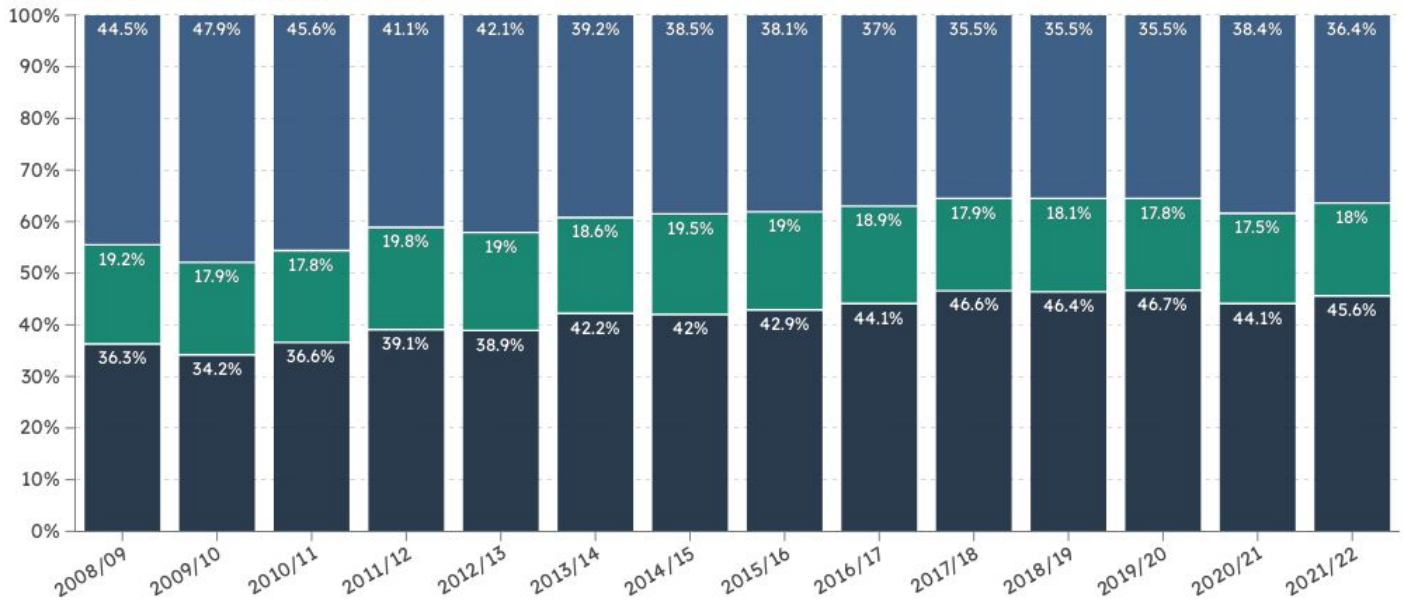
Figure 23 captures the composition of working-age households against income adequacy over time (excluding households where all members are economically inactive). This compares fully employed households (where all adults are in work) with partially employed households (in which at least one adult is in work of any type) and households where no adults are in work. In 2008–09, 44.5% of households below MIS were those in which no adults were in employment, whereas 36.3% of households below MIS had all adults employed. In contrast, by 2021–22, the positions had reversed and the proportion of households below MIS with no adults in employment was 36.4%, but there was a marked increase in the proportion of households where all adults were employed, at 45.6%. Over the same time period, the proportion of households with some adults employed remained stable. Throughout this period, the majority of households below MIS had at least one household member in work, rising from 55.5% in 2008–09 to 63.6% in 2021–22. Clearly, income adequacy is an issue for working households,

with households where no one works accounting for a smaller proportion of households below MIS over time. For context, the proportion of 16–64 year olds in employment increased between 2008–09 and 2021–22, from 71.4% in February–April 2009 to 75.6% in February–April 2022 (Office for National Statistics, 2023).

**Figure 23: Composition of working-age households below MIS by employment status, 2008/09 and 2021/22**

■ All adults employed ■ Some adults employed ■ All adults unemployed

**Proportion of working-age households**



Note: Excludes economically inactive households.



## 4. Conclusion

Our analysis this year shows that the proportion of individuals living in households with incomes below MIS increased in 2021–22, with 30.4% below this level. Government support for low-income households during the pandemic provided some protection against very low income during this period. Its removal is likely to have increased the proportion of all individuals in households with incomes below 75% of MIS and the proportion of children growing up in households with incomes below 75% of MIS and therefore with a far greater risk of being materially deprived. While last year’s analysis demonstrated the value of rapid policy responses to such an unanticipated economic shock, the analysis this year begins to show what happens to incomes when this kind of short-lived support is removed.

What also clearly emerges this year is the danger of seeing work as providing a straightforward route out of low income and inadequate living standards. In 2008–09, 44.5% of working-age households below MIS were households where **no adults** were employed; in 2021–22, 45.6% of working-age households below MIS were those where **all adults** were employed. One in 5 children in working households were below 75% of MIS in 2021–22 compared with around 1 in 7 in 2008–09; of the 6.0 million children living in households below MIS, 4.3 million of these were in working households. Against this backdrop, substantial increases in the National Living Wage are welcome, but they will not ‘solve’ the living

standards challenges that so many households are facing.

There needs to be a shift in focus away from a fixation on employment as **the** solution to low income, and a recognition of the need for a more holistic approach to improving living standards. Some of this is about improving incomes and increasing the amount of earnings that those on low incomes get to keep; and some of this is about the costs that exert significant pressures on incomes, such as housing, domestic fuel and childcare. Crucially, this is also about radically rethinking the systems of support that we provide to those who are most vulnerable in our society so that they can meet their core material needs, but also feel included and part of the society in which they live. There is an opportunity for the next Government to take bolder steps towards creating a society and economy that function for everyone. Our annual analysis of income adequacy will continue, tracking the impact of policy decisions on household incomes, identifying who is most likely to be living in a household without the income needed to participate in society and without what is needed to live with dignity in the UK today.

# Appendix 1: Technical details

## How MIS measures the income required for an acceptable standard of living

The Minimum Income Standard (MIS) is the income that people need for a minimum socially acceptable standard of living in the UK today, based on what members of the public think. It is calculated by specifying the baskets of goods and services that different types of household require in order to meet this standard of living and to participate in society. MIS research entails a sequence of detailed deliberations by groups of members of the public, informed by expert input where necessary. The groups work to the following definition:

A minimum standard of living in the UK today includes, but is more than just, food, clothes and shelter. It is about having what you need in order to have the opportunities and choices necessary to participate in society.

As alluded to above, MIS distinguishes between the needs of different family types. It considers directly the needs of working-age households with and without children (that is, households that comprise a single adult or a couple, with or without dependent children), and the needs of single and couple pensioner households. However, for the purposes of estimating

the total number of people below MIS in the population, a set of assumptions about the income requirements of other households has been devised, using the MIS results as a starting point (Hirsch et al., 2016). The analysis of the numbers of people below MIS also uses rolling averages of annually adjusted income benchmarks, after housing and childcare costs, to compare to income data from the Family Resources Survey. This helps ensure that changes in minimum requirements identified when the research is refreshed for each household type every four years are introduced gradually, avoiding artificially reporting a sudden change. By measuring incomes after housing and childcare costs, this analysis avoids making prior assumptions about these costs, which in practice can be highly variable. One aspect of housing costs that it does not fully capture, however, is home maintenance: the MIS model bases this on what the public think that tenants would need to spend as a minimum, while for homeowners it takes mortgage payments into account, but not the cost of maintaining one's own home.

The MIS research is funded and supported by the Joseph Rowntree Foundation (JRF) and carried out by the Centre for Research in Social Policy (CRSP) at Loughborough University. It has produced annual updates since 2008. MIS was originally developed in partnership with the Family Budget Unit at the University of York, bringing together expert-based and 'consensual' methods (based on what members of the public think).

Further information and publications related to MIS are available at:

<https://www.lboro.ac.uk/research/crsp/minimum-income-standard>

[\(https://www.lboro.ac.uk/research/crsp/minimum-income-standard/\)](https://www.lboro.ac.uk/research/crsp/minimum-income-standard/)

[\(https://www.lboro.ac.uk/research/crsp/minimum-income-standard/\)](https://www.lboro.ac.uk/research/crsp/minimum-income-standard/)

## The figures in this report

- The numbers and percentages included in this report are calculated using the population weights that the Department for Work and Pensions provides as part of the Households Below Average Income (HBAI) data series. These weights are designed to produce sample estimates grossed up to apply to the whole population, accounting for differences in response rates among different types of households.
- Percentages in this report are rounded to the nearest 0.1%.
- Some of the figures presented in this report for past years differ slightly from previously published data, due to some technical improvements in the calculation of household income and grossing factors in the HBAI data, and in how results for the survey sample are translated into estimates of how many people in certain groups have incomes below MIS.
- You can find the [Excel file with the figures and table for this report here \(https://jrf-jrht-brand.frontify.com/share/gx6kmJwGgBXnfZynuhKg\)](https://jrf-jrht-brand.frontify.com/share/gx6kmJwGgBXnfZynuhKg).

- More information on the processes used to calculate the grossing factors can be found in the Department for Work and Pensions' (2023c) [Households Below Average Income \(HBAI\) quality and methodology information report](https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022/households-below-average-income-series-quality-and-methodology-information-report-fye-2022) (<https://www.gov.uk/government/statistics/households-below-average-income-for-financial-years-ending-1995-to-2022/households-below-average-income-series-quality-and-methodology-information-report-fye-2022>).

## **Categorising individuals within the analysis of income adequacy**

In the analysis of the Family Resources Survey and MIS data presented in this report, individuals are categorised according to the following definitions.

**Children** are individuals aged under 16, or aged 16–19, and they are:

- not married, nor in a civil partnership, nor living with a partner
- living with parents/a responsible adult
- in full-time, non-advanced education, or in unwaged government training.

**Pensioners** are defined as adults of State Pension age or above.

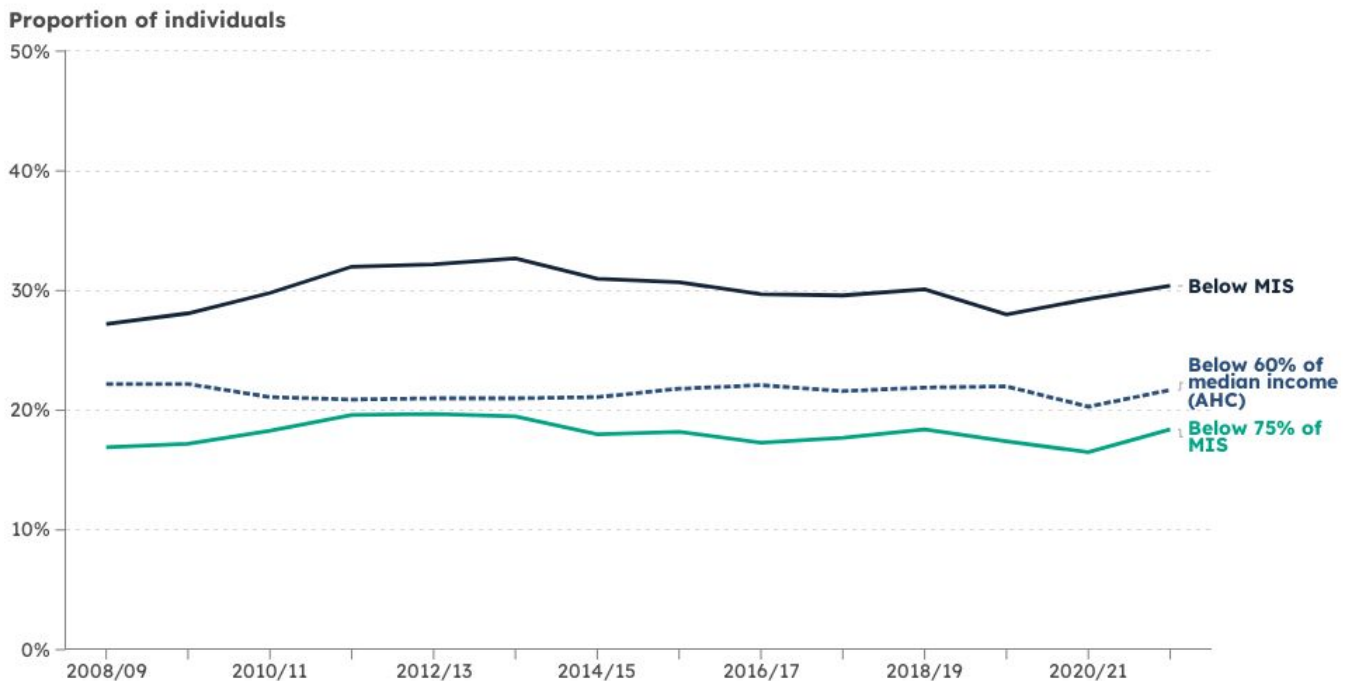
All other individuals are defined as **working-age adults**.



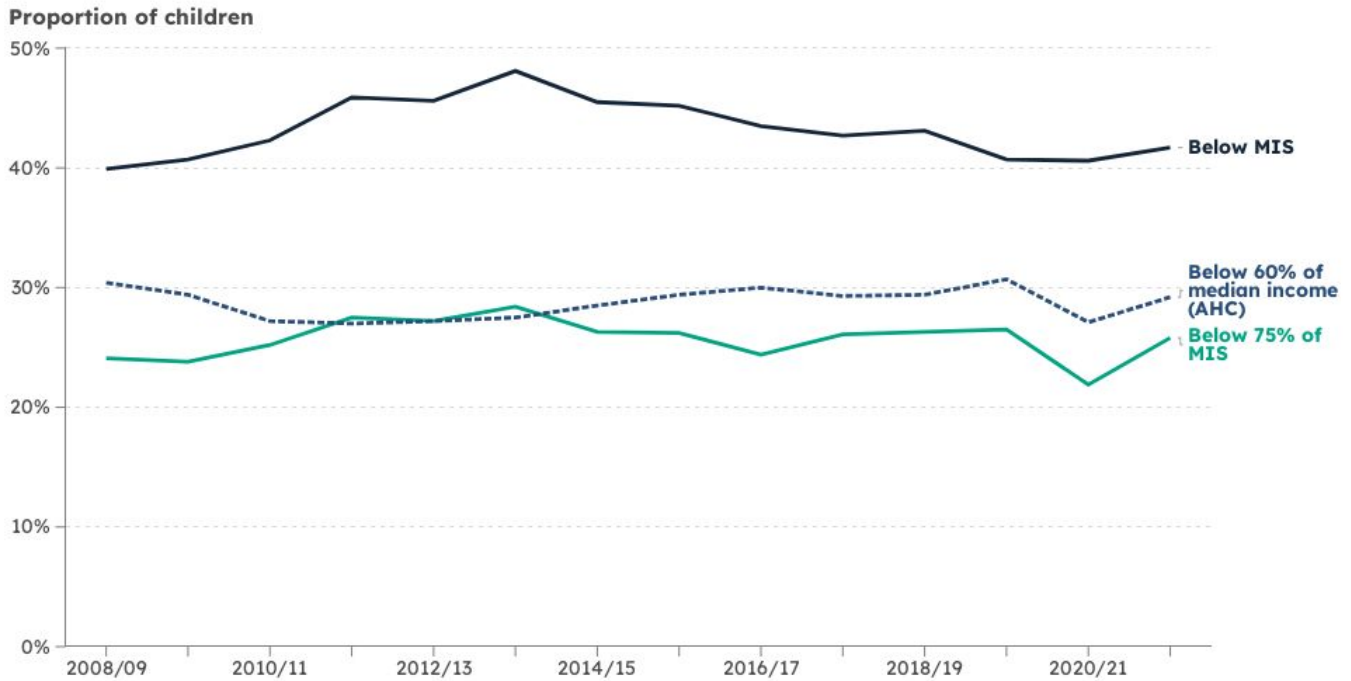
# Appendix 2: MIS and relative income indicators compared

Figures A1 to A4 show the two MIS indicators and compare these to the relative income indicator of poverty – below 60% of median income after housing costs (AHC) – between 2008–09 and 2021–22.

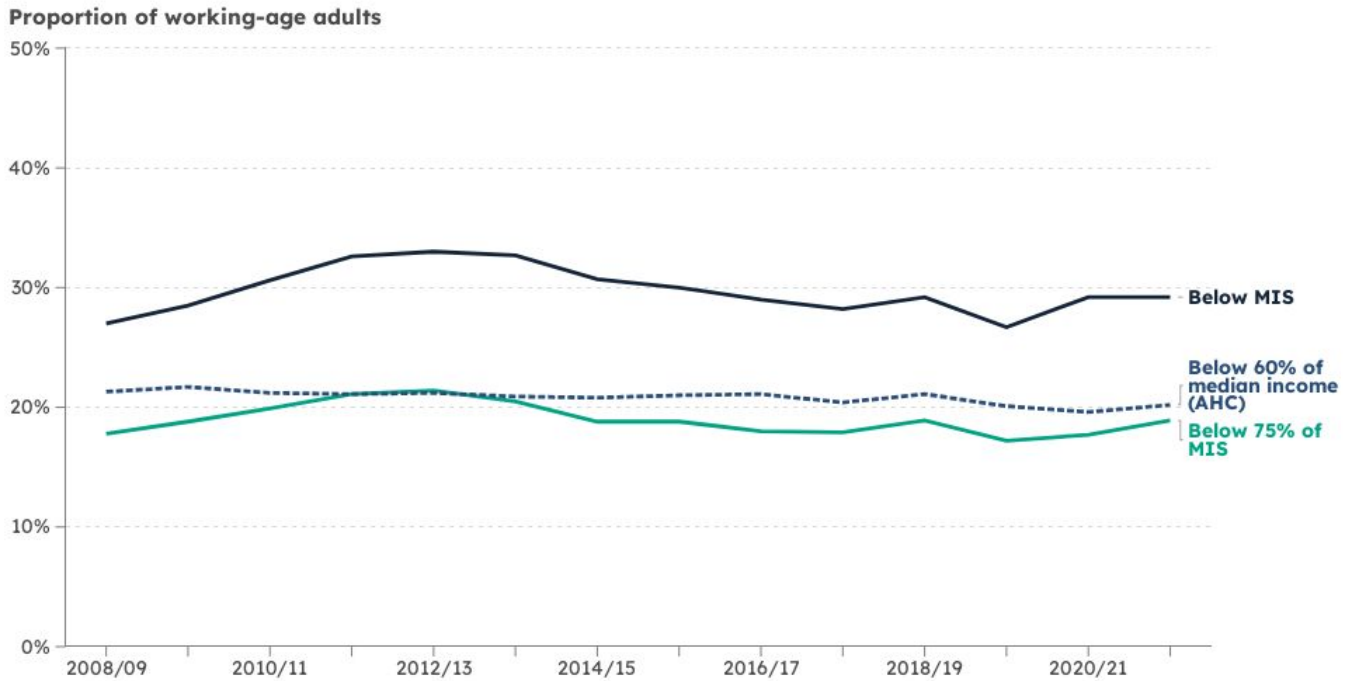
**Figure A1: Comparison of MIS and relative income indicators for all individuals; proportion of the population falling below the thresholds, 2008/09 to 2021/22**



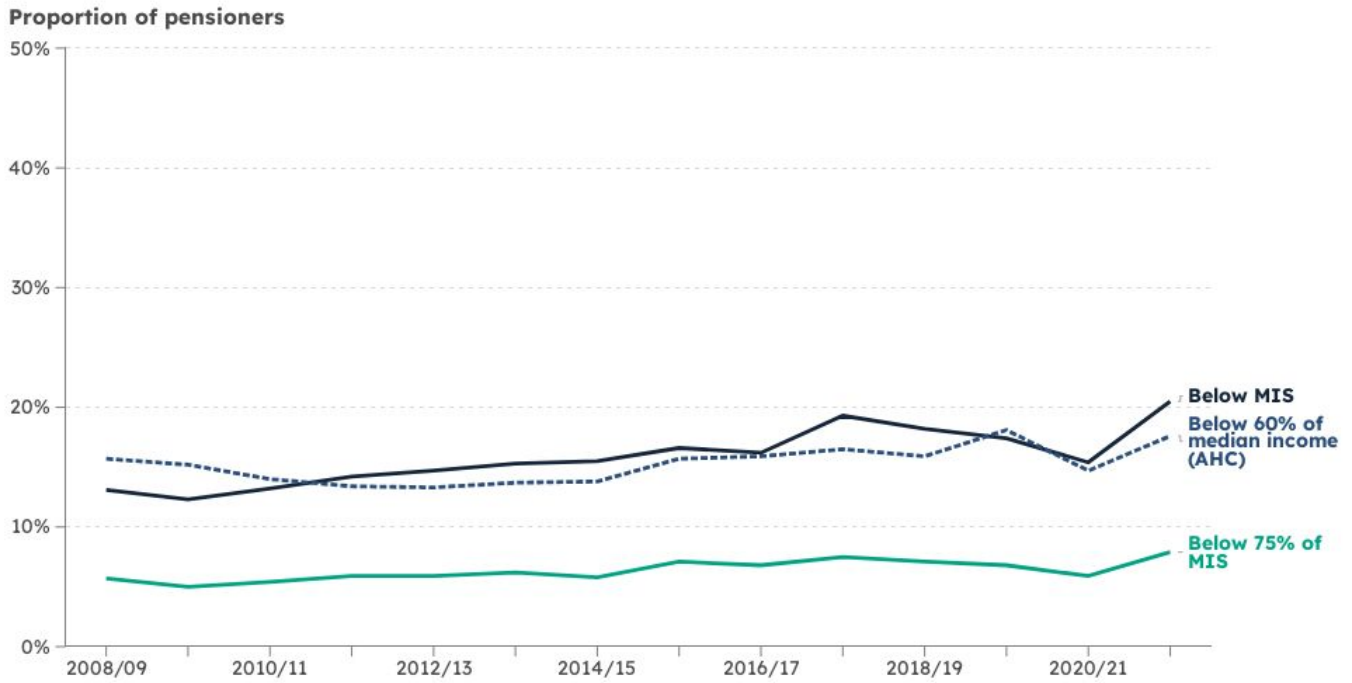
**Figure A2: Comparison of MIS and relative income indicators for children; proportion of the population falling below the various thresholds, 2008/09 to 2021/22**



**Figure A3: Comparison of MIS and relative income indicators for working-age adults; proportion of the population falling below the thresholds, 2008/09 to 2021/22**



**Figure A4: Comparison of MIS and relative income indicators for pensioners; proportion of the population falling below the thresholds, 2008/09 to 2021/22**



## About the authors

Professor Matt Padley is Co-Director of the Centre for Research in Social Policy (CRSP), where he has pioneered work on retirement living standards in the UK, as well as leading research on living standards in London.

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## How to cite this report

If you are using this document in your own writing, our preferred citation is:

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