

Households Below a Minimum Income Standard: 2008/09 to 2019/20

The Minimum Income Standard (MIS) is a benchmark of income adequacy based on what the public think people need for a minimum socially acceptable living standard in the UK. This analysis tracks changes in the number of people in households with incomes below MIS.

Key messages

- In 2019/20, more than a quarter (27.7%) of all individuals in the UK were living in households with incomes below MIS, compared to 26.7% in 2008/09. The proportion of individuals below MIS has fallen in the latest year and is at its lowest since 2009/10.
- The proportion of individuals with incomes below 75% of MIS in 2019/20 remains slightly above the level reported in 2008/09 (17.1% compared with 16.6%). Individuals with incomes below this level – falling well short of being able to meet their minimum needs – face a greater risk of being materially deprived.
- One quarter (25.7%) of children are living in households with very low incomes (below 75% of MIS).
- Around two in five (43.3%) lone parents working full-time are below MIS, while more than three-quarters (80%) working either part-time or self-employed are below this level.

The research

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Background

The Minimum Income Standard (MIS) is based on research in which groups of members of the public consider what people need to have a minimum socially acceptable standard of living in the UK. It establishes a threshold below which households struggle to meet their minimum needs. Identifying and tracking trends in the number of individuals in households below MIS helps to show how the prevalence of inadequate income has changed for different sub-groups of the population over time.

Key points

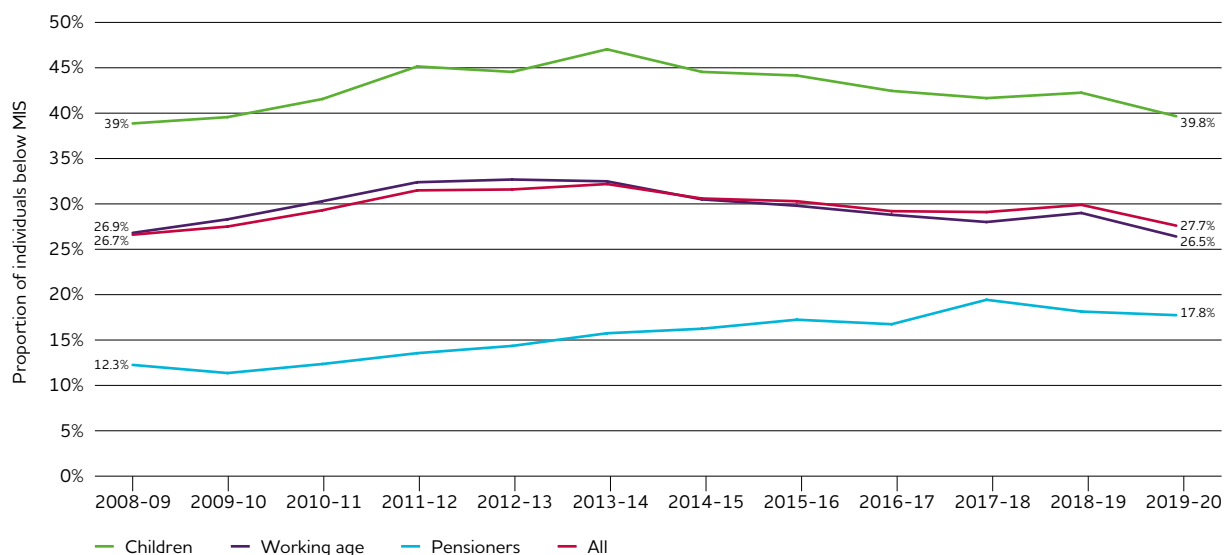
- In 2019/20, 27.7% of all individuals in the UK (18.2 million) were living in households with incomes below MIS, compared to 26.7% (16.2 million) in 2008/09. This means that they do not have the income required to be able to afford the goods and services the public think you need to meet material needs and participate in society.
- The proportion of all individuals below MIS has fallen from 30% in 2018/19.
- The proportion of individuals with a household income below MIS varies across demographic groups: 39.8% of children, 26.5% of working-age adults, and 17.8% of pensioners are below the MIS benchmark in 2019/20.
- Children living with a lone parent are far more likely to be in a household below MIS than those living in couple-parent families: 71.4% of children in lone-parent households are growing up with inadequate income compared to 30.7% in couple-parent households. Their likelihood of being below MIS has increased over the latest year.
- In 2019/20, half (50.6%) of all children in lone-parent families are living in households with incomes below 75% of MIS, the point at which the risk of being materially deprived increases substantially. The proportion below this level has increased from 47.1% in 2018/19.
- For single pensioners, the likelihood of living below MIS has increased substantially since 2008/09, from 15.8% to 27.1%, with female pensioners more likely to be living below MIS than male pensioners.
- One fifth of working-age households below MIS (20.2%) are those where all adults are in full-time work.
- Non-working households account for a decreasing proportion of working-age households below MIS, falling from 11.2% in 2008/09 to 7.2% in 2019/20.
- However, the likelihood of falling below MIS for out-of-work households (unemployed or inactive) has been consistently high, never dropping below 75% for any family type, across the whole period that this analysis has been conducted. Little has been done by the Government to address this long-standing and growing problem.

The latest report does not include the period where living standards will have been affected by COVID-19: it is only in the 2020/21 Family Resources Survey that we will begin to see this impact on household incomes and income adequacy. However, it is clear that the impact of COVID-19 is likely to continue beyond the immediate 'shock' to incomes, and the accompanying interventions and support. While the latest Government budget has taken some steps to address the challenge of low pay and in-work poverty for example, it has done little to address the long-standing and growing inadequacy of support for those households out of work or unable to work. In this ongoing period of uncertainty for living standards, monitoring the adequacy of incomes relative to MIS remains a critical task, particularly as the fallout from COVID-19, and the different ways in which this has been experienced across and within demographic groups, becomes clear.

Number and proportion of individuals in households below MIS and below 75% of MIS, 2008/09 and 2019/20

	% of total population		Number below MIS (millions)		Proportion below MIS		Number below 75% of MIS (millions)		Proportion below 75% of MIS	
	2008/09	2019/20	2008/09	2019/20	2008/09	2019/20	2008/09	2019/20	2008/09	2019/20
All	100%	100%	16.2	18.2	26.7%	27.7%	10.1	11.2	16.6%	17.1%
Working-age adults	59.9%	60.6%	9.8	10.5	26.9%	26.5%	6.4	6.8	17.7%	17.1%
Children	21.4%	21.2%	5.1	5.5	39%	39.8%	3.1	3.6	23.5%	25.7%
Pensioners	18.7%	18.2%	1.4	2.1	12.3%	17.8%	0.6	0.9	5.4%	7.2%
Subgroups										
Children with lone parents	5%	4.7%	2	2.2	67.1%	71.4%	1.3	1.6	42.6%	50.6%
Children with couple parents	16.4%	16.5%	3	3.3	30.5%	30.7%	1.8	2	17.7%	18.6%
Parents	21.7%	21.2%	4.2	4.5	31.9%	32.1%	2.6	2.9	19.5%	20.6%
Single working-age adults, no children	17.3%	18.9%	3.7	4	35.2%	32.1%	2.7	2.7	25.5%	22.0%
Couple working-age adults, no children	21%	20.5%	1.9	2.1	14.9%	15.7%	1.2	1.2	9.4%	8.9%
Single pensioners	7.3%	7%	0.7	1.2	15.8%	27.1%	0.3	0.6	7.1%	12%
Couple pensioners	11.4%	11.1%	0.7	0.9	10%	11.9%	0.3	0.3	4.3%	4.2%

Proportion of individuals in households below MIS, by demographic group, 2008/09 to 2019/20



What kind of households have incomes below MIS?

- Between 2008/09 and 2019/20, children have been the group consistently most likely to be living in a household with inadequate income: 39.8% were living below MIS in the most recent year.
- Pensioners are the group among whom we have witnessed the most substantial increase in the likelihood of being below MIS across this period. In 2019/20, 17.8% were below this level, compared to 12.3% in 2008/09.
- Single pensioners have seen an even more substantial increase with the proportion below this level increasing from 15.8% in 2008/09 to 27.1% in 2019/20.
- Among adults, individuals between the ages of 16–34 are most likely to be living below MIS in 2019/20, with 28% below this level.
- Around three in five (59.4%) of those in social housing are living in a household with inadequate income; 43.4% of those in private rented accommodation are below this level.
- Between 2008/09, the proportion of all households with inadequate income where there is full employment has grown. A fifth (20.2%) of all working-age households below MIS in 2019/20 are households where all adults are in full-time work.

Conclusion

This latest **Households below a Minimum Income Standard** analysis and report shows that the proportion of individuals living in households with incomes below what is needed for a minimum socially acceptable standard of living has fallen in the latest year, 2019/20; fewer people are living below this standard in 2019/20 than were below it in 2018/19. This continues a general downward trend in the proportion below MIS since a peak in 2013/14.

In 2019/20, children continue to be the most likely of the three broad demographic groups explored in this analysis to be living in a household with inadequate income, although the proportion below MIS has decreased in 2019/20, as it has for the population as a whole. In 2019/20, 39.8% of children – 5.5 million – are living in households with incomes below MIS in the latest year, with 3.6 million of these children in households with incomes below 75% of MIS, and therefore at greater risk of material deprivation. Reducing the number of children living on low and very low incomes needs to be a high policy priority over the coming years, particularly given the cost of child poverty to the country as a whole.

Nearly half (49.5%) of all working-age adults below MIS are living in households where there is some work in 2019/20, up from 39.7% in 2008/09. The recently announced increase in the National Living Wage – taking it to £9.50 per hour in April 2022 – is welcome, alongside changes to the taper rate and work allowance within Universal Credit, but low pay and in-work poverty continue to be an ongoing policy challenge for the Government. This challenge is particularly acute for working lone-parent households: 43.3% of lone parents in full-time work do not have the income they need for a minimum standard of living in 2019/20, while 80% of lone parents who work part-time or are self-employed are below MIS.

Pensioners remain the group with the lowest risk of living in a household with an inadequate income, but the proportion living below MIS has increased substantially since 2008/09. Pensioners who are living in rented accommodation – both in social housing and private rented housing – are now also far more likely to have inadequate income than in 2008/09.

About the project

The team at the Centre for Research and Social Policy at Loughborough University, who compile the MIS for the UK, examined data from the Family Resources Survey and compared actual household incomes with the MIS benchmarks for each household type.

For further information

The full report, **Households Below a Minimum Income Standard: 2008/09 to 2019/20**, is published by the Joseph Rowntree Foundation. It is available as a free PDF at www.jrf.org.uk

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