



REPORT

WORK

CHILD POVERTY

HOUSING

# Households living below a Minimum Income Standard: 2008–2023

This report, from the Centre for Research in Social Policy (CRSP), is the 12th in a series monitoring the number of people living beneath the Minimum Income Standard in the UK.

It focuses on 3 groups – children, working-age adults and pensioners – and how they have fared between 2008 and 2023.

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# Executive summary

The Minimum Income Standard (MIS) sets out what the public agree is needed to live with dignity in the United Kingdom (UK) today. This report gives an estimate of the proportion of people who are living below this level, and those with incomes below 75% of MIS. Those living below 75% of MIS face a far greater likelihood of material deprivation compared with those whose incomes are above MIS.

The report looks at the period between 2008 and 2023, the latter being the most recent year for which data is available. In 2022/23, there was an increase in the number and proportion of all individuals living in households below MIS compared with 2021/22. The number and proportion of all individuals below MIS were also higher in 2022/23 than they were in 2008/09.

## Key messages

- In 2022/23, 35.9% of all individuals in the UK were living in households with incomes below MIS, compared with 27.2% in 2008/09. This means that these individuals do not have the income they need to be able to afford the goods and services the public agree everyone needs to meet their material needs and to participate in society.

- In 2022/23, 24.0 million people were living in households with incomes below MIS, compared with 16.5 million in 2008/09. This is around 3.8 million more people than in 2021/22, by far the largest single-year increase in the number of individuals below MIS since this series began.
- The proportion of individuals in households with incomes below MIS varies across demographic groups: 48.6% of children, 35.0% of working-age adults and 23.6% of pensioners were below the MIS threshold in 2022/23.
- Children in lone-parent families continue to be far more likely to live in a household below MIS compared with those in couple-parent families. In 2022/23, 81.6% of children in lone-parent families were growing up in households with inadequate incomes, compared with 38.7% of children in couple-parent families.
- In 2022/23, 7.0 million children were growing up in households lacking the income needed for a dignified standard of living. More than 3 times as many children below MIS were in working households (5.3 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 51.5% of this age group being below MIS in 2022/23. This reflects the lower levels of state support and earnings available to individuals in this age group.
- The likelihood of being below MIS has more than doubled for single pensioners since 2008/09, from 16.9% to 34.5% in 2022/23.

Tables 1a to 1e show the number and proportion of individuals in households across various groups living below MIS and below 75% of MIS, and as a proportion of the total population.

Table 1a: Number of individuals in households below MIS (millions), 2008/09 and 2022/23

|                                               | 2008/09 | 2022/23 |
|-----------------------------------------------|---------|---------|
| <b>All individuals</b>                        | 16.5    | 24.0    |
| <b>Working-age adults</b>                     | 9.8     | 14.2    |
| <b>Children</b>                               | 5.2     | 7.0     |
| <b>Pensioners</b>                             | 1.5     | 2.8     |
| <b>Children with lone parents</b>             | 2.1     | 2.7     |
| <b>Children with couple parents</b>           | 3.1     | 4.3     |
| <b>All parents</b>                            | 4.2     | 5.4     |
| <b>Single working-age adults, no children</b> | 3.7     | 5.5     |
| <b>Couple working-age adults, no children</b> | 1.9     | 3.2     |

|                          | <b>2008/09</b> | <b>2022/23</b> |
|--------------------------|----------------|----------------|
| <b>Single pensioners</b> | 0.7            | 1.5            |
| <b>Couple pensioners</b> | 0.7            | 1.3            |

Table 1b: Proportion of individuals in households below MIS, 2008/09 and 2022/23

|                                               | <b>2008/09</b> | <b>2022/23</b> |
|-----------------------------------------------|----------------|----------------|
| <b>All individuals</b>                        | 27.2%          | 35.9%          |
| <b>Working-age adults</b>                     | 27.0%          | 35.0%          |
| <b>Children</b>                               | 39.9%          | 48.6%          |
| <b>Pensioners</b>                             | 13.1%          | 23.6%          |
| <b>Children with lone parents</b>             | 69.4%          | 81.6%          |
| <b>Children with couple parents</b>           | 30.9%          | 38.7%          |
| <b>All parents</b>                            | 32.1%          | 39.7%          |
| <b>Single working-age adults, no children</b> | 35.4%          | 45.2%          |

|                                               | <b>2008/09</b> | <b>2022/23</b> |
|-----------------------------------------------|----------------|----------------|
| <b>Couple working-age adults, no children</b> | 14.9%          | 22.2%          |
| <b>Single pensioners</b>                      | 16.9%          | 34.5%          |
| <b>Couple pensioners</b>                      | 10.7%          | 17.0%          |

Table 1c: Number of individuals in households below 75% of MIS (millions), 2008/09 and 2022/23

|                                     | <b>2008/09</b> | <b>2022/23</b> |
|-------------------------------------|----------------|----------------|
| <b>All individuals</b>              | 10.2           | 15.1           |
| <b>Working-age adults</b>           | 6.5            | 9.2            |
| <b>Children</b>                     | 3.1            | 4.8            |
| <b>Pensioners</b>                   | 0.6            | 1.1            |
| <b>Children with lone parents</b>   | 1.3            | 2.0            |
| <b>Children with couple parents</b> | 1.8            | 2.8            |

|                                               | 2008/09 | 2022/23 |
|-----------------------------------------------|---------|---------|
| <b>All parents</b>                            | 2.6     | 3.5     |
| <b>Single working-age adults, no children</b> | 2.7     | 3.9     |
| <b>Couple working-age adults, no children</b> | 1.2     | 1.9     |
| <b>Single pensioners</b>                      | 0.3     | 0.7     |
| <b>Couple pensioners</b>                      | 0.3     | 0.4     |

Table 1d: Proportion of individuals in households below 75% of MIS, 2008/09 and 2022/23

|                                   | 2008/09 | 2022/23 |
|-----------------------------------|---------|---------|
| <b>All individuals</b>            | 16.9%   | 22.6%   |
| <b>Working-age adults</b>         | 17.8%   | 22.8%   |
| <b>Children</b>                   | 24.1%   | 33.1%   |
| <b>Pensioners</b>                 | 5.7%    | 9.5%    |
| <b>Children with lone parents</b> | 44.0%   | 59.7%   |

|                                               | 2008/09 | 2022/23 |
|-----------------------------------------------|---------|---------|
| <b>Children with couple parents</b>           | 18.0%   | 25.0%   |
| <b>All parents</b>                            | 19.7%   | 25.6%   |
| <b>Single working-age adults, no children</b> | 25.6%   | 31.8%   |
| <b>Couple working-age adults, no children</b> | 9.4%    | 12.7%   |
| <b>Single pensioners</b>                      | 7.5%    | 15.3%   |
| <b>Couple pensioners</b>                      | 4.6%    | 6.0%    |

Table 1e: Composition of overall population, 2008/09 and 2022/23

|                           | 2008/09 | 2022/23 |
|---------------------------|---------|---------|
| <b>All individuals</b>    | 100.0%  | 100.0%  |
| <b>Working-age adults</b> | 59.9%   | 60.7%   |
| <b>Children</b>           | 21.4%   | 21.5%   |
| <b>Pensioners</b>         | 18.7%   | 17.7%   |





|                                               | 2008/09 | 2022/23 |
|-----------------------------------------------|---------|---------|
| <b>Children with lone parents</b>             | 5.0%    | 5.0%    |
| <b>Children with couple parents</b>           | 16.4%   | 16.6%   |
| <b>All parents</b>                            | 21.7%   | 20.5%   |
| <b>Single working-age adults, no children</b> | 17.3%   | 18.3%   |
| <b>Couple working-age adults, no children</b> | 21.0%   | 22.0%   |
| <b>Single pensioners</b>                      | 7.3%    | 6.7%    |
| <b>Couple pensioners</b>                      | 11.4%   | 11.1%   |

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

# 1. Introduction

The new Labour Government in the United Kingdom (UK) has been clear about its ambition to improve living standards for all, bringing an end to 14 years of repeated stalls and falls – the 2024 Labour manifesto committed to ‘making everyone, not just a few, better off’ (Labour Party, 2024, p. 13) – but the scale of the challenge facing policy-makers and politicians is significant.

However you look at it, the latest data on living standards continues to paint a bleak picture. Between April 2023 and March 2024, Trussell provided 3.1 million emergency food parcels – a 94% increase over the previous five years (Trussell, 2024). In its annual **Living Standards Outlook**, the Resolution Foundation forecast that, while there is likely to be stronger income growth across the current Parliament than the previous one, real incomes are expected to fall for the poorest fifth of households in every year until 2029 (Clegg and Corlett, 2024, p. 12). And post-budget analysis by the Joseph Rowntree Foundation (JRF) predicts that the average household will be nearly £800 a year worse off in real terms by 2029, with the poorest third of households seeing the biggest fall in real disposable income over the current Parliament (Joseph Rowntree Foundation, 2024).

However it is measured, poverty remains prevalent across the UK. Government statistics indicate that at least 1 in 5 people (21%) were living below the relative poverty line after housing costs in 2022/23, including 4.3 million children (Department for Work and Pensions, 2024). And a recent report from the Social Metrics Commission shows that, in 2022/23, 24% of people in the UK (16 million) were living in poverty based on its definition, the highest rate this century, with 4.1 million people (6.1%) living in ‘deep poverty’, and more than a third of children in the UK (36% or 5.2 million) growing up in poverty (Social Metrics Commission, 2024).

This latest report in the Households Living Below a Minimum Income Standard series further demonstrates the challenges facing a growing number of households in the UK. It points to the extent of the decline in the overall adequacy of incomes – and living standards – in the 15 years up to 2023. Between 2021/22 and 2022/23, our analysis shows an increase of 3.8 million in the number of individuals lacking the income they need not just to meet their core material needs, but also to enable them to participate in society, to feel included and to live with dignity. In 2022/23, 7.5 million more people were living in households with inadequate incomes than in 2008/09. Halting this worsening trend in income adequacy is critical – critical in ensuring that the UK is a country in which all are able to not just survive, but also thrive; where all are able to live with dignity. Policy decisions in the next few years will determine the extent to which the new Government meets the challenge it has set itself. We will continue to track the adequacy of incomes relative to the publicly determined MIS benchmark and, in so doing, monitor any progress in making everyone better off.

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

### Key points

- In 2022/23, 35.9% of all individuals in the UK were living in households with incomes below MIS, compared with 27.2% in 2008/09. This means 24.0 million people were living below MIS in 2022/23, compared with 16.5 million in 2008/09, by far the largest single-year increase in the number of individuals below MIS since this series began in 2008/09.
- Across demographic groups, there was wide variation in the proportion of people in households with incomes below MIS: 48.6% of children, 35.0% of working-age adults and 23.6% of pensioners were below the MIS threshold in 2022/23.
- All demographic groups saw a sharp upturn in the proportion of individuals living below MIS in 2022/23, which was also reflected in the percentage of people below 75% of MIS.

This chapter outlines how the risk of having an income below what is needed for a minimum socially acceptable standard of living has changed over time. It examines the adequacy of incomes for all individuals in the UK and looks at what has happened for 3 key subgroups – children, working-age adults and pensioners – between 2008/09 and 2022/23. Chapter 3

provides a more detailed exploration of how household characteristics relate to income adequacy over the same period.

Figure 1 shows that there was a sharp increase in the proportion of individuals below MIS in 2022/23, reaching the highest level since this series began. The following factors contributed to this situation.

**First**, the latest year for which data is available covers the period when the price of many goods and services was rising rapidly. The MIS basket of goods and services is based on what members of the public agree households need to maintain a decent standard of living, and those needs do not necessarily fall in the context of rising costs. Therefore, any increase in prices will be reflected in the cost of a minimum budget.

High inflation in 2022/23 saw prices rise considerably and essentials, such as food and domestic fuel, saw higher inflation than other spending categories. For example, the cost of food and non-alcoholic drinks rose by 25% in the two years to January 2024 – equivalent to the increase over the previous 10 years (Office for National Statistics, 2024a).

Domestic gas prices almost doubled in the year to April 2022, with inflation of 95.5% (Office for National Statistics, 2022). Typical household energy bills for the majority of households increased a further 27% in October 2022 when the Energy Price Guarantee increased; although prices have subsequently fallen, the previous high inflation has had a cumulative impact on

bills, which remain substantially higher than in late 2021 (Bolton, 2024).

**Second**, for those in work, pay has failed to keep up with increasing costs: compared with the Consumer Price Index (CPI), real earnings fell by 3% in the financial year 2022/23 (Office for National Statistics, 2023a). Furthermore, real median equivalised disposable income (after housing costs) fell for working-age households in 2022/23 (Corlett and Try, 2024). Those who depend on benefits fell even further behind because the annual April increases are pegged to Consumer Price Index inflation in the previous September and, in the intervening period, the rate of inflation increased (Department for Work and Pensions, 2024b).

**Finally**, there has been a change to the MIS methodology relating to food, to allow for changes in the height and weight of the UK population (Davis et al., 2024).

**Figure 1: Percentage of individuals below MIS, below 75% of MIS and below 50% of MIS**

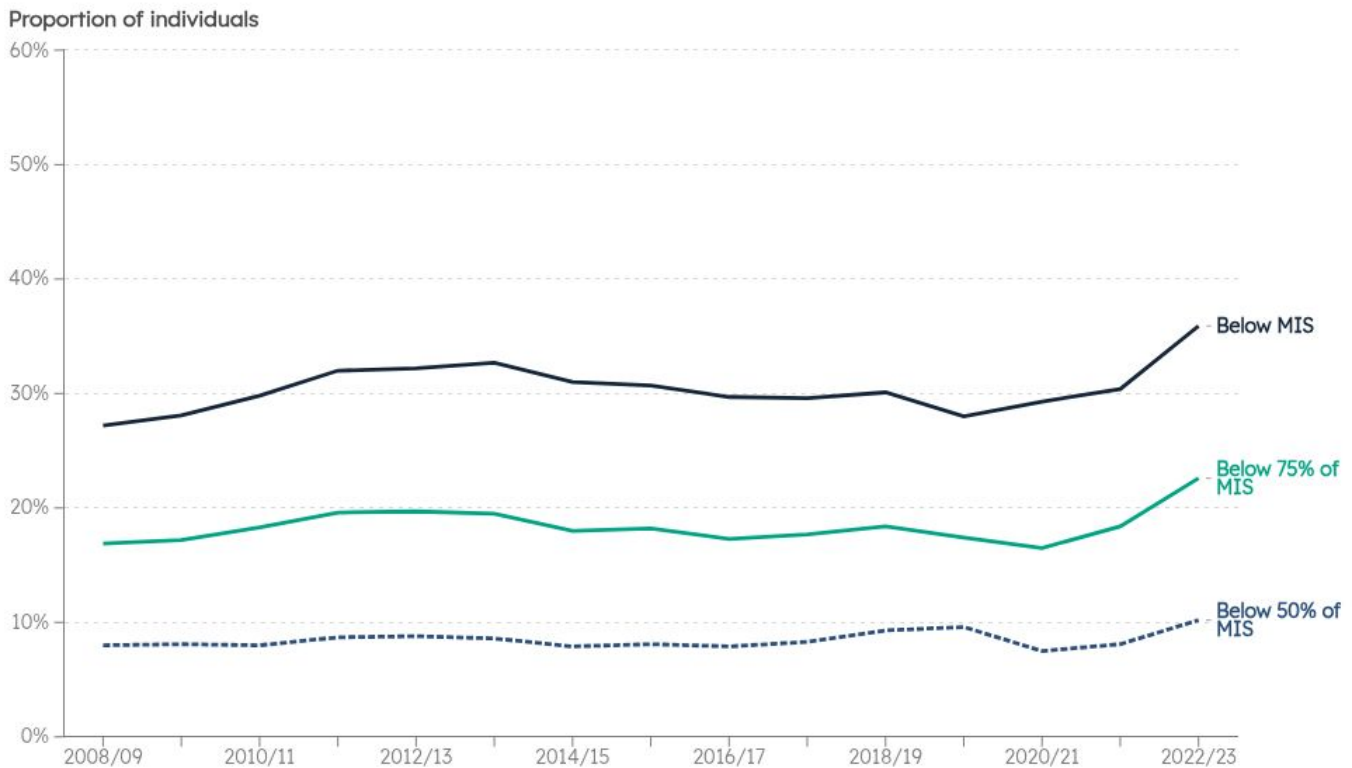


Figure 1 also shows the proportion of individuals in the UK who were living in households with incomes below 75% of what is needed for a minimum socially acceptable standard of living between 2008/09 and 2022/23. More than 1 in 5 of the UK population – 15.1 million – were living on an income of less than 75% of MIS in 2022/23; people living below this threshold have a substantially greater risk of material deprivation (Hirsch et al., 2016). While cost-of-living support payments during 2022/23 may have offset some of the most severe consequences of

rising inflation and dramatic increases in energy costs, it is clear that a growing number of households have incomes that fall well short of enabling them to meet all of their minimum needs.

Even more concerning is that, in 2022/23, 1 in 10 individuals were living in households with incomes below half of what is needed to live with dignity in the UK today. Although the proportion living below this level remained relatively stable over the period explored here, households with incomes so far below MIS will face significant challenges in meeting their essential needs.

In the period immediately before the pandemic, which hit the UK early 2020, the percentage of all individuals living in households with inadequate incomes had been falling gradually. Support schemes, including the £20 uplift in Universal Credit, introduced at the height of the pandemic to protect those on the lowest incomes, meant that the proportion of individuals living below 75% and below 50% of MIS fell in 2020/21. However, post-pandemic in 2021/22 and 2022/23 there was an increase across all 3 indicators, as Covid-specific support measures came to an end and the cost-of-living crisis really began to bite.

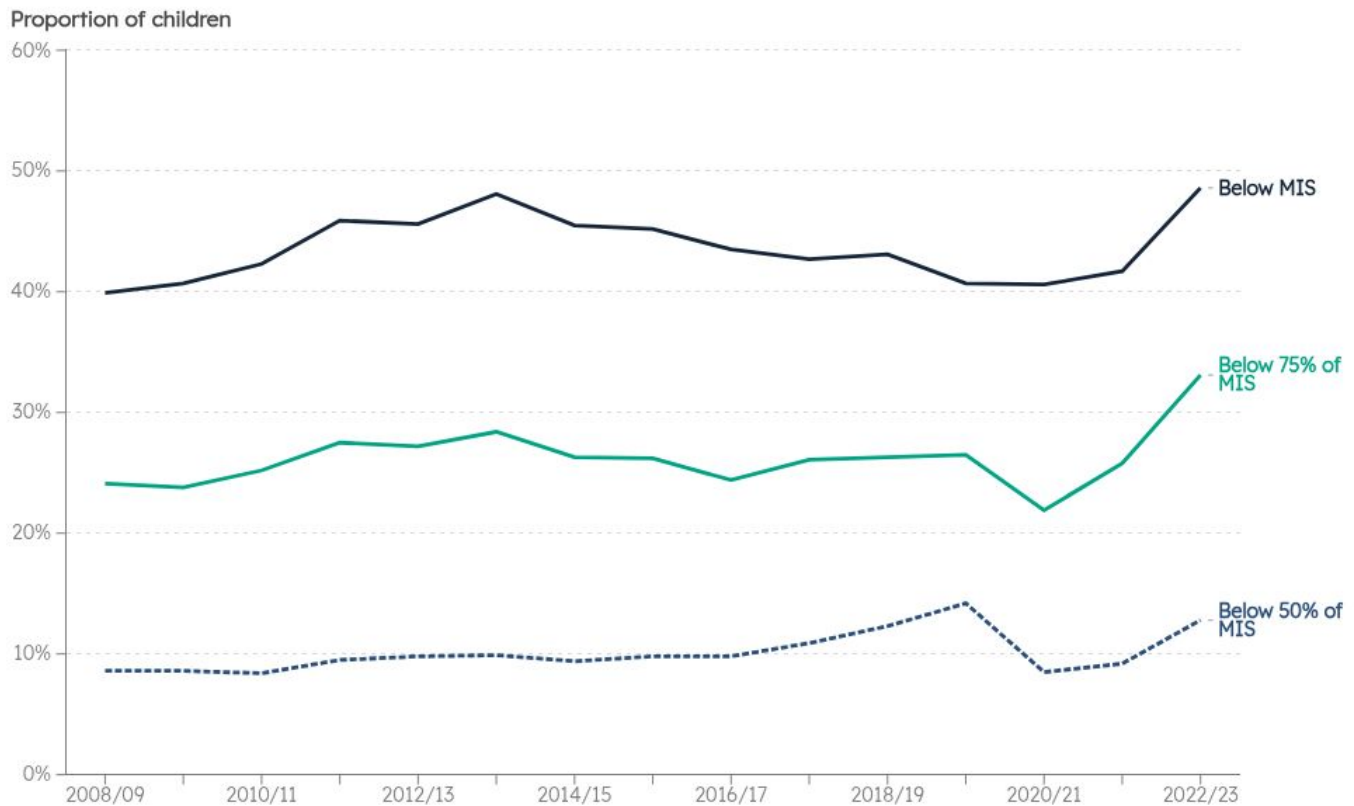


## Households with children

In keeping with the pattern of previous years, children continue to be the group most likely to be living in a household with inadequate income (see Table 1b in Chapter 1). The latest data shows that 7.0 million – almost half of all children in the UK – were living below MIS in 2022/23, an increase of 1.8 million over the entire time series, and up by 1 million since 2021/22. Before the pandemic, the proportion of children living in households with incomes below MIS had been falling gradually from a peak in 2013/14. As mentioned earlier, government support during the Covid period moderated some of the potentially most damaging consequences of the pandemic for living standards, but it is clear that with these protections no longer in place, alongside the rapidly increasing cost of many essentials and the falling value of benefits in real terms, the risk of children growing up without what they need to be able to participate in the world around them has dramatically increased.

There has also been a substantial increase in the proportion of children living below 75% of MIS, with 1 in 3 children – 33.1% or 4.8 million – in 2022/23 living in households with incomes below the level at which the risk of material deprivation increases greatly (see Figure 2) (Hirsch et al., 2016).

**Figure 2: Percentage of children below MIS, below 75% of MIS and below 50% of MIS**



While the removal of the two-child limit, resulting in 300,000 children no longer being in poverty (Child Poverty Action Group, 2024), would be welcome, on its own it would not be sufficient to fully address this problem, and, importantly, it would not guarantee that they are living in a household with the income needed to live with dignity.

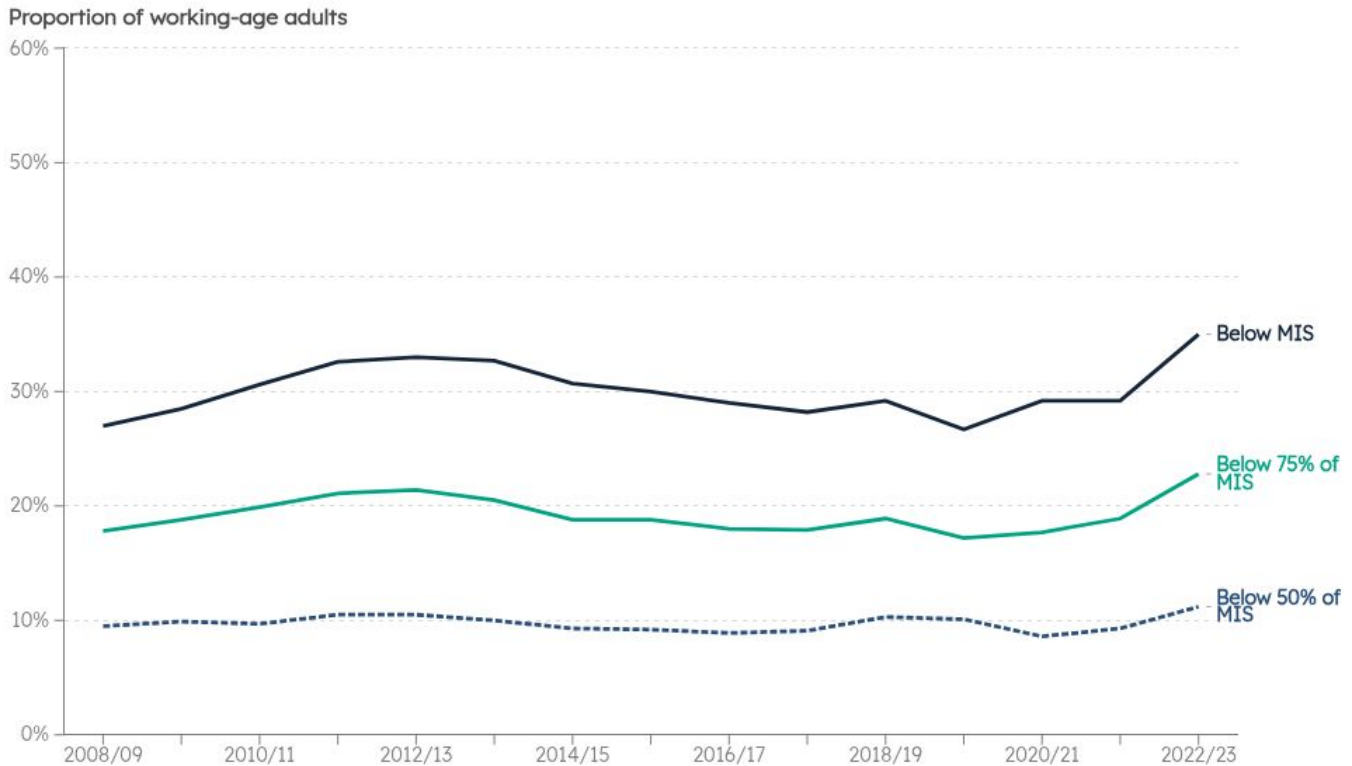
The consequences of poverty are all too apparent. For example, in recent years there has been a substantial increase in the use of food banks, with two-thirds of food parcels going to

households with children, with a particular increase for those with more than two children (Trussell, 2024).

## **Working-age adults**

Figure 3 shows the proportion of working-age adults below MIS, below 75% of MIS and below 50% of MIS. In 2022/23, more than 1 in 3 working-age adults were below MIS, while more than 1 in 5 were below 75% of MIS and more than 1 in 10 were below 50% of MIS. The years before the pandemic were relatively stable, but as for households with children, the removal of additional support intended to help households cope with a loss of income during the pandemic years contributed to a sharp increase in the proportion of individuals with inadequate incomes in 2022/23.

**Figure 3: Percentage of working-age adults below MIS, below 75% of MIS and below 50% of MIS**



In 2022/23, the cost-of-living crisis disproportionately affected those on lower incomes. Increases in income before housing costs have been outstripped by inflation for all income levels outside of the top 20%, with more pronounced reductions for those on incomes below the median (Department for Work and Pensions, 2024). Meanwhile, those in the top 10% saw increases in their incomes. To some extent, this reflects that lower-income households, even when in work, often also rely at least in part on income from state benefits (Department for

Work and Pensions, 2024). The annual uprating of state benefits each April uses Consumer Price Index (CPI) data from the previous September.

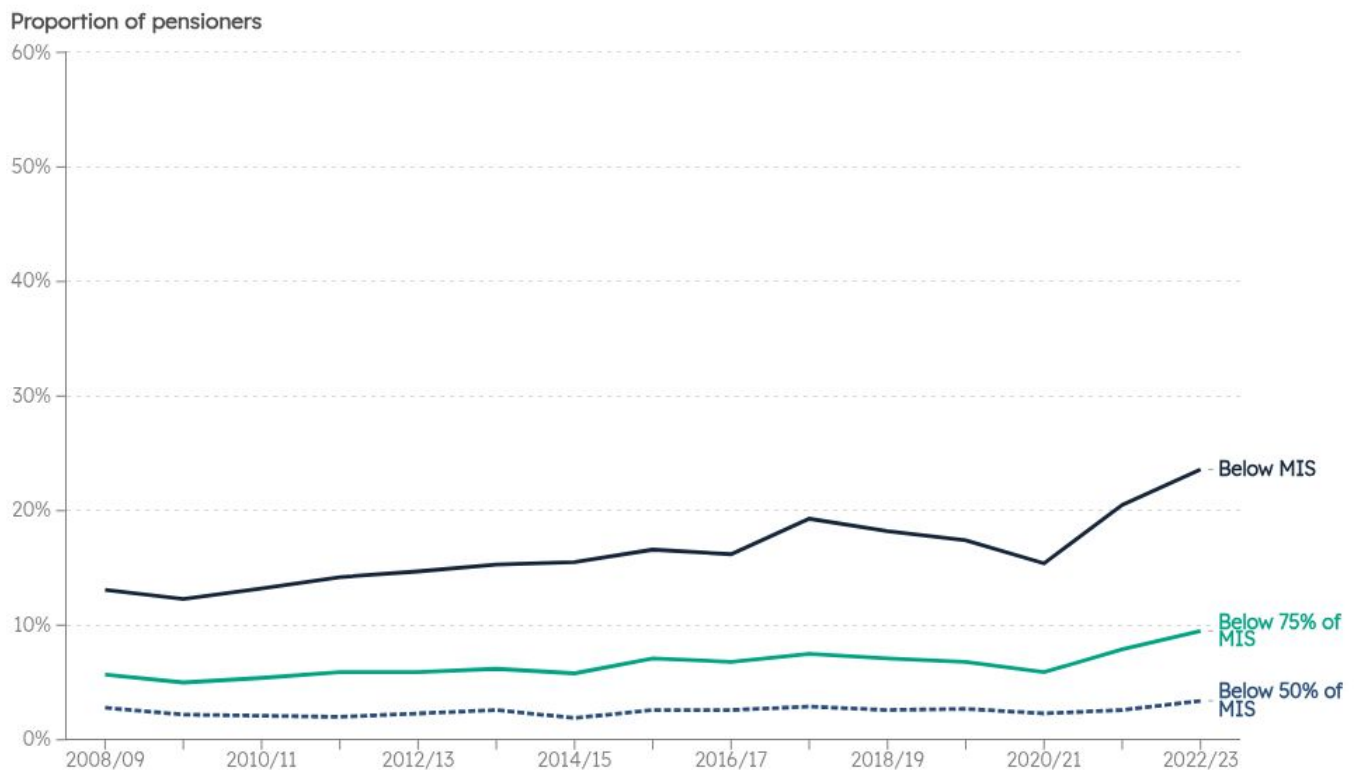
In the period from October 2022 to March 2023, fuel and food prices increased considerably, so benefit increases were insufficient to keep pace. In recent years, the ‘triple lock’ on the State Pension, which ensures annual increases are pegged to the highest of earnings growth, inflation or 2.5%, has meant that State Pension increases have outpaced increases to working-age state benefits. Lower-income households also spend more, proportionally, on budget areas such as food and domestic fuel, which have seen particularly high rates of inflation since late 2021 (Stone et al., 2023). Taken together, this real-terms reduction in incomes and a rapid rise in the cost of essential goods and services have made it more difficult for working-age households to make ends meet, and to reach a minimum standard of living.

## **Pensioners**

Throughout the period from 2008/09 to 2022/23, children were the group **most** likely to be living below MIS. Across the same period, pensioners were the group **least** likely to be living below this level. In 2022/23, although pension-age households continued to be the group with the lowest risk of falling below MIS, the proportion of pensioners lacking the income needed for a dignified living standard increased to almost 1 in 4 – 10.5 percentage points higher than in 2008/09 and 8.2 percentage points above that in 2020/21 (see Figure 4). The proportion of pensioners below 75% of MIS was relatively stable between 2008/09 and 2020/21, but rose

from 5.9% in 2020/21 to 9.5% in 2022/23. This means that nearly 1 in 10 pensioners were living below the level at which the risk of material deprivation increases substantially. The proportion of pensioners living below 50% of MIS remained low and relatively constant throughout the period from 2008/09 to 2022/23, in contrast to the same measure for other demographic groups.

**Figure 4: Percentage of pensioners below MIS, below 75% of MIS and below 50% of MIS**



In 2022/23, there were 2.8 million pensioners living below MIS, 1.1 million of whom were below 75% of MIS, up from 1.5 million and 0.6 million, respectively, in 2008/09. This is consistent with recent findings from the Institute for Fiscal Studies (IFS), which reported an increase in pensioners experiencing material deprivation in the years since the pandemic: the number who lacked the income needed to afford key essentials increased from 700,000 in 2019/20 to 1 million in 2022/23 (Cribb et al., 2024).

Before the pandemic, there was a prolonged period of stability, with little change in the proportion of pensioners below MIS. To some extent, this was attributable to the triple lock on the State Pension. Increases in the State Pension are applied each April, based on data from the previous September. During the pandemic, lockdowns led to a drop in average earnings and a subsequent ‘bounceback’, which resulted in a high increase in average earnings growth in September 2021 (Age UK, 2021). This prompted the Government to pause the triple lock for one year, preventing an 8% rise in the State Pension in April 2022.<sup>1</sup> This ‘pause’ will have affected poorer pensioners, who are dependent on the State Pension alone. Furthermore, they spend a greater proportion of their income on essentials, such as food and energy, both of which had higher rates of inflation, but they also benefited from increased state support during the cost-of-living crisis. These measures have now ended and the loss of the Winter Fuel Payment for all but the poorest pensioners in 2024/25 will also have an impact on pensioner income adequacy in future years.

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

### Key points

- Children in lone-parent households had an even higher risk of living in a household with insufficient income in 2022/23 than in previous years, with more than 4 out of every 5 living in a household below MIS in 2022/23.
- In 2022/23, the overwhelming majority of children in workless households (96.6%) were growing up in a household with inadequate income, and 41.9% of children in working households were living on an inadequate income.
- More than 3 times as many children below MIS were from working households (5.3 million) than from workless households (1.7 million).
- Among working-age adults without children, those who were single had more than double the risk of living on incomes below what is needed for a socially acceptable standard of living, compared with those who were in a couple (45.2% and 22.2%, respectively).
- Similarly, single pensioners were just over twice as likely to be living on an inadequate income as couple pensioners (34.5% and 17.0%, respectively) and this gap was wider in



2022/23 than in 2008/09, or indeed at any point in the time series.

- Single female pensioners were particularly at risk of lacking sufficient income to participate in society and had a 36.0% risk of living below MIS, compared with 31.5% for single male pensioners.
- Among working-age adults, young workers aged 16–24 experienced a strikingly high risk of inadequate income (51.5%), in comparison with other age groups, which reflects a widening gap between the minimum wage for workers in this age group and the minimum wage for those over the age of 23.
- The proportion of children below MIS was highest in the West Midlands (49.7%), followed by the North West and Merseyside (48.3%), which is reflective of the child poverty statistics in these regions.

In this chapter, the risk of a household falling below MIS is examined in more detail for the 3 main demographic groups considered in this report – children, working-age adults and pensioners – with analysis exploring the key characteristics within these groups, including looking at 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**

Figure 5 shows that, following a period of stability, there was a sharp rise in the proportion of children living below MIS to almost half (48.6%) in 2022/23. Children living in lone-parent

households continued to be the most likely to be growing up with inadequate income, with more than 4 out of 5 (81.6%) living in households with inadequate incomes, compared with fewer than 2 out of 5 (38.7%) living in couple-parent households. However, more children living below MIS were in couple-parent households – 4.3 million compared with 2.7 million in lone-parent households – which highlights the importance of improving the incomes of households with children, regardless of household composition.

**Figure 5: Proportion of children below MIS and below 75% of MIS by family type, 2008/09 to 2022/23**

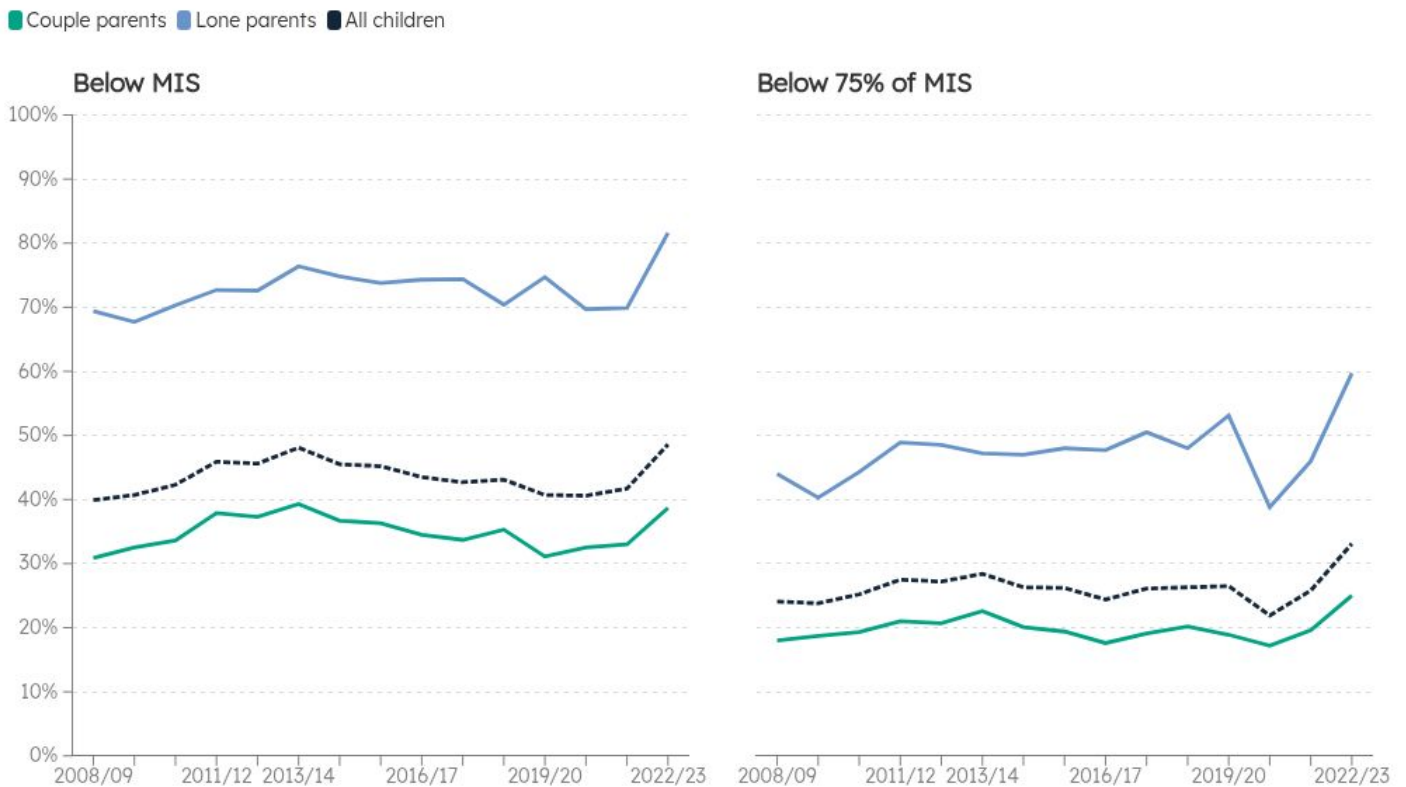


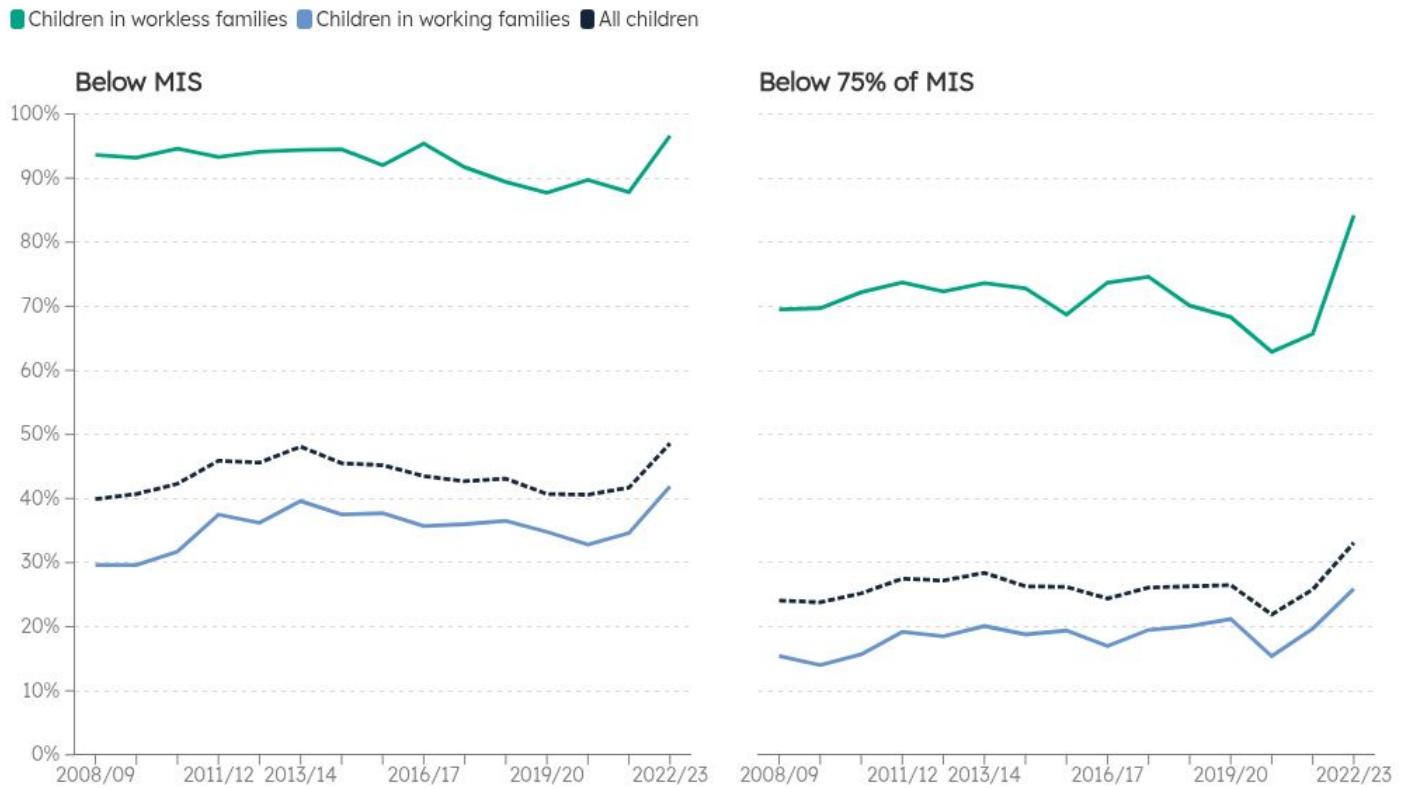
Figure 5 also shows the proportion of children living in households with an income below 75% of MIS, by household type. In 2022/23, 2.0 million children in lone-parent households and 2.8 million children in couple-parent households were living in a household with an income below 75% of MIS.

Before the pandemic, the proportion of children living below 75% of MIS was relatively stable. In 2020/21, there was a sharp decline in the proportion of children in lone-parent households living below 75% of MIS, pointing to the substantial impact that the £20 temporary uplift to Universal Credit had in increasing the adequacy of incomes.<sup>2</sup> There was a sharp increase in the risk of being below 75% of MIS in subsequent years, with 6 in 10 children in lone-parent households living in households with inadequate incomes in 2022/23, compared with 1 in 4 children from couple-parent households. This was likely due to a combination of dramatic increases in the cost of living and the falling adequacy of benefits relative to the cost of essentials.

Figure 6 looks at economic activity in households with children, focusing on the relationship between parental employment and the risk of children being below MIS or below 75% of MIS. It shows that, in 2022/23, 96.6% of children in households without work were living below the minimum socially acceptable standard of living and the vast majority (84.2%) were living below 75% of MIS. Even in those households where there was at least one adult in work, there were still 4 in 10 children (41.9%) living below MIS and just over a quarter (25.9%) living below 75% of MIS. However, there were 3 times as many children living below MIS in working

households (5.3 million) than there were in workless households (1.7 million), highlighting that work does not necessarily provide a clear way out of inadequate income.

**Figure 6: Proportion of children below MIS and below 75% of MIS by family working status, 2008/09 to 2022/23**



## Working-age adults

Figure 7 shows that, in 2022/23, working-age adults with children continued to be more likely to live in households with inadequate incomes than those without children. Four in 10 working-

age adults with children were living below a socially acceptable standard of living, which equates to 5.4 million people. Both of the charts in Figure 7 show a pronounced spike across all categories for 2022/23. It is concerning that just over 1 in 4 working-age adults with children were living below 75% of MIS, the level at which there is a substantial increase in the risk of material deprivation, after a pronounced dip in 2020/21 when additional support was provided during the pandemic.

**Figure 7: Proportion of working-age adults below MIS and below 75% of MIS by household type, 2008/09 to 2022/23**

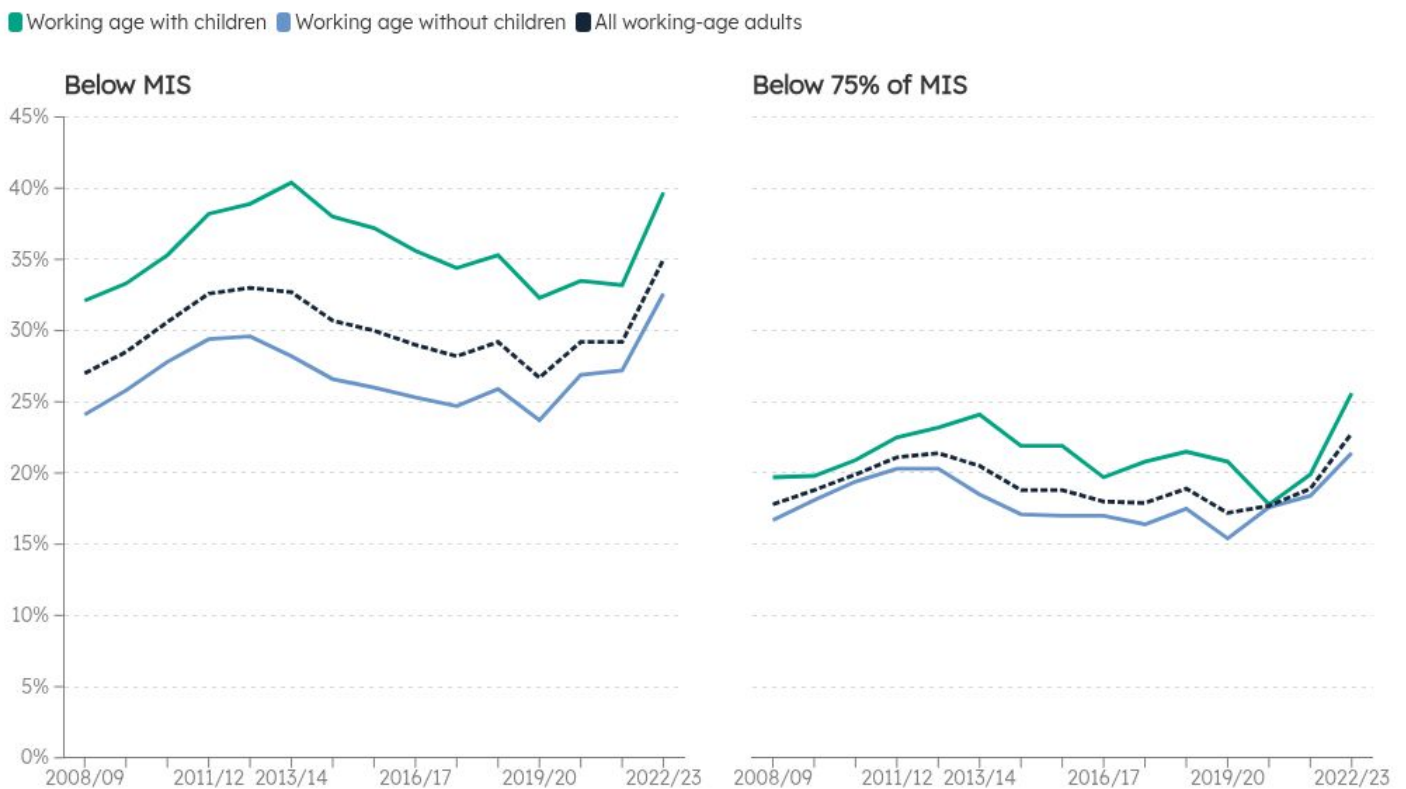
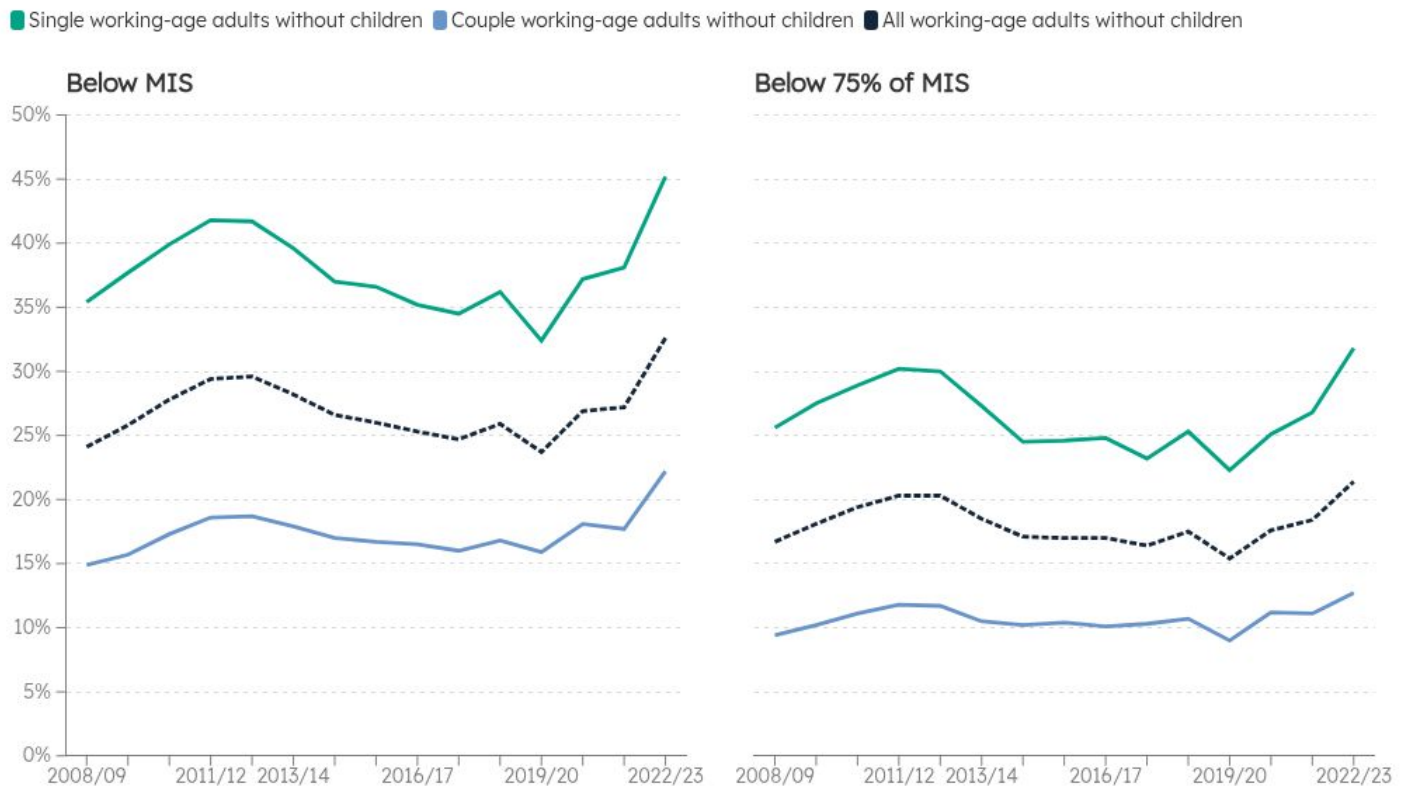


Figure 8 focuses on working-age adults without children, showing the risk of being in a household with inadequate income by partnership status. Throughout the entire period from 2008/09 to 2022/23, there was a persistent gap, with single working-age adults without children faring much worse than those in couples. However, for both household types, 2022/23 marked a peak in the risk of living below MIS, with 45.2% of single working-age adults and 22.2% of couple working-age adults having an inadequate income. While the period when additional cost-of-living support was being offered to low-income households contributed to a decrease in the likelihood of having an inadequate income, these ‘gains’ had disappeared by 2022/23: single working-age adults without children saw a substantial rise in their risk of being below MIS, from a low of 32.4% in 2019/20 to 45.2% in 2022/23.

**Figure 8: Proportion of working-age adults without children below MIS and below 75% of MIS by household type, 2008/09 to 2022/23**



## Pensioners

Increases in the risk of living on an inadequate income over recent years extend beyond working-age adults to pensioners, especially for those who are single. Figure 9 looks at the risk of being below MIS for pensioners by partnership status. Before 2022/23, the risk of single pensioners being below MIS had peaked in 2017/18 at 29.9%, before falling to 22.4% in 2020/21. In 2022/23, more than 1 in 3 single pensioners (34.5%) – 1.5 million – were living

without the income needed for a minimum socially acceptable standard of living. Couple pensioners saw a less pronounced increase in 2022/23, with 17.0% (1.3 million) living below MIS.

**Figure 9: Proportion of pensioners below MIS and below 75% of MIS by partnership status, 2008/09 to 2022/23**

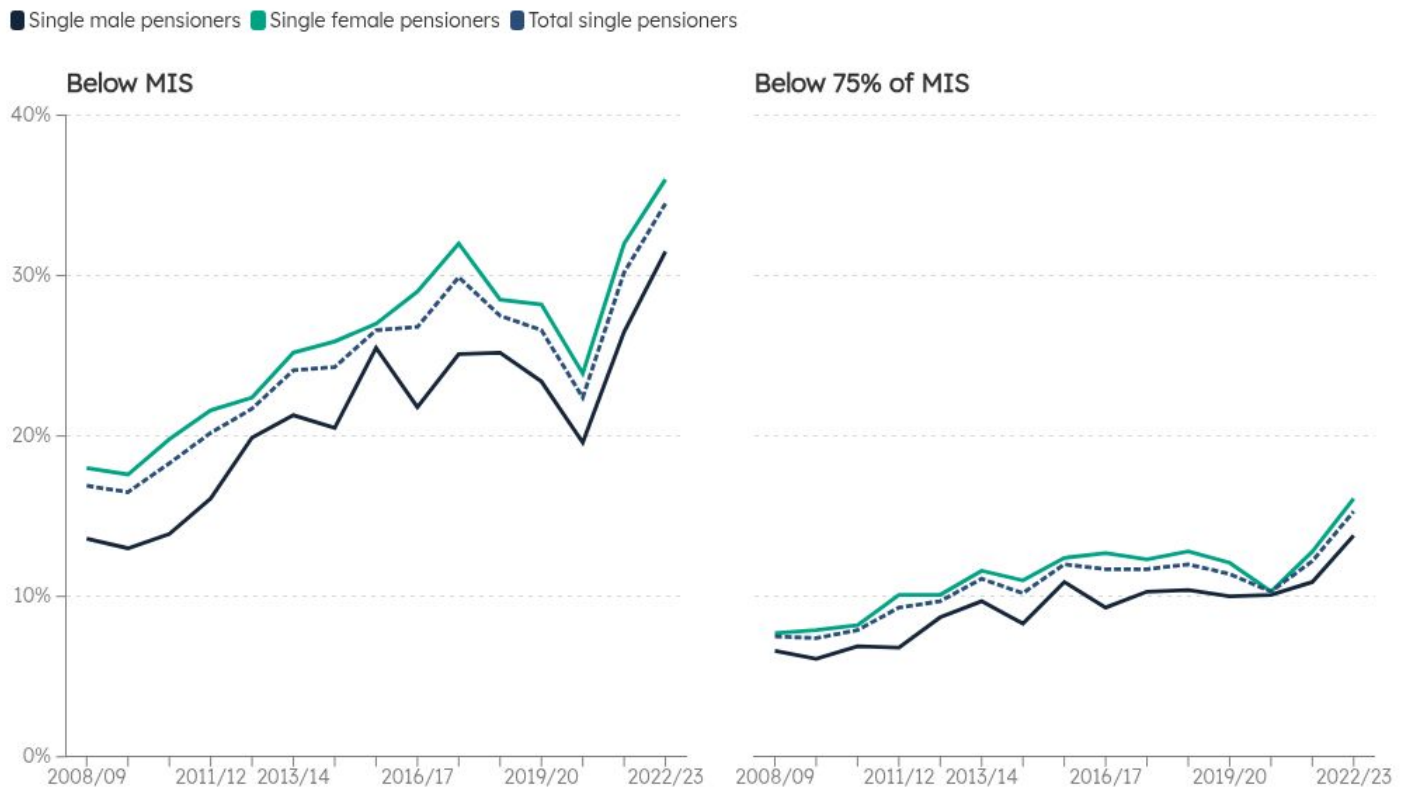


Figure 10 looks more closely at single pensioners, this time breaking down the risk of being below MIS by sex. Across the period examined here, single female pensioners were the group



who faced the highest risk of living below MIS: 36% compared with 31.5% for single male pensioners in 2022/23. However, analysing the numbers of people affected further highlights the contrast in the likelihood of living on a low income between the sexes, as well as differences in longevity – of those single pensioners living below MIS in 2022/23, 1.1 million (70%) were female and 0.5 million (30%) were male.

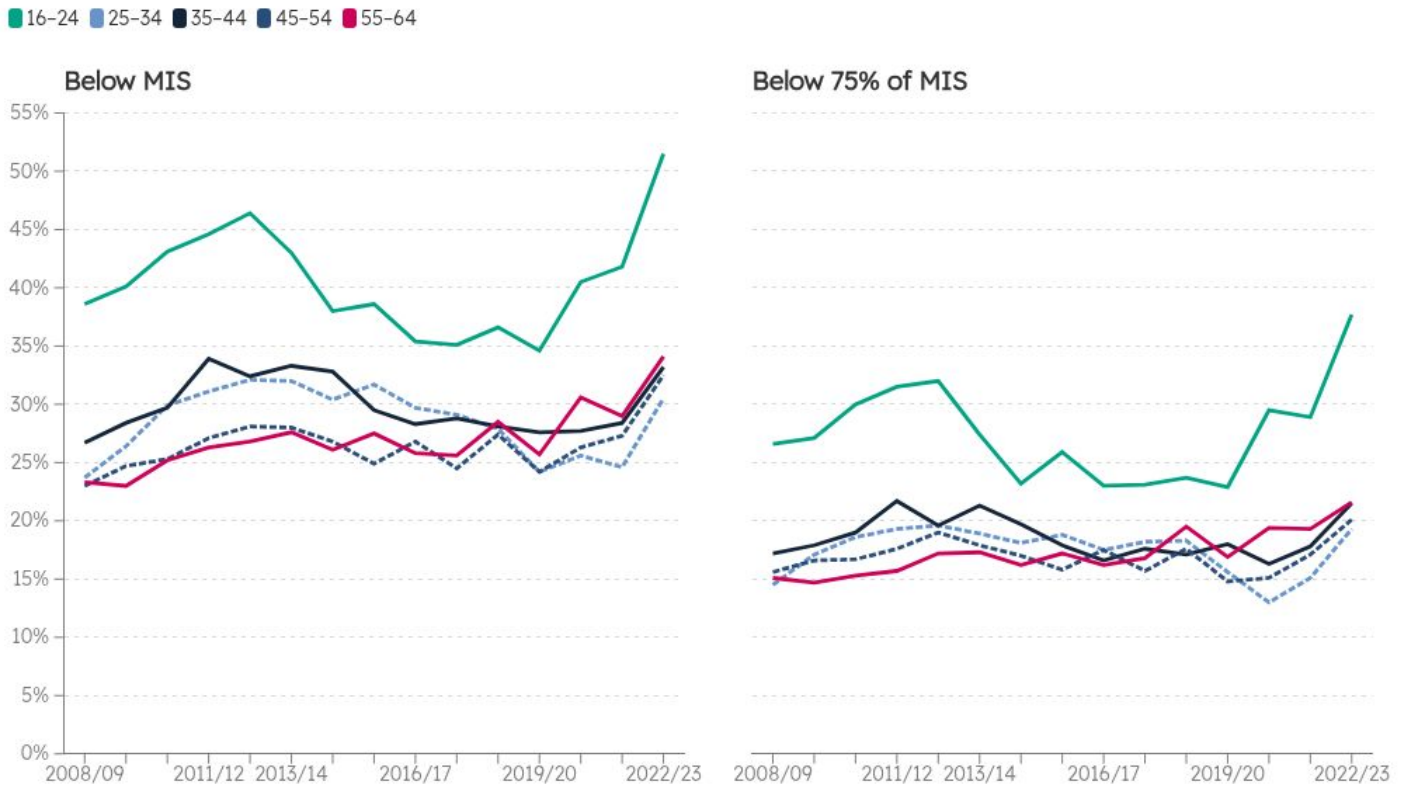
**Figure 10: Proportion of single pensioners below MIS and below 75% of MIS by sex, 2008/09 to 2022/23**



## Age group

Figure 11 shows the risk of being below MIS or below 75% of MIS for working-age adults, by age group. For the first time since this series began, in 2022/23 the majority of 16–24 year olds (51.5%) were living on an income below the MIS benchmark. Other age groups were closely clustered together, with a range of 30.5% to 34.1% living below MIS. Younger workers have been disadvantaged in having a lower minimum wage **and** lower out-of-work benefits. For example, in April 2022, there were substantial differences between the minimum hourly wage rates for the youngest workers: the minimum wage for young workers ranged from £4.81 (for those aged 16 and 17) and £6.83 (for those aged 18–20) to £9.18 (for those aged 21 and 22), compared with £9.50 for workers aged 23 and over (UK Government, 2024).

**Figure 11: Proportion of working-age adults below MIS and below 75% of MIS by age group, 2008/09 to 2022/23**



The annual increase in minimum wage rates in April 2022 further disadvantaged the youngest workers – those who were aged 16–20 had a 4.1% rise, compared with a 9.8% rise for 21–22 year olds and a 6.6% increase for those aged 23 and over (UK Government, 2024). In April 2024, eligibility for the National Living Wage was changed to include everyone aged 21 and over. Further increases are anticipated in 2025 to improve the situation for the youngest workers, with larger percentage rises for those under 21 – taking the 16- and 17-year-old rate

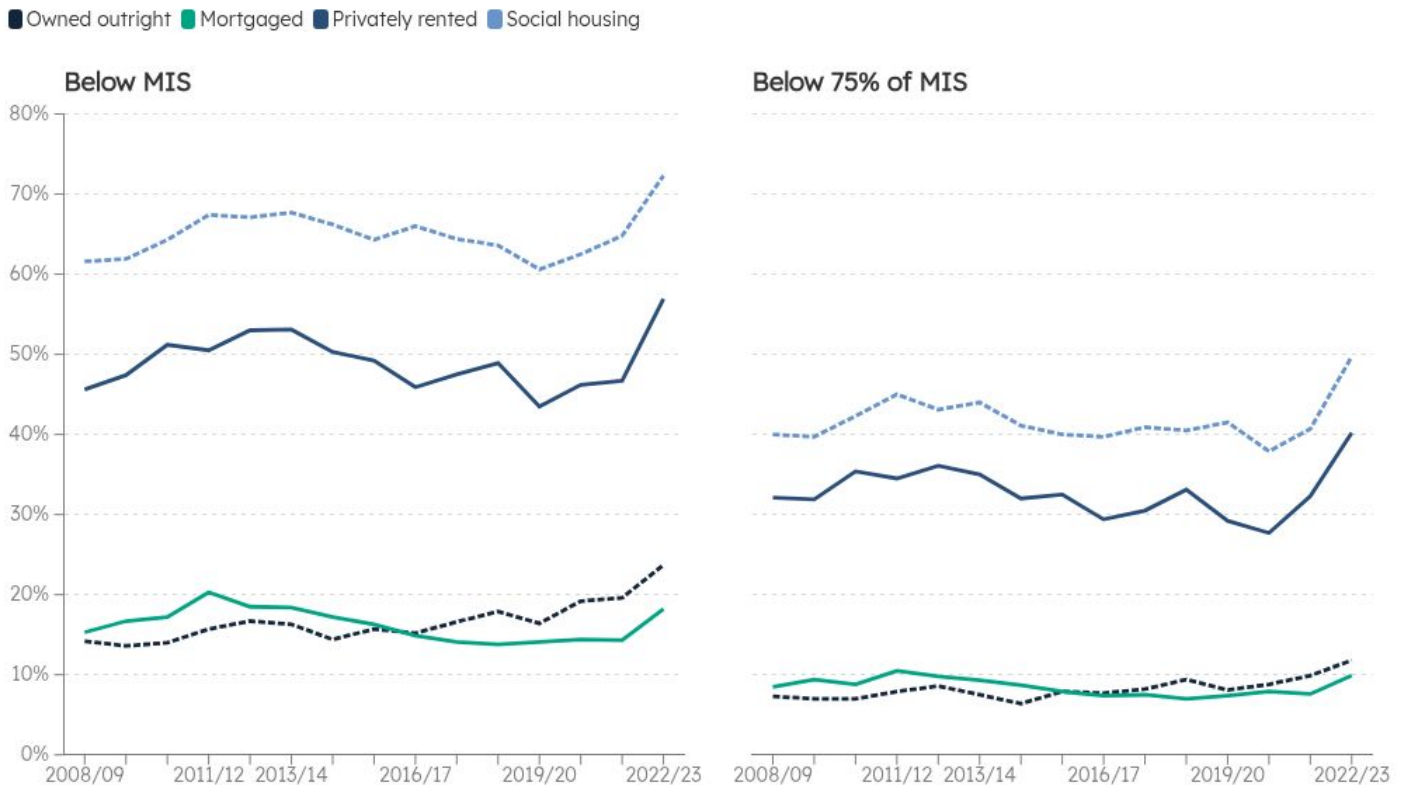
to £7.55 an hour and that for 18–20 year olds to £10 an hour. Future analysis in this series will reveal whether or not these changes in rates and eligibility have started to improve the adequacy of incomes for younger workers.

## **Housing tenure**

In Figure 12, we examine the relationship between the risk of being in a household below MIS and housing tenure. Across all housing tenure types, the proportion of people living on an inadequate income increased sharply in 2022/23. Those in private rented accommodation saw the most substantial rise in their risk of being below MIS in 2022/23, with an increase of 10.2 percentage points, to 56.9%. This likely reflects the large increases in private rents, which increased by 4.8% in the year to April 2023 (Office for National Statistics, 2023c). Those in social rented housing have consistently been the group most likely to lack the income needed to participate in society; they also saw an increase in their risk of living on an inadequate income in 2022/23, to 72.3%. Social housing has not seen such large increases in rents as in the private rented sector, with the median weekly rent increasing from £89 in 2021/22 to £93 in 2022/23 (Department for Levelling Up, Housing and Communities, 2024). However, this increase is against the background of average real-terms falls in incomes, with incomes after housing costs dropping by £7 (1.3%) a week since 2020 (Department for Work and Pensions, 2024). As for other groups at high risk of being below MIS, social housing tenants are more likely to be on low incomes and derive a greater proportion of their income from benefits, and

working-age benefits have failed to keep up with inflation. Furthermore, for those on low incomes, even a modest increase in rent can stretch their already limited funds.

**Figure 12: Proportion of individuals below MIS and below 75% of MIS by housing tenure, 2008/09 to 2022/23**



Although owner-occupiers have fared relatively better, the proportion of those who owned their home outright and were living on an inadequate income increased to almost 1 in 4 in 2022/23. Meanwhile, those who owned with a mortgage were the group least likely to have an

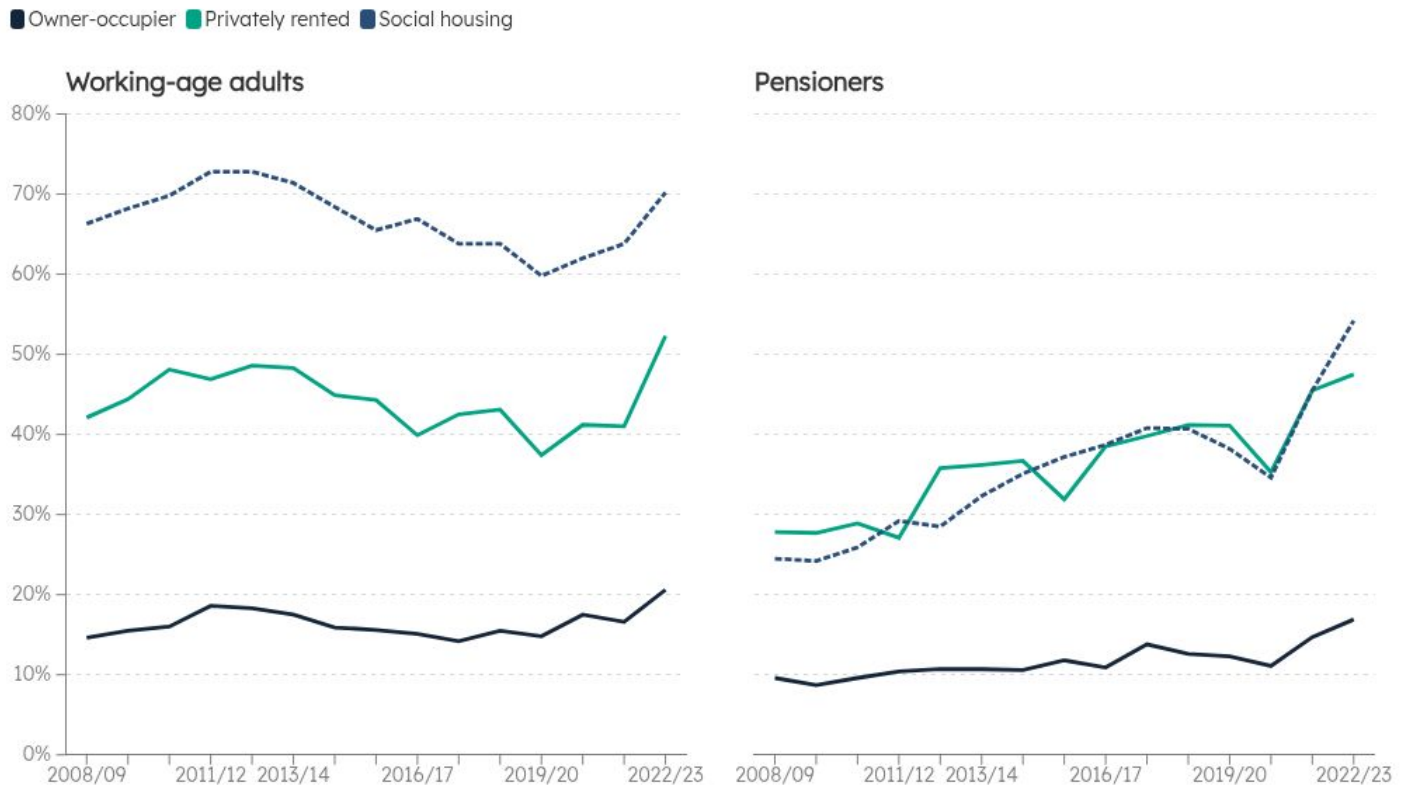
income below MIS, although their risk of living on an inadequate income increased by 3.9 percentage points in 2022/23.

Throughout the financial year ending in 2023, mortgage interest payments increased, pushing up housing costs for owner-occupiers who are still paying for their home. However, those who own their home outright are more likely than those with a mortgage to be living below MIS. This in part reflects that those who own their home outright are more likely to be pensioners and therefore more likely to be living on constrained income than working-age households. However, it is also likely that rapid rises in house prices in recent years mean that those able to afford a mortgage are increasingly those on higher incomes. In 2022, a first-time-buyer household was estimated to need an income of £57,000 a year on average, with an average home costing £276,000 – for an employee working full time on the National Living Wage, this would be 14 times their annual earnings (Office for National Statistics, 2023b).

The changing relationship between tenure and reaching pension age is demonstrated in Figure 13. It shows the proportion of adults below MIS for each housing tenure, for working-age adults and pensioners. In comparison with 2021/22, the 2022/23 data shows that the proportion of people living on inadequate incomes has increased across all housing tenure types for both working-age individuals and pensioners. Most working-age people in rented accommodation are now living on incomes that are insufficient to participate in society, with the greatest increase in risk for those in private rented housing – from 41.0% in 2021/22 to 52.3% in 2022/23. Those of pension age who live in rented accommodation have also

experienced a substantial increase in their risk of being below MIS since 2008/09, especially those in social housing.

**Figure 13: Proportion of working-age adults and pensioners below MIS by housing tenure, 2008/09 to 2022/23**



Across the time series, for working-age people, the percentage below MIS has been notably higher for those in social housing than for those in private rented housing. This reflects that while rents in social housing are ostensibly more affordable than private renting (Shelter,

2024), the lack of availability of social housing means that for those of working age it tends to be available mostly to households with some degree of additional need, who are likely to be on a low income. For example, in 2021, lone-parent households with dependent children represented 17% of households living in social housing, compared with just 11% of households in the private rental sector (derived from Office for National Statistics, 2023e).

Among pensioners, all renters had a similar risk of being below MIS in past years. This was most likely driven by differences in state support for housing costs for those above and below State Pension age. Among those living in social housing, working-age people are subject to both the benefit cap (if they have little or no work) and the social sector size criteria (often referred to as the Bedroom Tax), while pensioners can usually have their full rent paid by Housing Benefit. This may help to push down the risk of being below MIS for pensioners in social housing.

However, for those in private rented housing, all households will be restricted in the maximum amount of rent that can be covered by social security due to the Local Housing Allowance. Therefore, pensioners will not be guaranteed to have their full rent paid by Housing Benefit if they are private renting, and their likelihood of being below MIS is not mitigated in the same way as for those in social housing. Nevertheless, it is pensioners in the social rented sector who have seen the steepest rise in their risk of being below MIS, increasing from 45.5% in 2021/22 to 54.2% in 2022/23, suggesting that even among pensioners, social housing is becoming

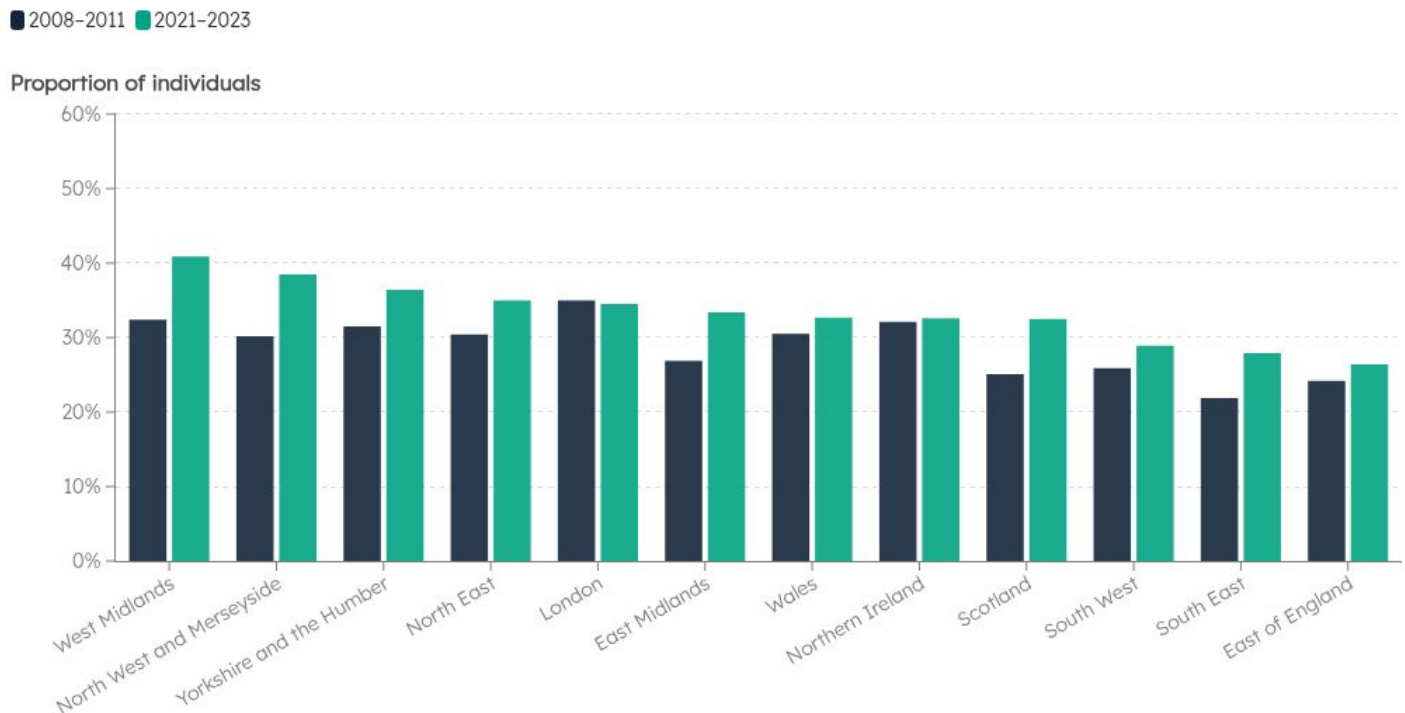


increasingly occupied by those on the lowest incomes.

## **UK country and region**

Figure 14 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. As in last year's report, the West Midlands remains the area with highest risk of individuals living with an inadequate income. For all countries and regions of the UK, the proportion of individuals living below MIS has increased since the previous report and in every region more than a quarter of all individuals are living on an inadequate income.

**Figure 14: Proportion of individuals below MIS by UK country and region, 2008–11 and 2021–23 (three-year averages)**

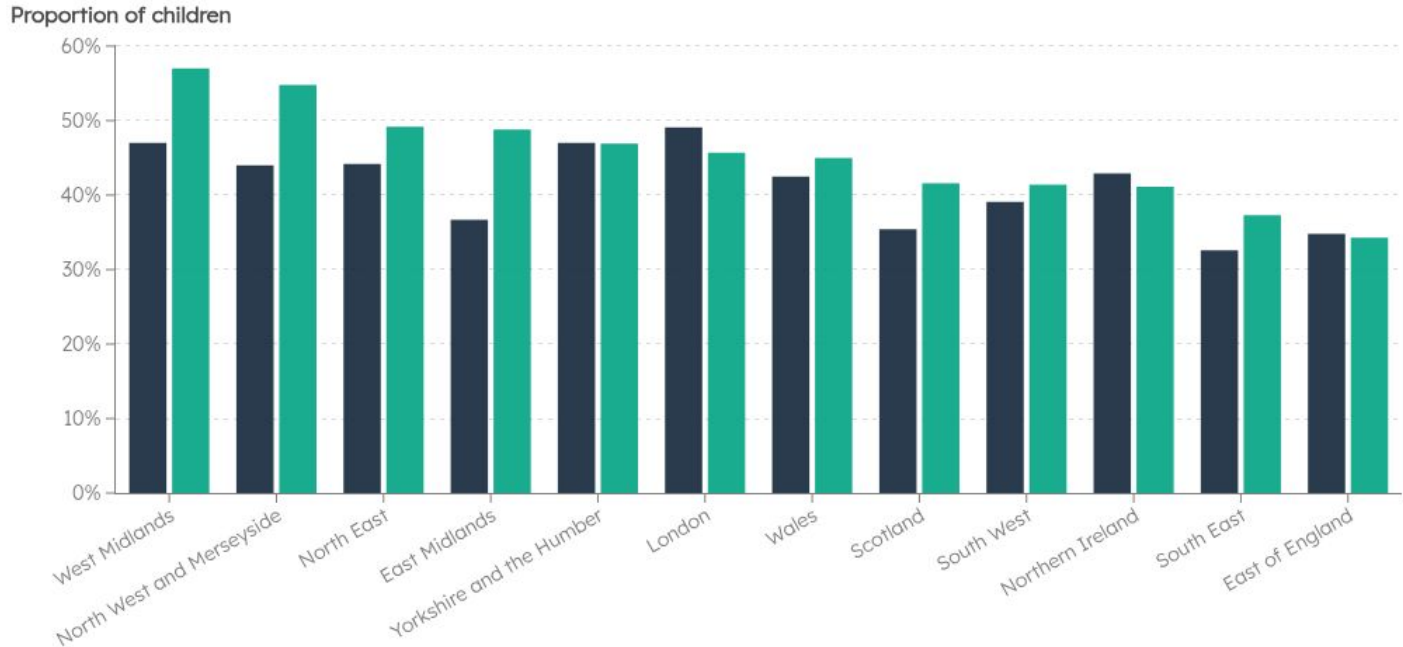


Note: The data is an average of 2008/09, 2009/10 and 2010/11 and an average of 2021/22 and 2022/23. Data for the financial year 2020/21 is omitted due to inadequate sample sizes and data-quality concerns.

Figure 15 shows a similar pattern for children, with the West Midlands having the highest proportion of children living in households with incomes below MIS, followed by the North West and Merseyside. This is consistent with the latest child poverty data, which shows that, in 2022/23, the West Midlands and the North West had the highest rates of child poverty (39% and 37%, respectively) (Department for Work and Pensions, 2024).

**Figure 15: Proportion of children below MIS by UK country and region, 2008–11 and 2021–23 (three-year averages)**

■ 2008–2011 ■ 2021–2023



Note: The data is an average of 2008/09, 2009/10 and 2010/11 and an average of 2021/22 and 2022/23. Data for the financial year 2020/21 is omitted due to inadequate sample sizes and data-quality concerns.

## 4. How household employment status affects likelihood of having an income below MIS

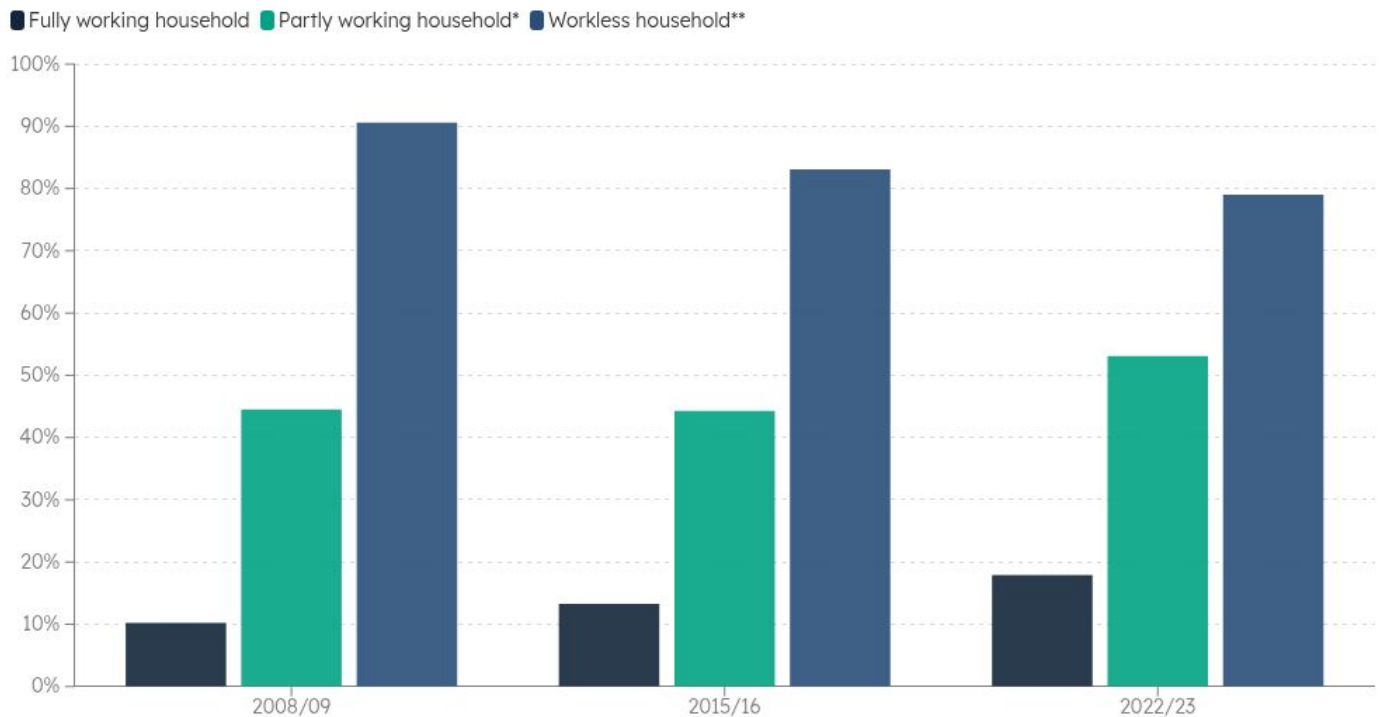
### Key points

- Since 2008, households where nobody is in paid employment have been consistently more likely to be living with an inadequate income than those where at least one adult is in work.
- The risk of being in a household below MIS has increased markedly for households in work since 2008, for those with and without children.
- The decline in income adequacy for those in work is particularly marked for lone-parent households, with 54.2% below MIS in 2022/23 even where the parent is in full-time employment.
- Working households make up an increasing proportion of households below MIS; in 2022/23, half of households below MIS were those where all adults were in work.

In this chapter, we look in more detail at how the risk of being below MIS varies according to the employment status of a household. Figures 16 and 17 show the percentage of households below MIS among working-aged singles and couples without children. Unsurprisingly, since 2008, the risk of being below MIS has consistently been highest for those who are not working

(either unemployed or economically inactive). The proportion of workless households below MIS fell from 90.6% in 2008/09 to 79.0% in 2022/23 for single adults, but this in part reflects the changing composition of this group, with a rising proportion classified as inactive rather than unemployed – we know that those who are unemployed are more likely to be below MIS than those who are not working for other reasons (Padley and Stone, 2021).

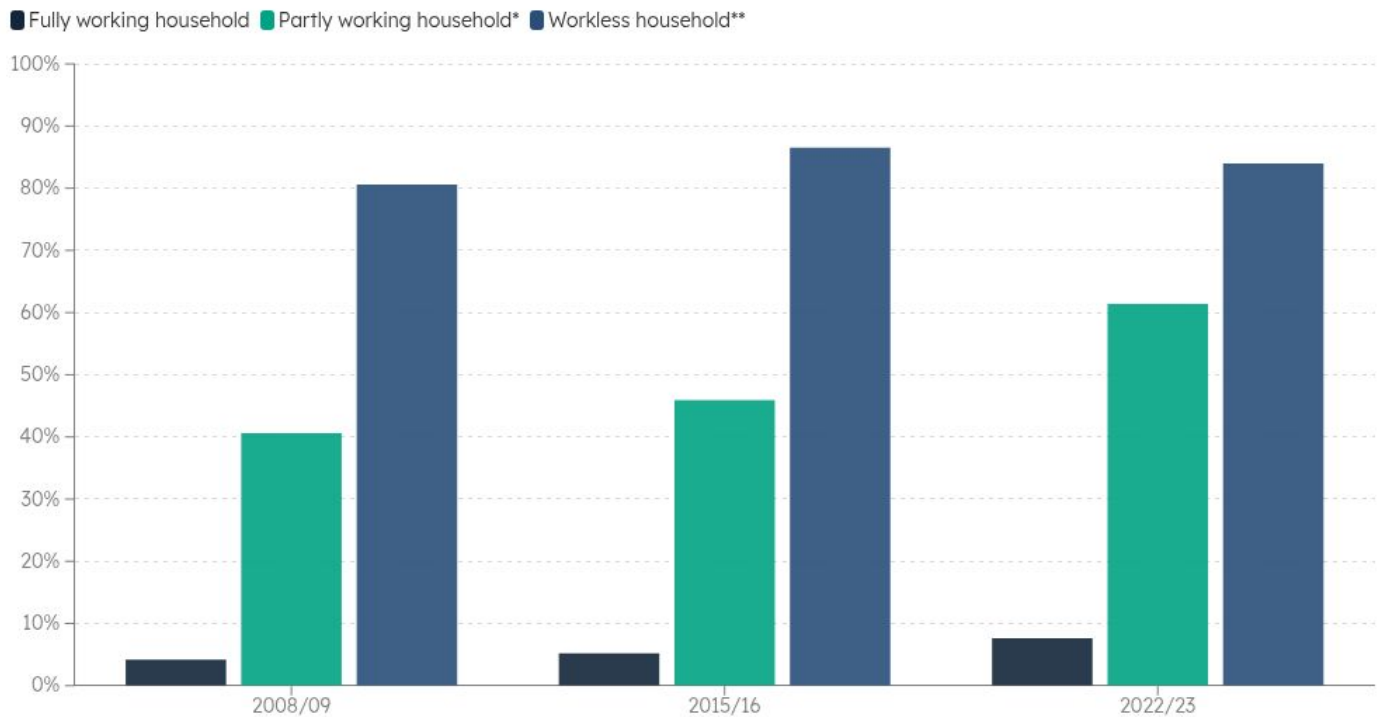
**Figure 16: Percentage of households below MIS, by employment status – single, working age without children**



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

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

**Figure 17: Percentage of households below MIS by employment status – couple, working age without children**



\*Partly working means working part time for single working-age adults and lone parents, and one adult working and one not working for couples.  
 \*\*Workless households are those where all adults are unemployed or economically inactive.

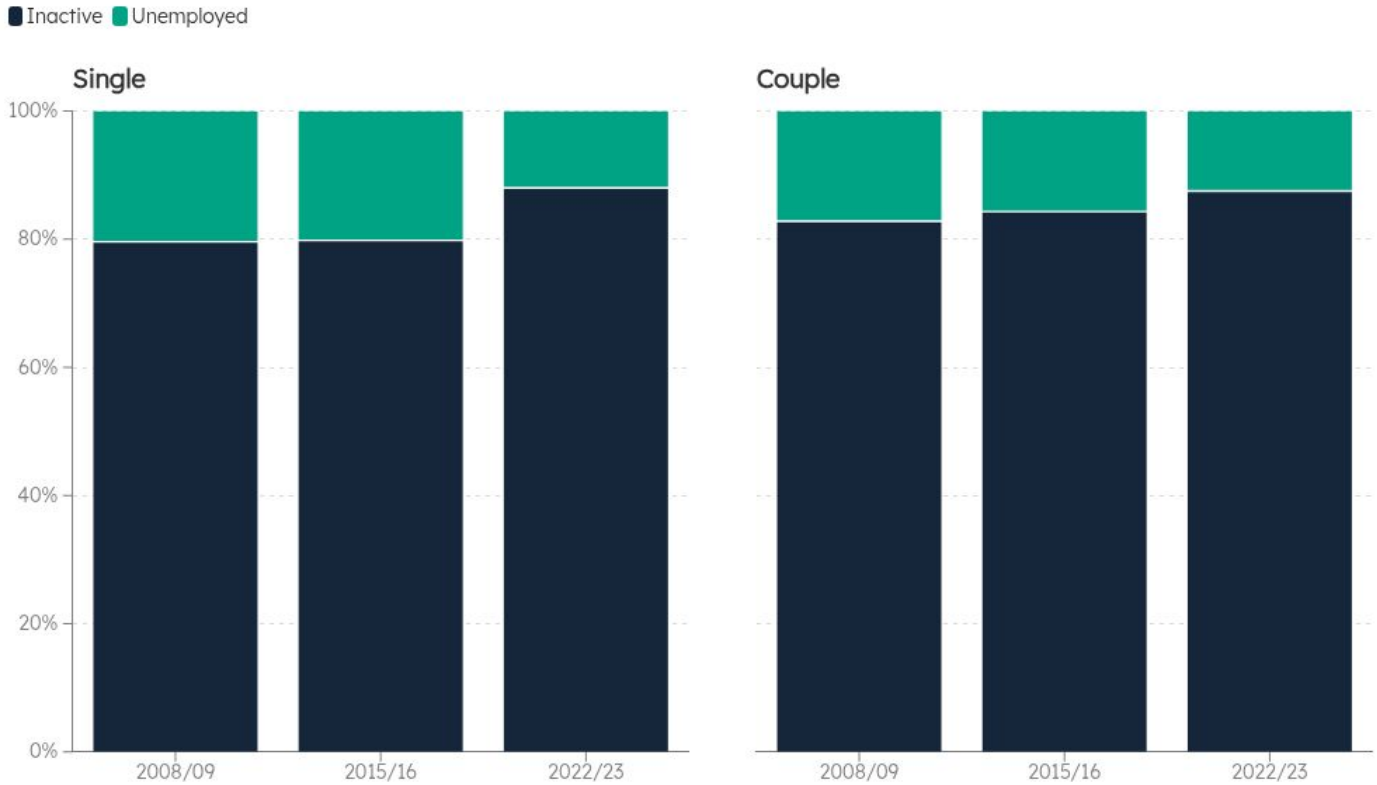
The shift towards inactivity is in part explained by the impact of the pandemic and lockdowns, during which people who would normally be available and searching for work were unable to do so (Low Pay Commission, 2023); but the trend continued after the pandemic, and in July 2023, the number of people aged 16–64 inclusive who were classified as inactive remained over 600,000 higher than in February 2020 (Office for National Statistics, 2024b). The increase was driven primarily by a rise in the number of people who were inactive due to long-term

sickness, including mental health conditions; between 2019 and 2023, the number of people inactive because of long-term sickness who reported depression, ‘bad nerves’ or anxiety rose by 386,000 (Office for National Statistics, 2023d).

The shift towards inactivity also appears to be more pronounced in certain subgroups. Figure 18 shows that, in 2008/09, 79.6% of non-working singles were classified as economically inactive, rising to 88.0% in 2022/23. The change was less pronounced for couples where neither was in work, with the proportion classified as inactive at 82.8% in 2008/09, and 87.5% in 2022/23. Reflecting this, the proportion of working-age couples without children in workless households who were below MIS increased less than for singles, at 80.6% in 2008/09 and 84.0% in 2022/23.

Nevertheless, the proportion below MIS is still extremely high for both singles and couples not in work. In 2023, out-of-work benefits left working-age adults without children with a disposable income just less than a quarter of MIS (Padley and Stone, 2023). Therefore, the inadequacy of out-of-work benefits, both for those who are unemployed and for those who are unable to work due to disability, for example, remains a pressing issue.

**Figure 18: Composition of individual economic activity status among working-age single and couple households without children who are below MIS**



The gap between working and non-working households has narrowed considerably, not just because of a fall in the proportion of workless households below MIS, but also because incomes have become increasingly inadequate for working households. For single working-age adults without children who are in full-time work, the proportion below MIS increased from 10.2% in 2008/09 to 17.9% in 2022/23. Although the proportion below MIS among couples without children, both working full time, was lower overall, it still increased from 4.2% in

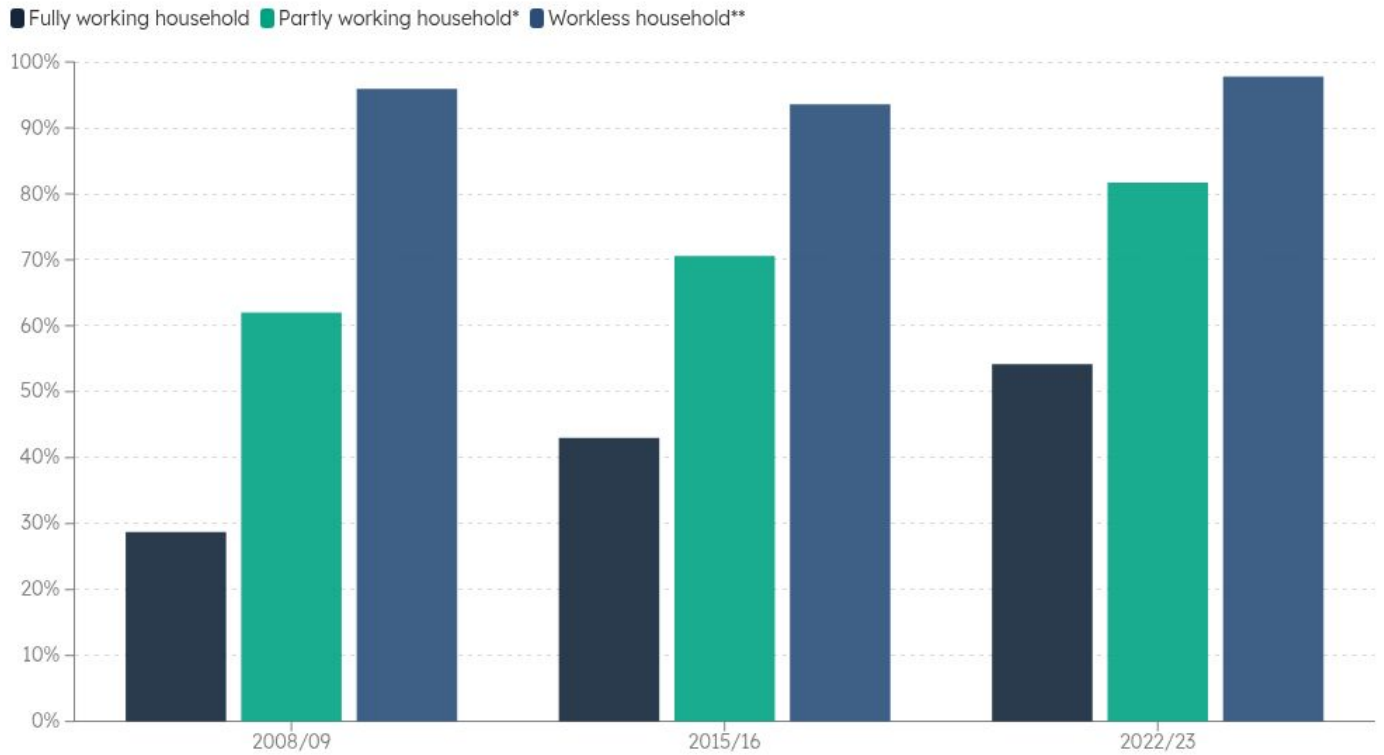


2008/09 to 7.6% in 2022/23. For those working less than full time or who were self-employed, the situation was far worse. For single adults in this group, the proportion below MIS grew from 44.5% in 2008/09 to 53.1% in 2022/23, with an even more pronounced rise for couples, from 40.6% to 61.4%. This reflects the fact that insecure work has been one of the key drivers of rising in-work poverty in the UK in recent years (All Party Parliamentary Group on Poverty, 2022).

Rising housing costs have also played a major role in constraining disposable incomes more and more over time, with a disproportionate impact on lower-income households (Cribb et al., 2023). This is a particular challenge for working households, who are more heavily reliant on the private rented sector than those who are not working (Department for Levelling Up, Housing and Communities, 2023); as shown earlier in this report, housing tenure is strongly related to the risk of being below MIS, with those in the private rented sector seeing the most pronounced rise in the proportion of households below MIS since 2008/09.

Figures 19 and 20 demonstrate, for lone-parent and couple-parent households, respectively, the risk of being below MIS by economic activity status. The vast majority of workless households were below MIS in all three time periods shown, reaching 97.8% for lone-parent households (Figure 19) and 98.4% for couple-parent households (Figure 20) in 2022/23.

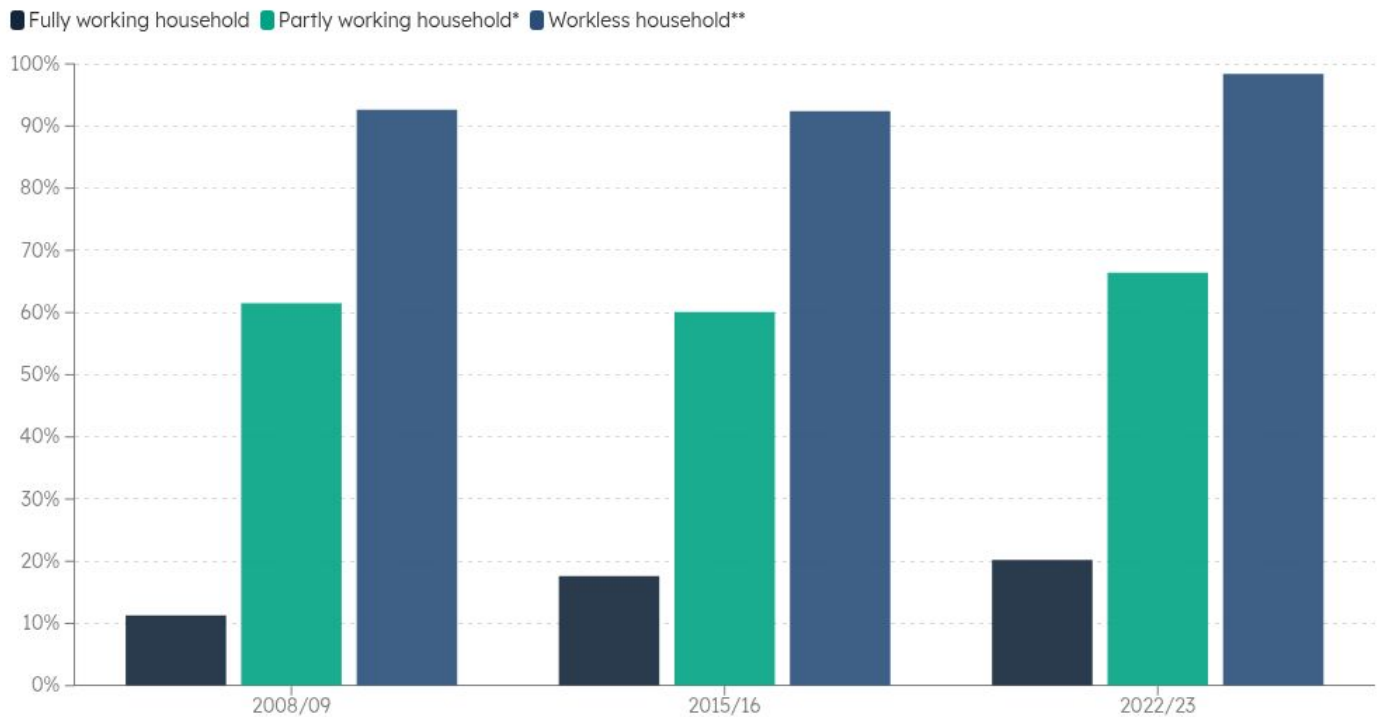
**Figure 19: Percentage of households below MIS by employment status – lone parents**



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

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

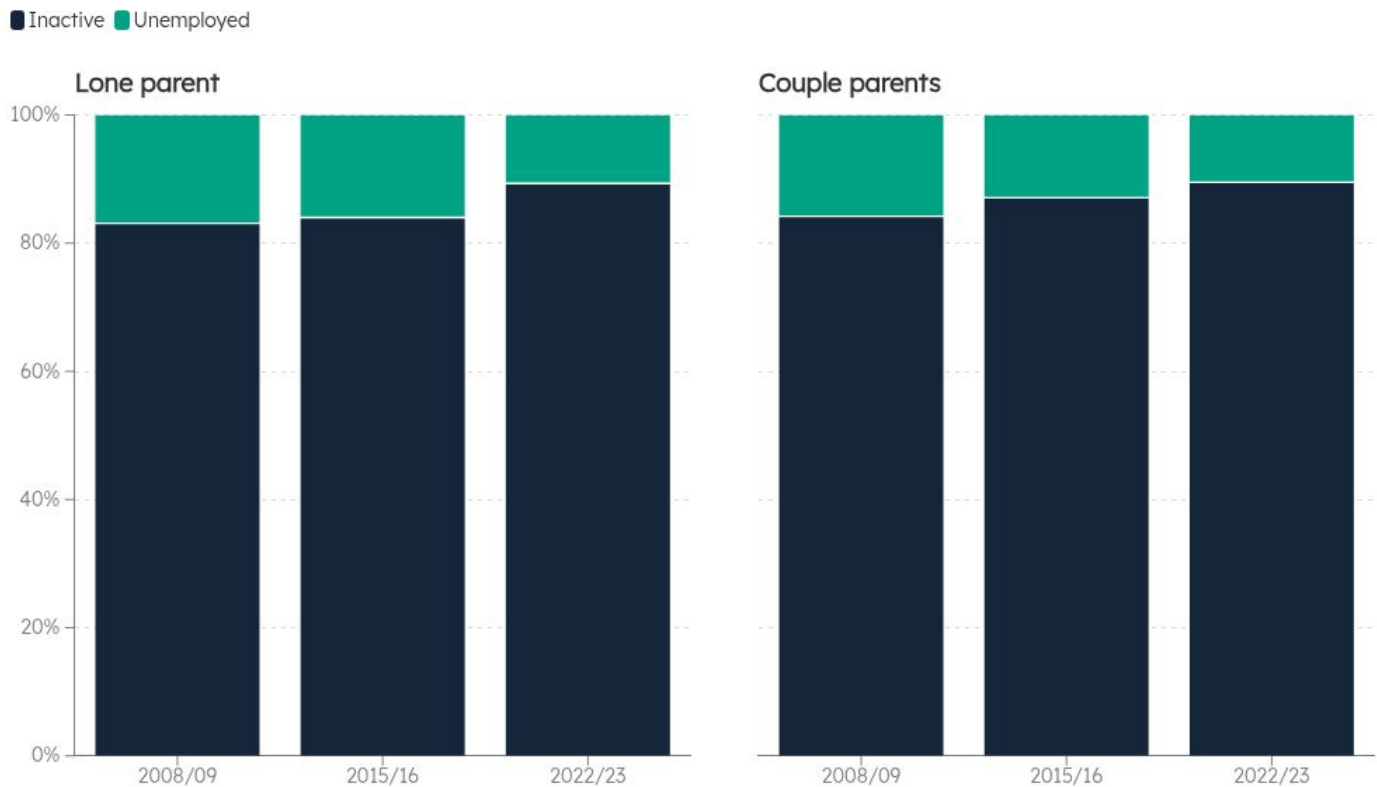
**Figure 20: Percentage of households below MIS by employment status – couple parents**



\*Partly working means working part time for single working-age adults and lone parents, and one adult working and one not working for couples.  
 \*\*Workless households are those where all adults are unemployed or economically inactive.

Figure 21 shows that, similarly to households without children, the proportion of parents who are not working, who are classified as economically inactive rather than unemployed, has risen over time, but to a lesser extent than for single working-age adults without children, and we do not see the same decline in the proportion of workless households with children who are below MIS.

**Figure 21: Composition of individual economic activity status among lone parents and couple parents who are below MIS**



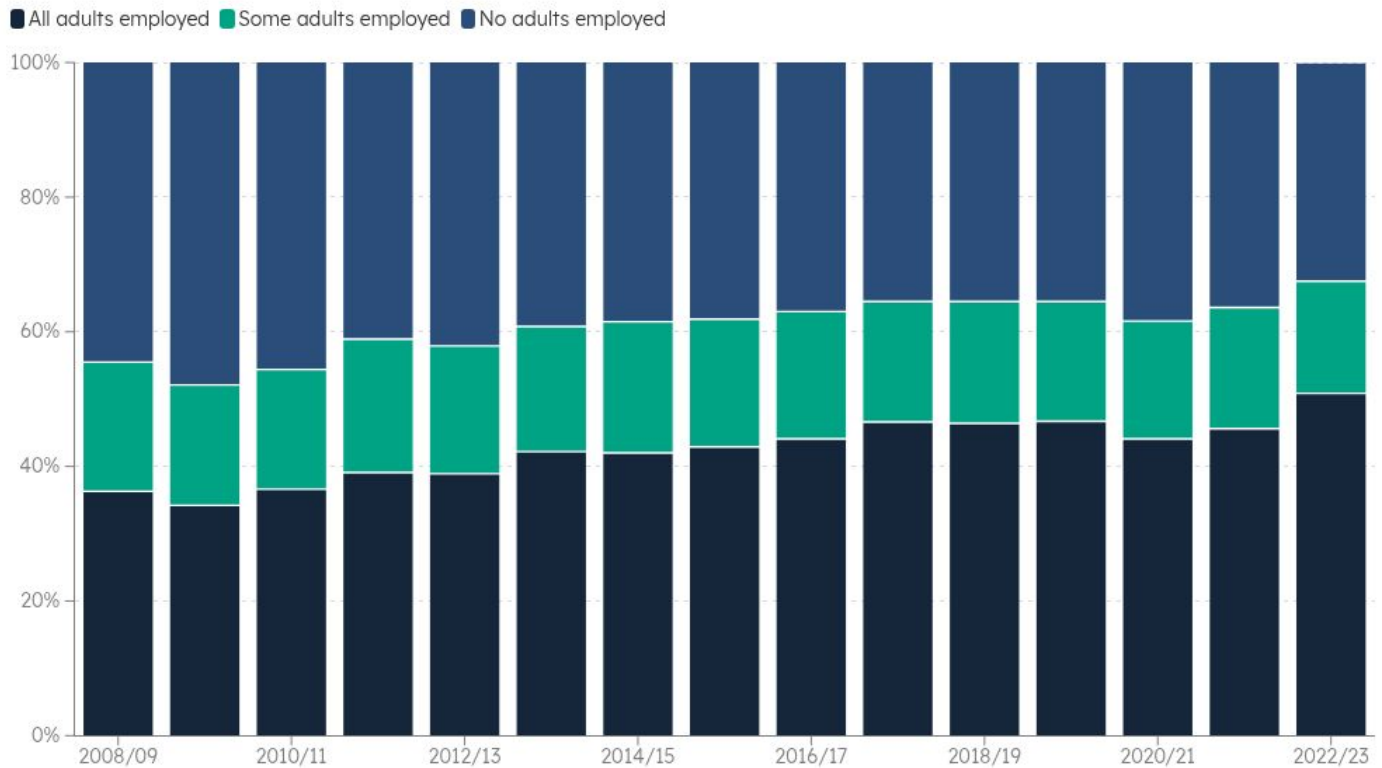
For lone parents in particular, Figure 19 highlights that paid employment is often insufficient to enable them to reach a socially acceptable standard of living, and this has worsened over time. In 2023, the typical disposable income<sup>3</sup> available to a lone parent with two children, working full time on the National Living Wage, only covered around two-thirds of what they would need to reach the MIS benchmark for an adequate living standard, falling from 82% in 2016, when the National Living Wage was introduced (Padley and Stone, 2023, Appendix,

Table 2). Reflecting this, Figure 19 shows that for lone parents working full time, the proportion of households below MIS increased from 28.7% in 2008/09 to 43.0% in 2015/16 and 54.2% in 2022/23. For those working part time or who were self-employed, there was a similarly striking rise in the proportion below MIS, from 62.0% in 2008/09 to 81.7% in 2022/23.

For couple-parent households where both parents were in full-time work, the proportion of households below MIS was much lower overall but has still risen markedly over time, from 11.3% in 2008/09 to 20.2% in 2022/23. For couple households where at least one parent was working, but where there were not two full-time workers, the proportion below MIS was much higher, with two-thirds of these households below MIS in 2022/23. It is apparent, therefore, that for couple households with children where full-time work is not available or feasible for both parents, due to the cost and/or availability of childcare, for example, they remain at high risk of falling short of an adequate living standard even if at least one parent is in work.

Figure 22 shows, for households below MIS, how the balance of employment status has changed over time. In 2008/09, workless households made up the largest proportion of households below MIS (44.5%), with fully working households representing just over a third (36.3%) of those below MIS. Over time, this gradually shifted, until 2022/23, when half (50.9%) of households below MIS were those where all adults were working. This again emphasises how paid employment has become increasingly insufficient in providing households with the income needed to achieve a minimum socially acceptable standard of living.

**Figure 22: Composition of working-age households below MIS by employment status, 2008/09 to 2022/23**



From the end of 2021 until June 2023, average wage growth consistently fell short of very high rates of inflation (Office for National Statistics, 2024c), meaning that rising costs were outstripping incomes across the UK. For low-income households, increases in the National Living Wage, while welcome, are smaller than increases in costs based on the updated MIS budgets agreed by members of the public (Padley and Stone, 2023). Furthermore, many low-income, working households will still be reliant on means-tested benefits – primarily Universal Credit – in addition to their income from earnings: in June 2023, 38% of people receiving

Universal Credit were in employment (Department for Work and Pensions, 2023b). The freeze on working-age benefits from 2016 to 2020 means that, even though benefits have subsequently been uprated based on inflation, this has not brought the rate of benefits into line with rising living costs. It is no surprise, therefore, that even working households on low incomes are struggling to bring in enough income to reach a minimum socially acceptable standard of living.

## 5. Conclusion

Our analysis this year shows that the proportion of individuals living in households with incomes below MIS increased dramatically in 2022/23, with 35.9% (24.0 million) below this level, the highest proportion since this series began. The proportion living below 75% of MIS also increased sharply, with 22.6% (15.1 million) living below this level, an increase of 4.9 million since 2008/09. Of great concern is that, in 2022/23, 1 in 10 individuals had an income below 50% of MIS – that is, 6.8 million people in the UK were living in households with very low incomes, far below what is needed to meet their material needs **and** provide the choices and opportunities necessary to participate in society. The rapidly rising cost of many essentials, alongside the falling real value of both earnings and benefit levels, have had a striking impact on the adequacy of incomes.

All demographic groups examined in this report were worse off relative to MIS in 2022/23 than at any point since 2008/09.

- We found that 48.6% of **children** were growing up in households without the income needed for a minimum socially acceptable standard of living. In lone-parent households, 81.6% of children were growing up in households with inadequate incomes.



- Approaching a quarter (23.6%) of **pensioners** were below MIS, pointing to the growing problems facing a group that has largely been protected from the most damaging consequences of austerity and the cost-of-living challenges in the 15-year period from 2008. The loss of the Winter Fuel Payment is likely to worsen this situation.
- More than half (51.5%) of all **16–24 year olds** were living in households with incomes below MIS, and the risk of inadequate income for this group was substantially higher than for any other age group among working-age adults.
- We found that 72.3% of **people living in social housing**, and 56.9% of **those living in private rented accommodation**, were below MIS. Increases in private rents in recent years – not matched by increases in support with housing costs for those on low incomes – are having a clear impact on income adequacy.
- Of all **working-age households** with incomes below MIS, 67.6% were households where one or more adults were working.

The latest analysis presented here makes it very clear that the challenges to living standards, posed by inadequate incomes, are not confined to one particular group, but rather are being experienced and felt across society. This means that ‘solutions’ to these challenges cannot, for example, just focus on increasing earnings and ‘making work pay’, or on ensuring that pensioners’ incomes are protected. Policy decisions need to be informed and shaped by an understanding that income adequacy is a problem that needs solving across the life-course, across different housing tenures, across all parts of the UK.

Policy needs to address improving incomes as much as it needs to tackle the high costs of housing, domestic energy, transport and childcare. The commitment from the new Government to improving living standards for all is laudable, and there are some positive ‘green shoots’, such as tasking the Low Pay Commission with taking the cost of living into account when setting the National Minimum Wage and moving towards one rate for all workers aged 18 and over (Low Pay Commission, 2024). It is crucial that, over the coming years, these intentions and commitments lead to outcomes that make a material difference to living standards, ensuring that all are able 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 baskets of goods and services required by different types of household in order to meet these needs, and to participate in society. The research entails a sequence of detailed deliberations by groups of members of the public, informed by expert input where this is 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.

MIS distinguishes between the needs of different household types. It considers directly the needs of working-age households with or 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 numbers below MIS also uses rolling averages of annually adjusted income benchmarks, after housing and childcare costs, applied 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).

You can find [further information and publications related to MIS here](#)

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



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## Categorising individuals within the analysis of income adequacy

In the analysis of the Family Resources Survey and MIS data presented here, 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.

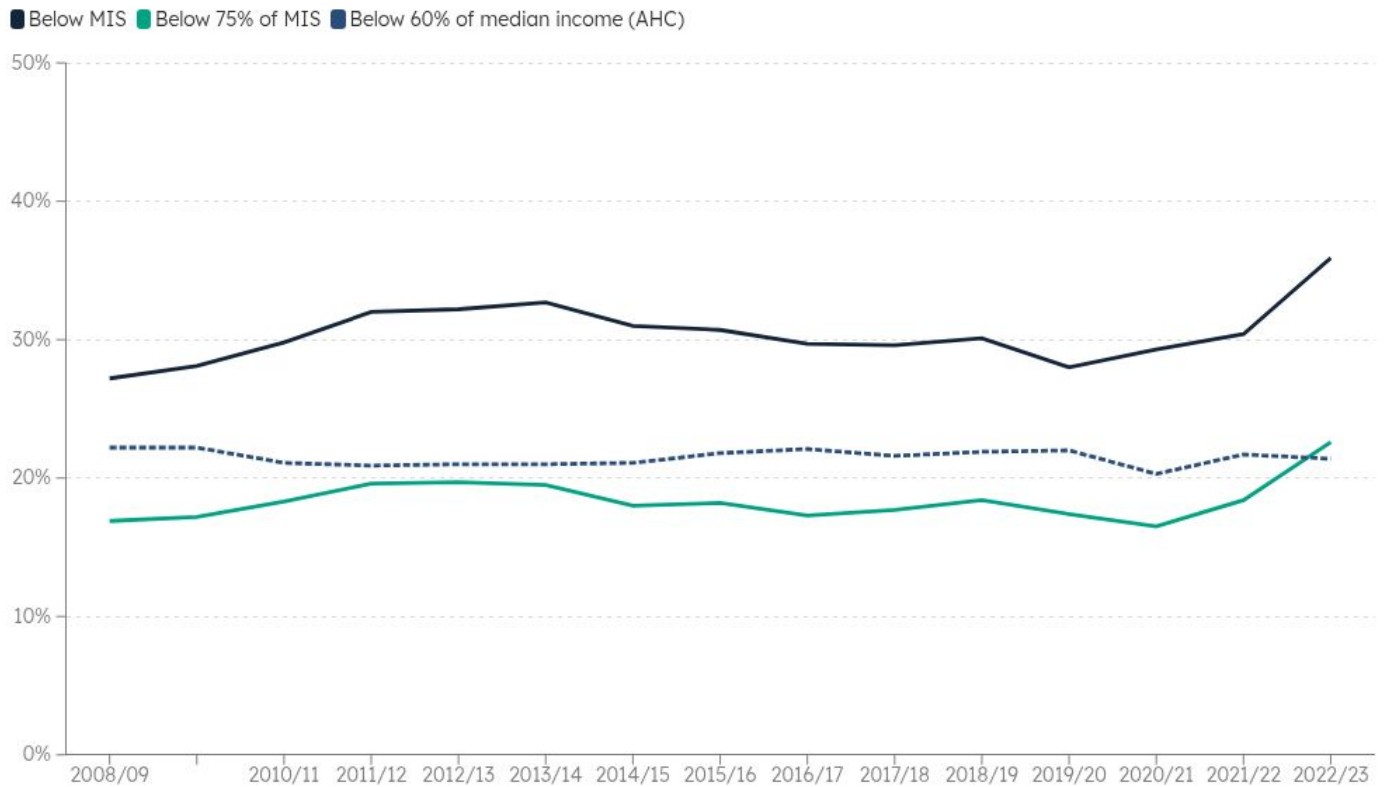
**Pensioners** are defined as all those adults above State Pension age.

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 – below MIS and below 75% of MIS – and compare these to the relative income indicator of poverty after housing costs (AHC) between 2008/09 and 2022/23.

**Figure A1: Comparison of MIS and relative income indicators for all individuals; proportion of the population falling below the thresholds, 2008/09 to 2022/23**

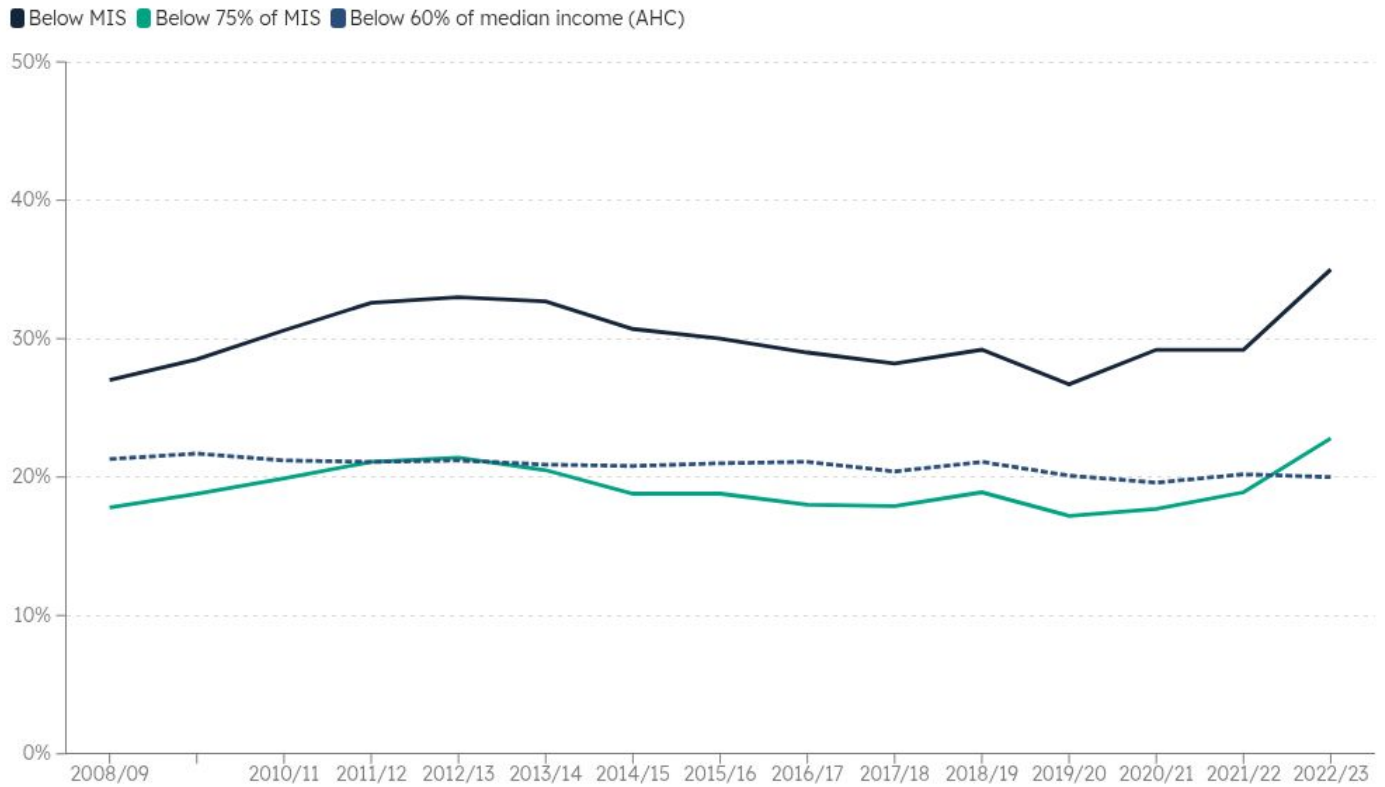


**Figure A2: Comparison of MIS and relative income indicators for children; proportion of the population falling below the thresholds, 2008/09 to 2022/23**

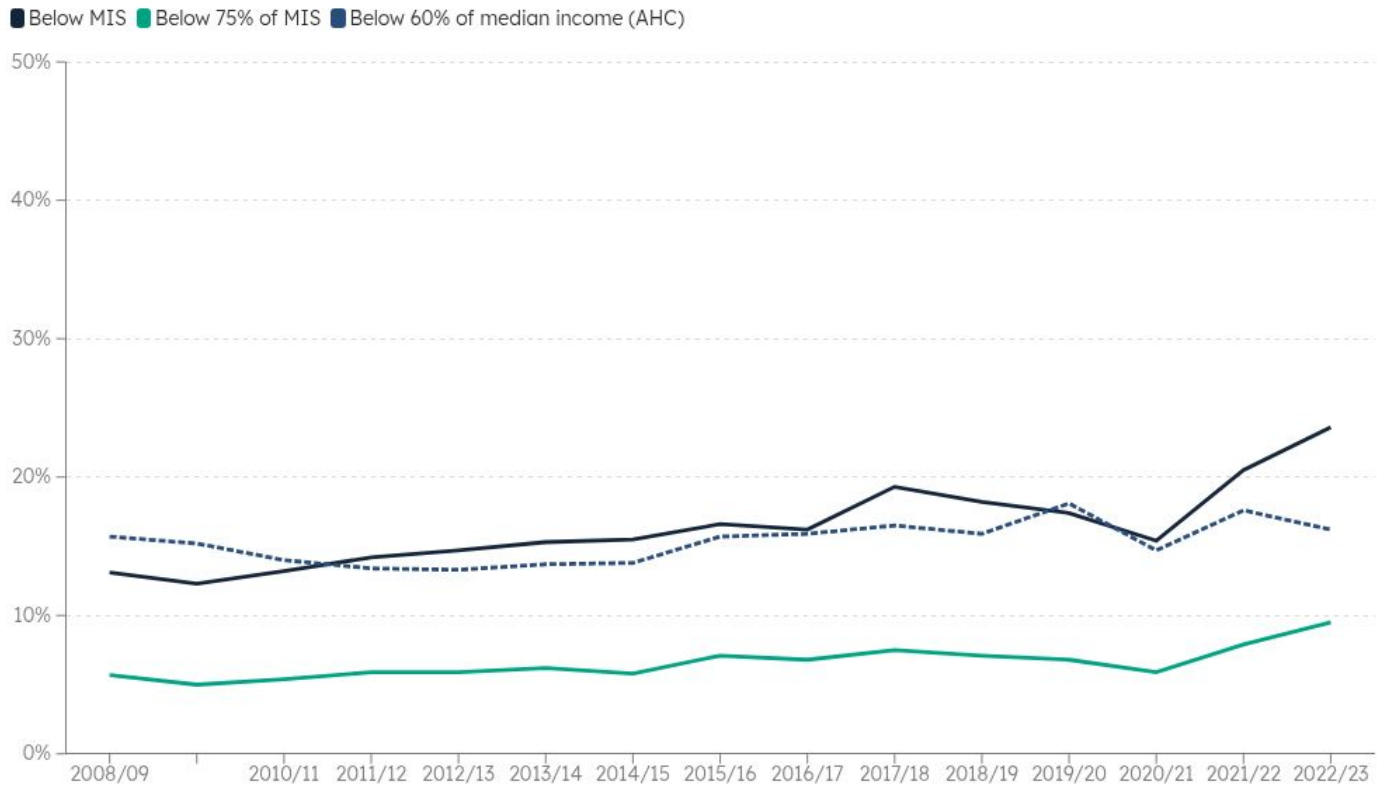




**Figure A3: Comparison of MIS and relative income indicators for working-age adults; proportion of the population falling below the thresholds, 2008/09 to 2022/23**



**Figure A4: Comparison of MIS and relative income indicators for pensioners; proportion of the population falling below the thresholds, 2008/09 to 2022/23**



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## Notes

1. The triple lock was reinstated for April 2023, with a 10.1% rise in the State Pension, which will not feed through to the data used in this report until next year.
2. Data quality issues with the 2020/21 Family Resources Survey mean this finding should be treated with caution.
3. Disposable income is net of rent, Council Tax and childcare costs.

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