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**JRF Programme Paper**  
**Minimum Income Standards**

**HOUSEHOLDS BELOW A  
MINIMUM INCOME STANDARD:  
2008/09 to 2010/11**

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This paper:

- looks at changes in the adequacy of household incomes in the early part of the recession;
- identifies the different trends for different groups;
- analyses those below the Minimum Income Standard (MIS), looking at:
  - the probability of falling below MIS for individuals and households;
  - the profile of who falls below MIS and below half MIS; and
  - particular groups' profiles and their overall distribution of income relative to MIS.

**The Joseph Rowntree Foundation (JRF) commissioned this paper as part of its programme on minimum income standards, which aims to define an 'adequate' income, based on what members of the public think is enough money to live on.**

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## Key points

- The risk of lacking sufficient income for an adequate standard of living rose fastest for people in **working-age households without children**: from 16 to 19 per cent. This was also the group whose risk of worklessness increased the most during the recession.
- For those living in **families with children**, the risk of falling short of an adequate income stayed stable, but at a higher level than for other groups, at 31 per cent. This group was helped not only by protection through tax credits, but also by no significant increase in the risk of being in a workless household: although the amount of work in households with children decreased, the proportion with no work at all barely changed.
- For **pensioners**, the risk of being below MIS remained low, rising from 7 to 8 per cent. Pensioners are generally able to reach MIS with the help of means-tested benefits.
- The greatest change in this period was for **young single adults**. The risk of a single person household aged under 35 being below MIS, already high at 29 per cent in 2008/09, rose sharply to 38 per cent in 2010/11. This was influenced by a growing risk of worklessness and the weak position of younger people in the labour market.
- The risk of these young single people having less than half of the minimum required income rose dramatically, nearly doubling from 9.4 per cent to 17.4 per cent. These are people likely to face severe hardship, relying mainly on benefits which provide only about 40 per cent of the income needed to meet an adequate standard of living.
- For people in **lone parent families**, a very high risk of falling below MIS reduced during this period, from 65 to 60 per cent. This was associated with rises in tax credits in this period, and came before the reduction in the childcare tax credit in 2011.
- Nearly half of households with less than half of a minimum acceptable income are now private tenants. This is influenced both by the rapid recent increase in private renting, and by a rising risk of having an inadequate income in this sector.

## Summary

This report looks at changes in the adequacy of household incomes in the early part of the recession, as measured by households' ability to reach the Minimum Income Standard (MIS). It is the first in an annual series of reports monitoring how many people live in households with not enough income to afford a 'minimum acceptable standard of living' as measured by this benchmark. It also identifies how many are comfortably above and how many well below the standard.

This new way of monitoring income adequacy tracks changes in the economic well-being of low-income households relative to socially defined minimum household needs. Unlike poverty measures based on relative income thresholds, MIS does not fluctuate with changing average incomes, but is based on current public views of what is essential. This report thus answers the question 'how have economic hard times affected the number of households with insufficient income according to agreed public norms?' in a way that has not been possible using other measures.

The analysis shows that in the first two years after the economic downturn, the risk of having inadequate income rose for some, but not all, groups. This was the period in recent years when unemployment rose most sharply; people who lost their jobs were particularly at risk of falling below the minimum. Real earnings had also started to fall, although for some groups, notably lone parents, increases in tax credits during this period helped counteract the wage effect. While existing survey data does not cover household incomes beyond March 2011, cuts in tax credit entitlements since then are likely to have made the trends for families with children less favourable. Looking forward, the decision to uprate benefits and tax credit below the rate of inflation for three years will have a further negative effect. This report therefore acts as a baseline against which subsequent reports will track changes to the number and profile of people without adequate incomes – whether due to changing economic circumstances or the result of policy choices made by governments. It identifies varying trends for different groups.

Overall:

- Of the 3.96 million individuals living in **single working-age** households in the UK, 1.35 million (34 per cent) lacked the income required for an adequate standard of living in 2010/11, up from 1.12 million in 2008/09.
- Of the 8.02 million individuals living in **couple working-age** households in the UK, 975,000 (12 per cent) lacked the income required for an adequate standard of living in 2010/11, up from 791,000 in 2008/09.
- Of the 1.45 million individuals living in **lone parent plus one child** households in the UK, 834,000 (57 per cent) lacked the income required for an adequate standard of living in 2010/11, down from 880,000 in 2008/09.
- Of the 7.98 million individuals living in **couple plus two children** households in the UK, 1.84 million (23 per cent) lacked the income required for an adequate standard of living in 2010/11, up from 1.53 million in 2008/09.

## Introduction

The past four years have seen the longest sustained fall in living standards in the post-war era. Median household incomes peaked in 2009 (DWP, 2012a, Table 2.1ts). As earnings continue to rise more slowly than prices, real incomes are likely to keep falling, or at least not rising, until at least 2014, when earnings are forecast to start rising faster than prices (Office for Budget Responsibility, 2012, Table 1.1)

These trends have had severe effects across the income spectrum. However, there are two particular reasons to be concerned about the impact on people on the lowest incomes. First, any decline in living standards is more serious for households already finding it hardest to make ends meet. Second, the effects of inflation are being felt most strongly by people on lower incomes because the prices of items most prominent in a basic household budget, such as food and heating costs, have been rising faster than average. For this reason, low-income groups started to feel the effects of stagnant wages and rising prices earlier than others, and could go on feeling it for longer into the future (Hirsch, 2011; Hirsch *et al.*, 2011).

Such changes are bound to have an effect on the number of families unable to reach a standard of living considered adequate by contemporary standards. However, conventional income-based indicators have not been particularly good at measuring the squeeze on people's living standards. The most commonly used measure of adequate income is relative income poverty: the number of households living below 60 per cent of current median income, adjusted for household size. As median incomes have fallen, so has this threshold, meaning that someone on the verge of poverty can have a falling income without crossing the line. This highlights the need to consider more than one measure when thinking about poverty, and government proposals to find new definitions of poverty partly reflect difficulties in interpreting such a measure in today's unprecedented economic circumstances (DWP, 2012b).

Research on the Minimum Income Standard, on the other hand, has produced a regularly updated threshold against which income adequacy can be monitored. The standard represents a regularly updated measure of what income is needed for a minimum acceptable standard of living in the eyes of members of the public (see Box 1).

### **Box 1: Minimum Income Standard (MIS)**

The Minimum Income Standard (MIS) is the income that people need in order to reach a minimum socially acceptable standard of living in the United Kingdom 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 MIS research is funded by the Joseph Rowntree Foundation 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’ (based on what the public think) methods. The research entails a sequence of detailed deliberations by groups of members of the public, informed by expert knowledge where needed. The groups work to the following definition:

*‘A minimum standard of living in Britain 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 family types. It applies to ‘nuclear’ families and to childless adults: that is, households that comprise a single adult or a couple, with or without dependent children.

MIS is relevant to the discussion of poverty, but does not claim to be a poverty threshold. This is because participants in the research were not specifically asked to talk about what defines poverty. However, it is relevant to the poverty debate in that almost all households officially defined as being in income poverty (having below 60 per cent of median income) are also below MIS. Thus households classified as in relative income poverty are generally unable to reach an acceptable standard of living as defined by members of the public.

Further information and publications available at [www.minimumincomestandard.org](http://www.minimumincomestandard.org)

Since it was first published in 2008, (Bradshaw *et al.*, 2008; Davis *et al.*, 2012) MIS has become well established as a measure of the income requirements of different households. It is used widely in public debate about income poverty and functions as a benchmark that can be compared with wage and benefit levels and income distribution. However, to date it has not been used as a basis for counting the numbers of people falling short of meeting adequate living standards. Throughout the MIS programme of research it has never been the intention that MIS should function as a new poverty line or facilitate the estimation of numbers in poverty.

However, MIS can nevertheless be a useful tool in tracking *changes* in the numbers of people who cannot afford a minimum basket of goods and services, whose content and costs are kept up-to-date through ongoing research.

This report is the first of an annual series monitoring changes in the extent to which households are achieving a minimum acceptable standard of living according to the

Minimum Income Standard. It covers the two years after MIS was first calculated in 2008, coinciding with the start of the economic downturn. It provides a picture of the consequences of the early part of the recession and the impact of policy decisions made at that time. The available data on household income do not yet allow more recent analysis, but this report sets an important baseline, allowing future reports to track changes in standards of living. Nonetheless, this report already shows distinct changes in the numbers on inadequate incomes after the UK economy turned downwards. The overall effect on household income adequacy in this period was modest. However, for some groups it was much stronger.

The report presents analysis of the numbers below MIS and how this is changing, in terms of:

- the probability of falling below MIS for individuals and households across a range of categories;
- a profile of who falls below MIS and below half MIS, across a range of groups;
- a profile for particular groups of the overall distribution of income relative to MIS, in terms of how far household incomes are above or below this threshold.

## Methodology

This report is based on a detailed analysis of the Family Resources Survey (FRS) for 2008/9 and 2010/11. The comparisons made are based on the net income required to achieve an adequate standard of living for different households according to their composition (see Box 1). The households covered are those comprising either a single adult or a couple, of working age or of pension age, plus up to four dependent children for couples or three for lone parents. Other households, including those with more than one adult other than a couple, are not included in this analysis. The calculations cover about two-thirds of the UK population – 41 million people. For this reason, they cannot be used to make an accurate estimate of the total numbers on inadequate income in the UK or compared to poverty totals; rather, they are useful for monitoring the situation for particular groups.

Because MIS divides children into four age bands with different needs, it allows the calculation of income benchmarks for multiple household types (e.g., couple with two children of primary school age plus two of secondary school age), giving 107 types in total. The calculations here are based on the minimum budget requirements for each of these household types in April 2008 and April 2010, not including housing or childcare costs. These income requirements are compared with the equivalent actual net income for all FRS households coded according to which of the 107 types they fall into. This comparison allowed for the construction of a new dataset calculating the percentage of the MIS requirement provided by actual net incomes. This dataset was then weighted using the FRS grossing factors to ensure that it is representative of the UK household population. Note that, unlike the after housing cost (AHC) income measure used in the Households Below Average Income series, the income measure used here subtracts childcare costs, which are also excluded from the minimum income threshold. Thus the comparison is between people's disposable income after paying for housing and childcare, and minimum budget requirements excluding these items.



## **Setting the context: how different household types were faring in the recession**

This report shows change from 2008/9 to 2010/11, a time when earnings were stagnating, benefits rising broadly in line with inflation, average real incomes falling and unemployment rising from just over 5 per cent in April 2008 to around 8 per cent in April 2011. This was a period when the recession was beginning to bite, but before the effects of fiscal restraint and public spending cuts were being felt across the population.

Recession can affect the proportion of households with adequate incomes both by increasing the number without work and by affecting the income of people with a given working status. The adequacy of wages affects the income of those in work, while the adequacy of benefits and tax credits affects out-of-work incomes as well as those of low-income working families receiving top-ups from the state.

Figures 1 to 5 therefore set the scene by showing recent trends, first in the proportion of households with different working status (Figures 1 to 3) and second in how earnings, benefits and tax credits have been moving relative to the cost of living (Figures 4 and 5).

Figures 1 to 3 show that the number of single people not working rose sharply between 2008 and 2010, with a corresponding fall in the number working. For families with children, both couples and lone parents, small falls in the numbers of households where all were working were counterbalanced by an increase in households where some were working (for lone parents, this includes non-dependent children in the same household). Consequently there was no significant fall in the number of non-working households with children.

## Changes in working status by household type (2008–12)

Figure 1: Per cent of households with no one working

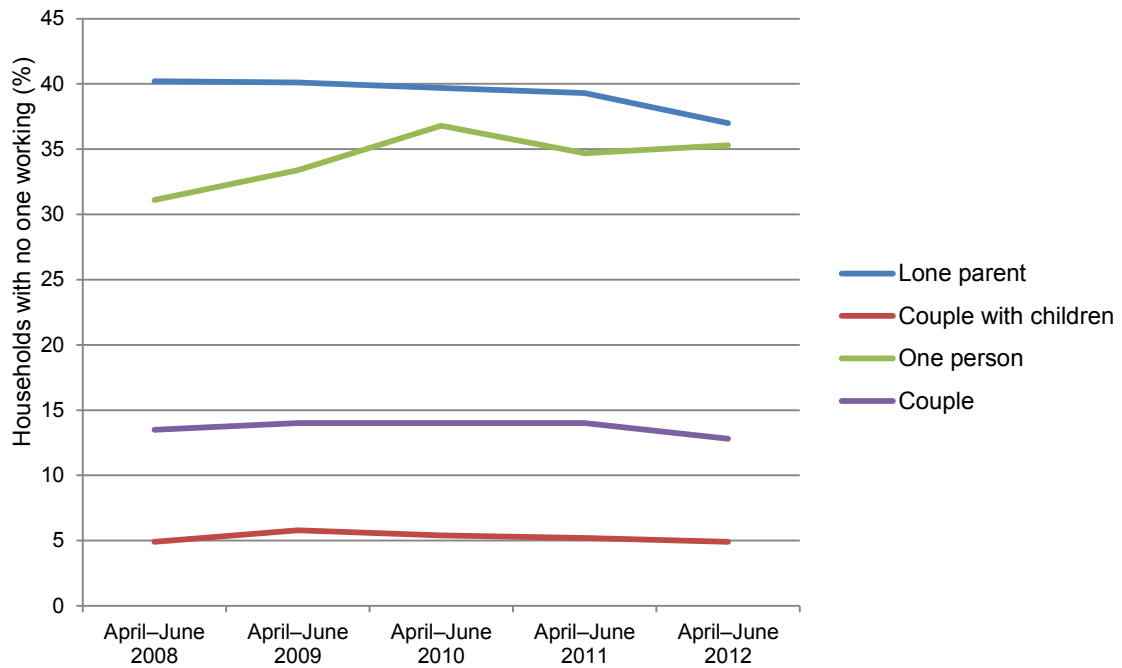
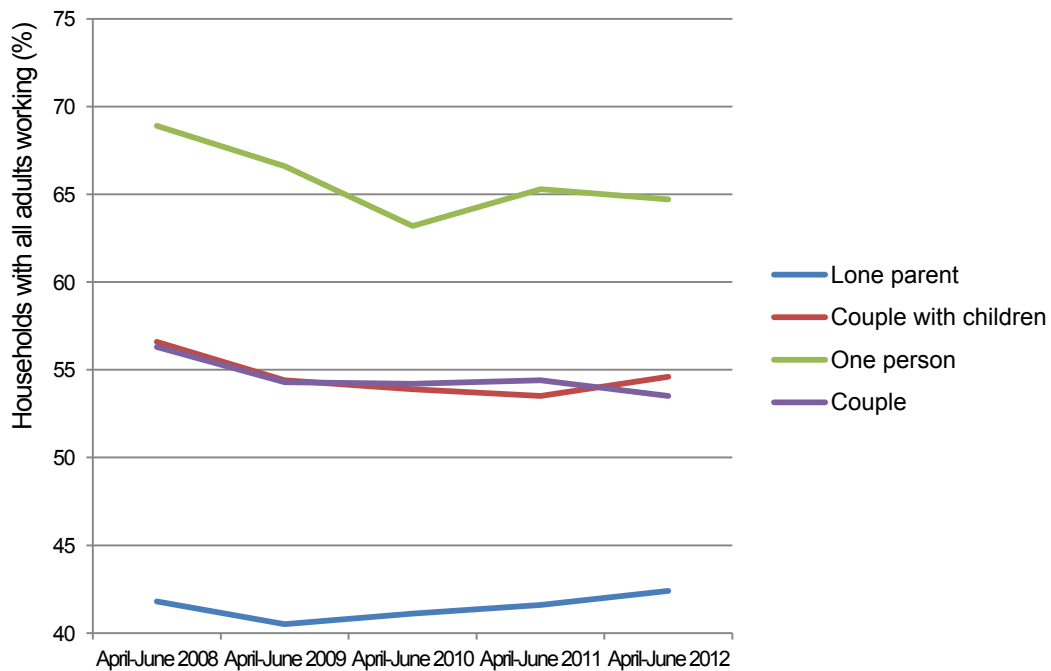
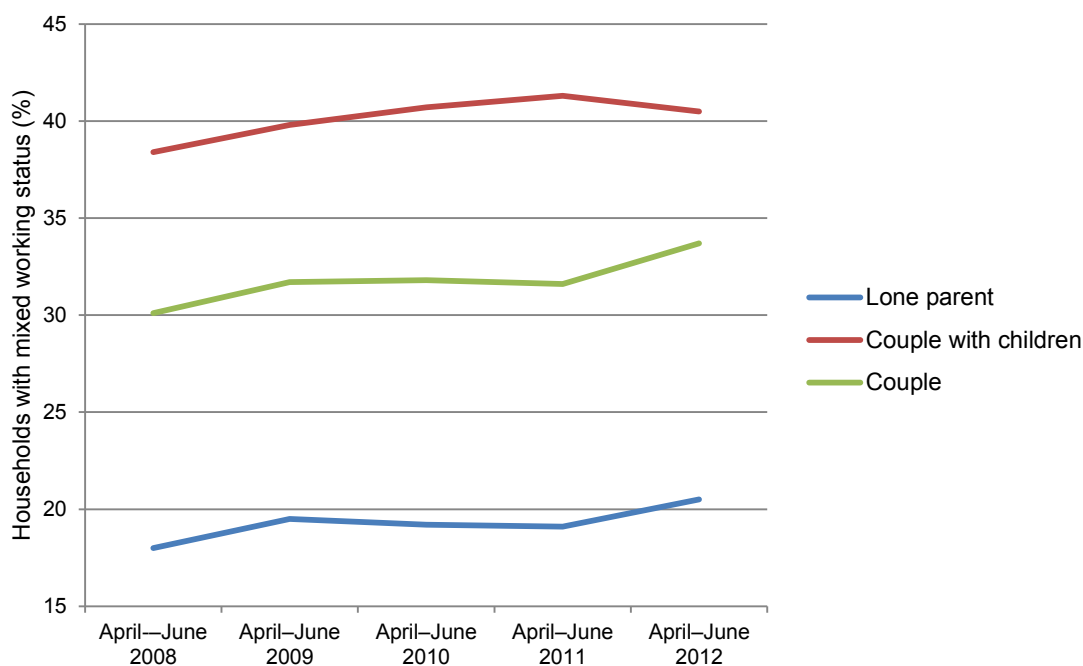


Figure 2: Per cent of households with all adults working



**Figure 3: Per cent of households with mixed working status**



Source: Labour Market Statistics

Thus, there was a contrast in the early part of the recession in terms of the impact of rising unemployment on different household types. Single people became more likely not to have any household income from work, whereas for families with children the main change was in how many people in the household were working. More recently (2010–12), these trends have been flatter (as has the unemployment rate), but the proportion of lone parents in workless households has fallen significantly.

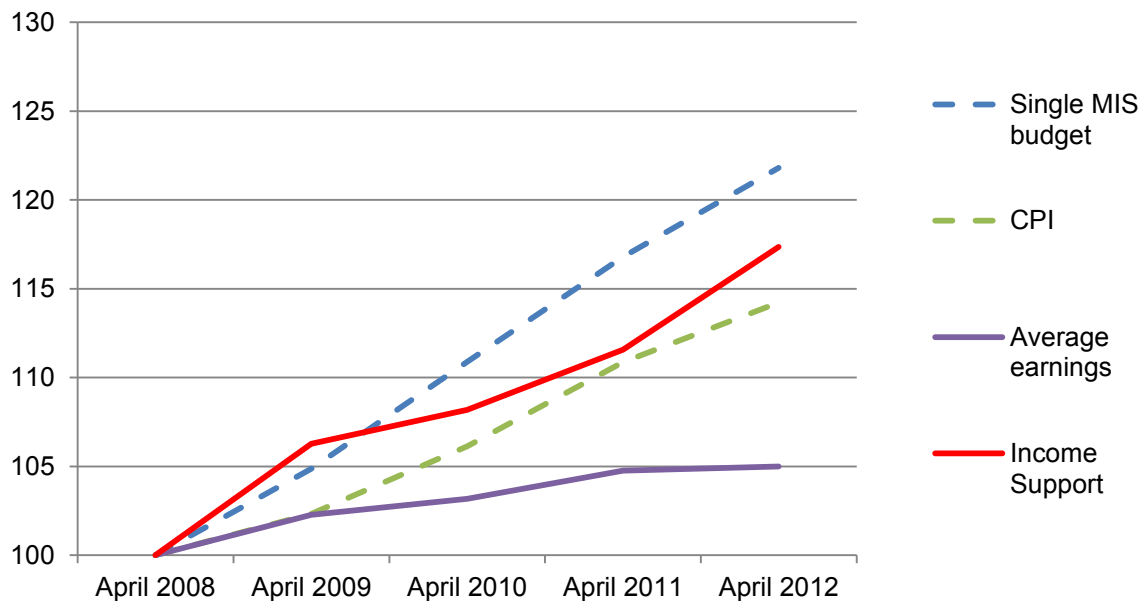
Figures 4 and 5 show trends in selected indicators affecting the household incomes of people in and out of work relative to the change in the Consumer Prices Index, and in the cost of an adequate standard of living according to MIS. They show that throughout the period since 2009, average earnings have risen more slowly than consumer prices, and since 2008 much more slowly than the MIS benchmark. Earnings have thus become less adequate in covering the minimum cost of living.

Income Support, on the other hand, has so far risen broadly in line with consumer prices, although since 2009 it has fallen relative to MIS budget for a single person without children. By contrast, state support for families with children (when at its maximum level) rose relative to consumer prices up to 2011 (due to above inflation rises in the Child Tax Credit), keeping up with MIS.

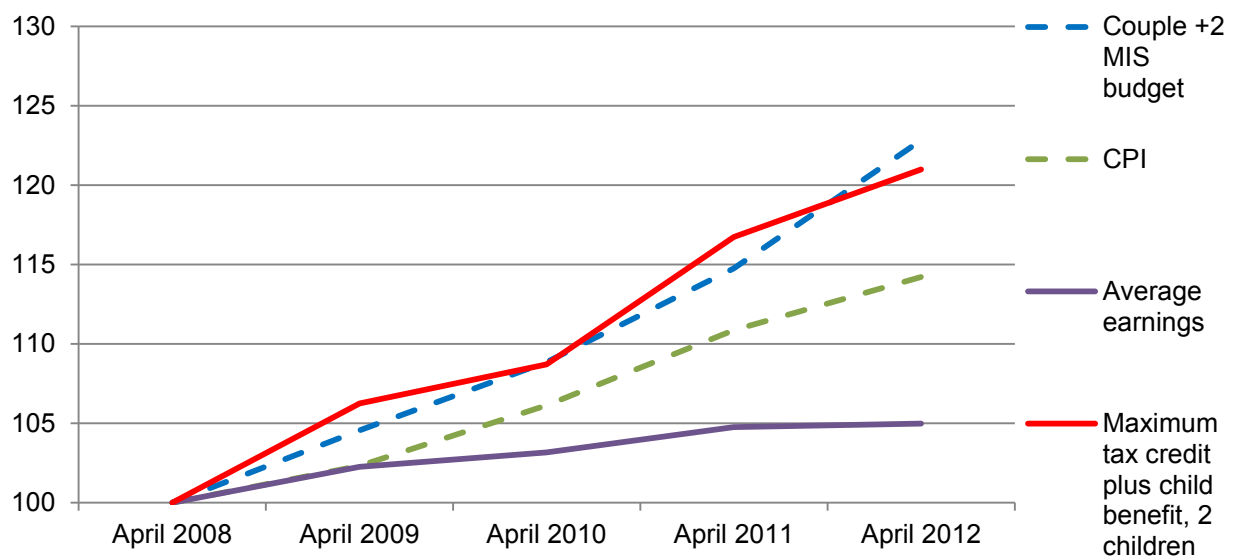
These trends have helped protect the adequacy of incomes of people relying on transfers from the state, especially in the first half of the period shown, to which the household income data in this report applies. This includes not just those without work but also the large number of working households, mainly families with children, who receive tax credits.

However, it should be noted that these trends have now started to reverse: after 2011 plans to raise the Child Tax Credit above indexation were cancelled for 2012; from 2013 to 2015, all benefits and tax credits will rise *more slowly* than inflation, at 1 per cent a year; and Child Benefit has been frozen since 2011.

**Figure 4: Trends in selected indicators affecting the household incomes of single adults in and out of work (2008=100)**



**Figure 5: Trends in selected indicators affecting the household incomes of families with children in and out of work (2008=100)**



Sources: Compiled from Labour Market Statistics, ONS inflation statistics and Institute for Fiscal Studies *Fiscal Facts*

Overall, Figures 1 to 5 suggest that from 2008 to 2010, single people were more vulnerable to the effects of recession than families with children. Not only did fewer families suffer the sharp drop in income that occurs when a household becomes workless, but also those remaining in work and heavily dependent on tax credits had this portion of their income protected from the real term reductions in earned incomes.

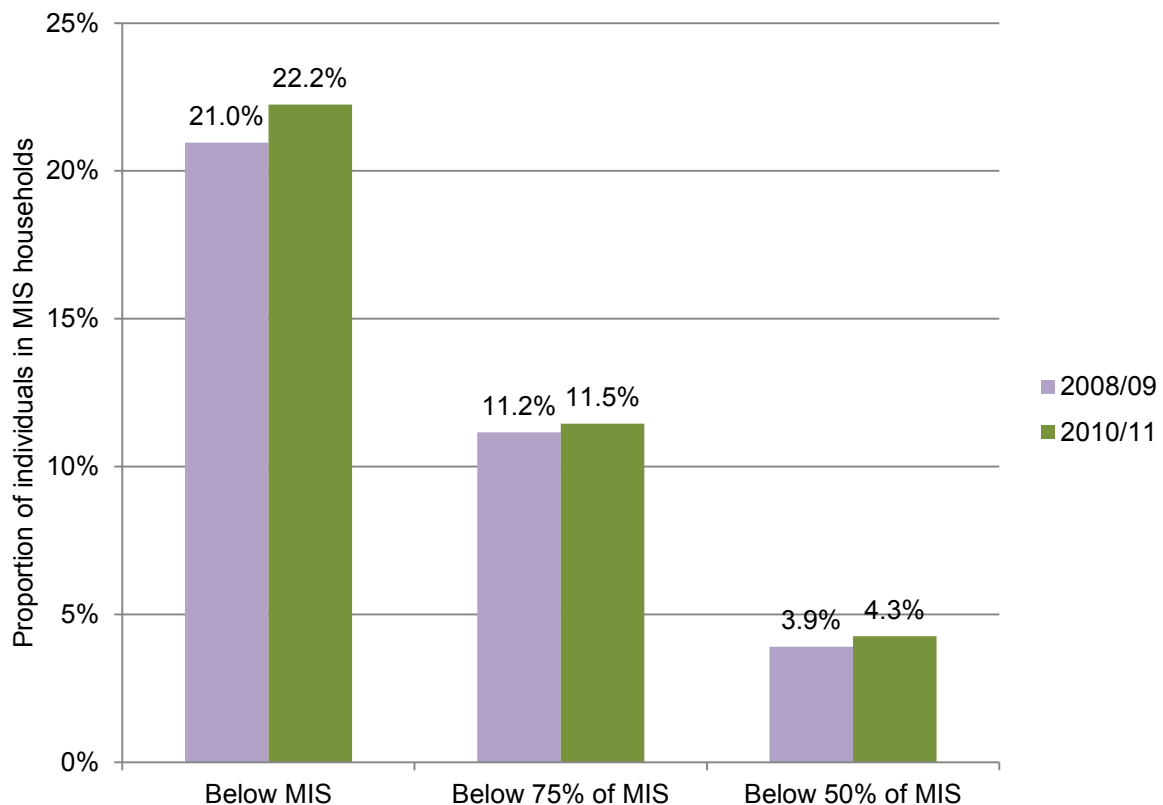
One note of caution when considering Figure 5, however, is that it does not show two important changes in tax credit entitlements introduced in April 2011, immediately after the end of the period considered in the FRS-based evidence below. These were the increase in the tax credit taper rate from 39 to 41 per cent and the reduction in the maximum percentage of childcare costs reimbursed through the Working Tax Credit, from 80 to 70 per cent. These do not affect the headline (maximum) rate of support for children shown in the graph, but do affect the level of support available to working families earning enough to be close to achieving an adequate standard of living as defined by MIS, and hence their net incomes. Analysis of changes in the earnings required for MIS (see Davis *et al.*, 2012, pp. 3 – 39) shows that the tapering of earnings and the rate of childcare support have made it necessary to earn considerably more to reach an adequate net income. For many families, these effects outweigh the benefits of increases in the tax credit scale rates shown in Figure 5. However, the overall effect of these changes on income adequacy will not start to be measurable until the release of the next set of FRS data, later in 2013. We will track the impact of these changes through subsequent reports in this series.

# Who is most likely to lack the income for an adequate standard of living? The risk of being below MIS

*The overall risk of being in a household without an adequate standard of living grew slowly...*

As outlined above, about two-thirds of the UK population live in households whose income requirements can be measured through MIS. Figure 6 shows that among individuals living in these households, just over one in five has a household income below MIS. Between 2008/9 and 2010/11 this figure rose slightly from 21 per cent to 22 per cent. The proportion of *households* below MIS is slightly lower at 21 per cent in 2010/11 compared with 19 per cent in 2008/9.

**Figure 6: The risk for an individual of being below MIS increased**



The risk that individuals are in a household with income at below three-quarters of MIS saw little change, as did the risk of being in a household with income below half of what is needed for an adequate standard of living as defined by MIS.

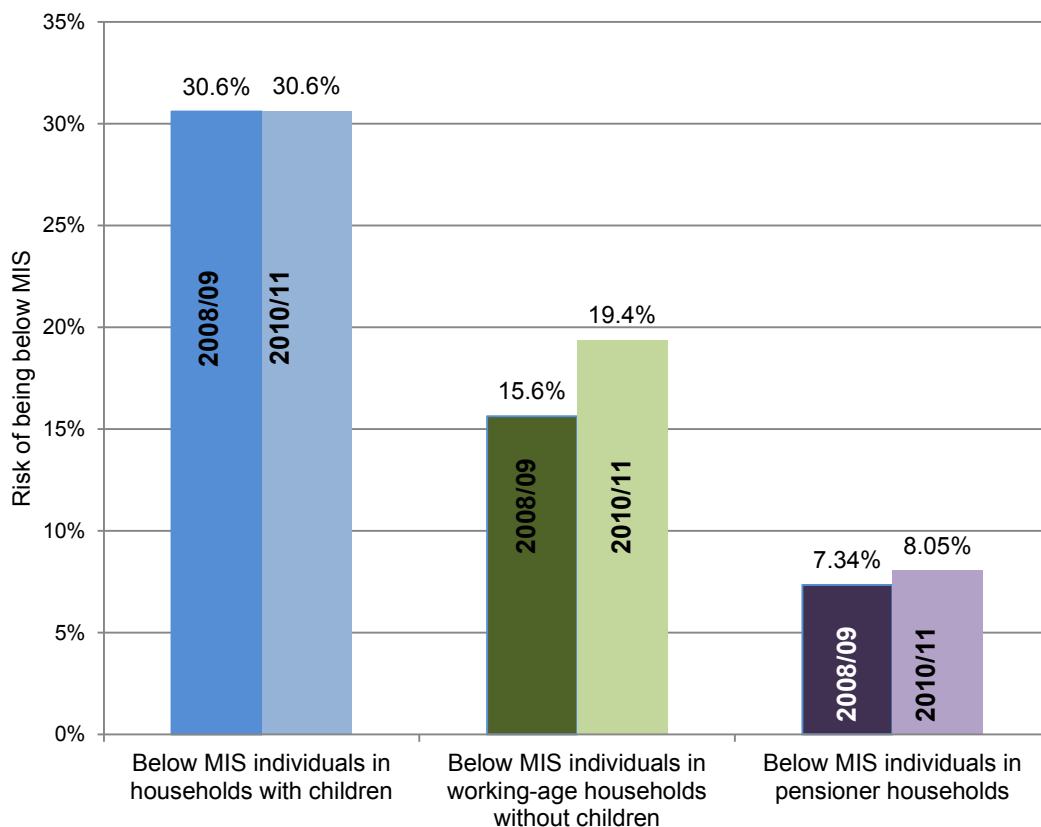
Figure 6 gives only an imperfect picture of the chance of being below adequate income for the whole UK population, since the one-third of the population that it excludes (including people living with children over 18, groups of people in shared accommodation and families living with elderly relations) may well have a different risk from the households covered by the MIS research. What is more useful,

therefore, is to consider the relative levels of risk for particular household types, and how this is changing.

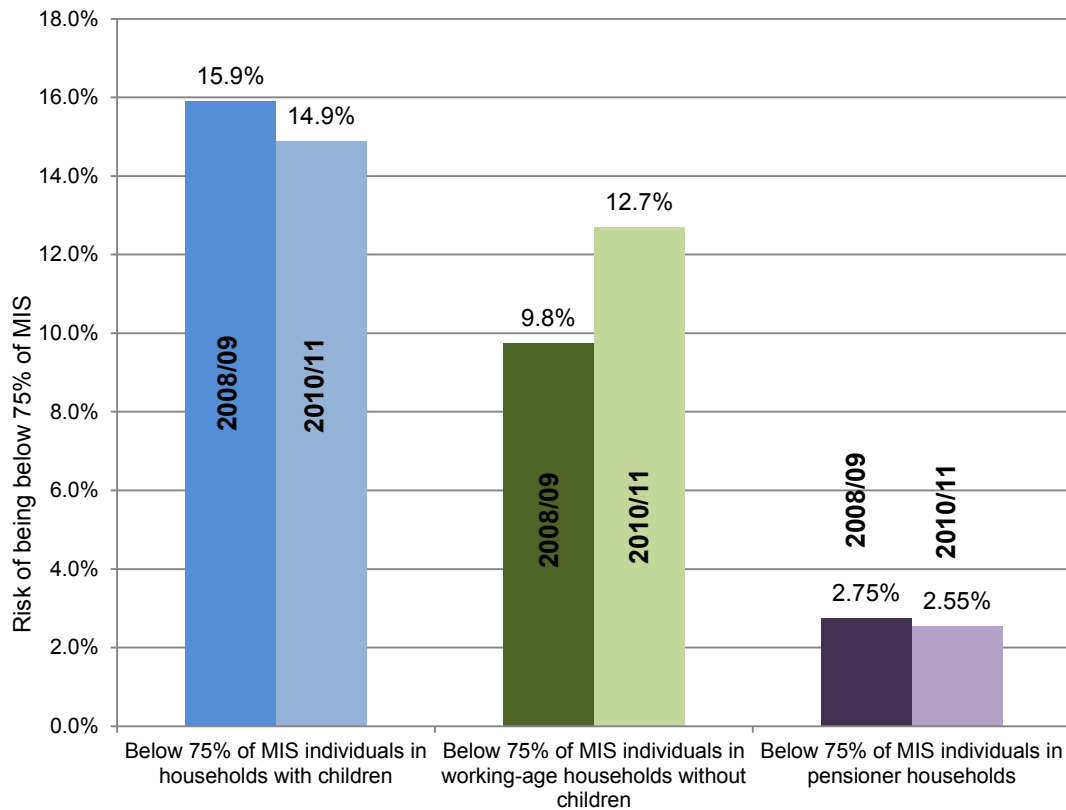
*...but this risk differs by household type: it is highest for families with children, but has grown mainly for working-age people without children...*

The risk of being below MIS varies significantly depending on household type. There are stark differences between the risks faced by individuals in households with and without children, with **individuals in households with children having a greater risk** than those in working-age households without children of being below MIS (31 per cent compared with 19 per cent in 2010/11). **Pensioners** have a much lower risk than either (8 per cent), helped by the fact that the Pension Credit level guarantees a minimum income similar to MIS. Individuals in households with children also have a greater risk of having less than three-quarters of what they need for an adequate standard of living than all those in households without children (15 per cent compared with 13 per cent in 2010/11). There is less of a difference in risk for people whose income is below half MIS.

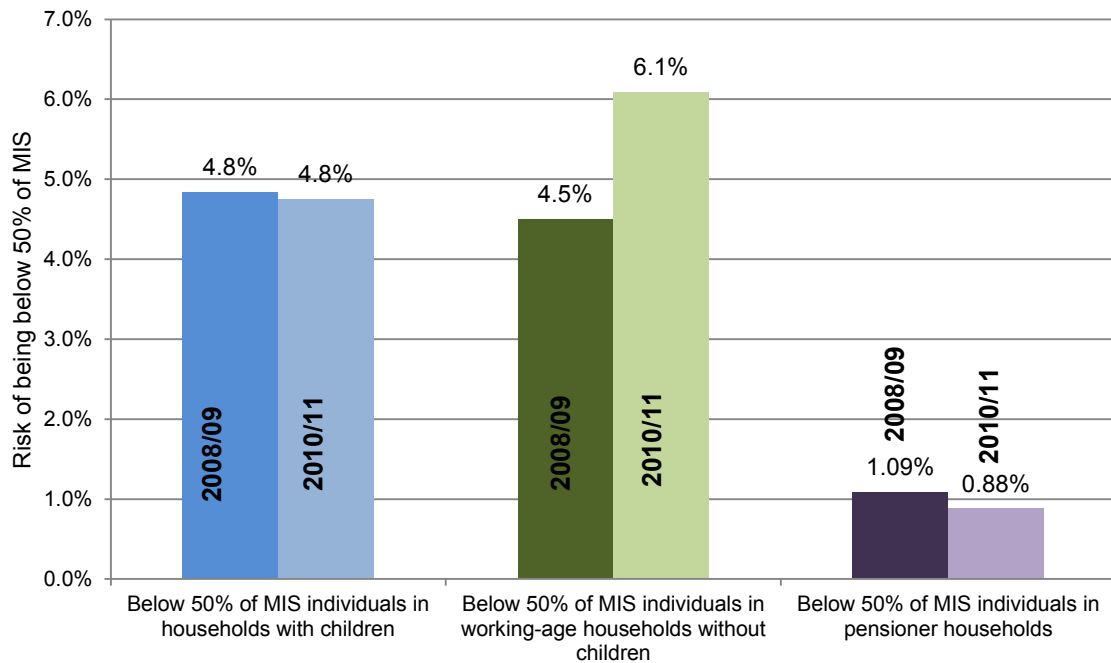
**Figure 7: The main increase in risk of being below MIS was for working-age households without children...**



**Figure 8: ... and the risk of being below three-quarters of MIS rose even more sharply for working-age households without children, while falling for other groups...**



**Figure 9: ...with a similar pattern for the risk of being below half of MIS**



The differential levels of risk faced by individuals in working-age households with and without children changed significantly between 2008/9 and 2010/11. For families with



children the risk was stable at 31 per cent, while for working-age households without children it rose from 16 to 19 per cent. As seen clearly in Figure 9, the risk of having less than half of the income needed for an adequate standard of living changed from being similar for working-age households with and without children to being higher for the latter.

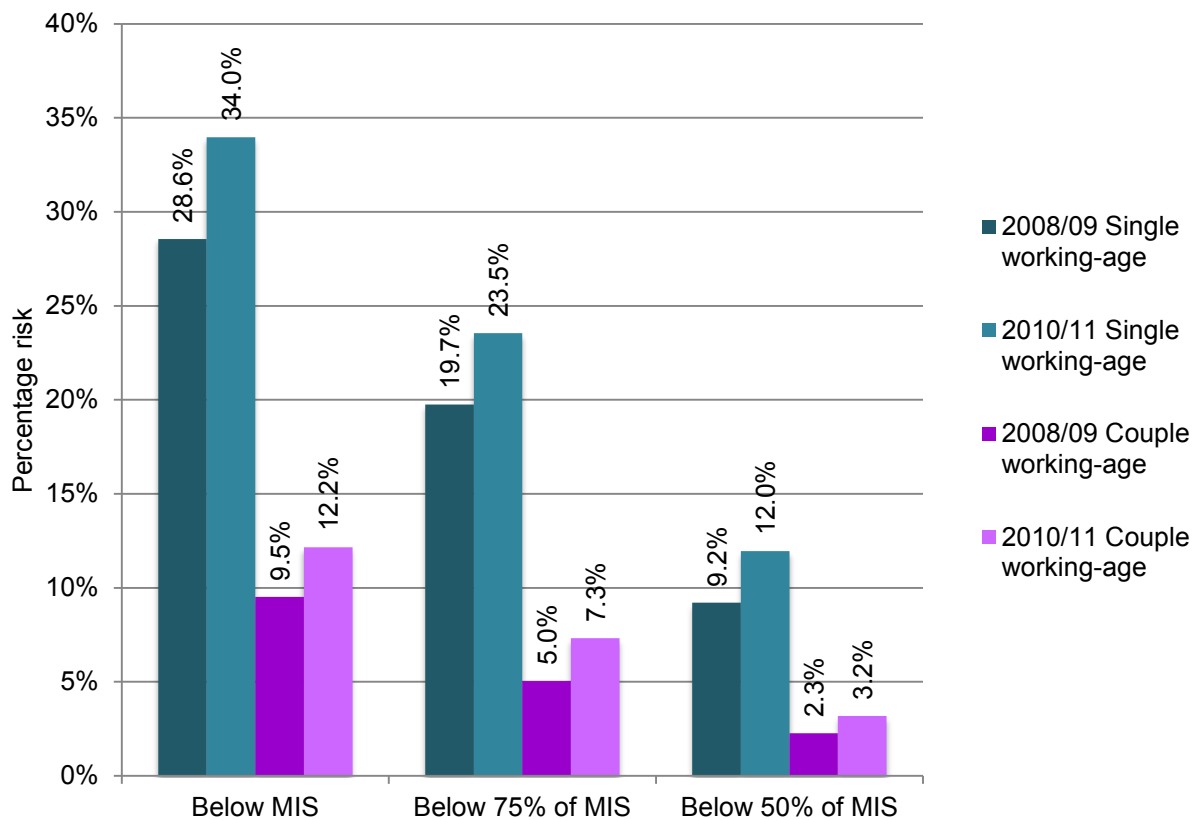
This change reflects the two underlying differences between the situations of working-age families with and without children, referred to earlier. First, the previous Labour government privileged the increase in basic benefits and tax credits for families with children, raising them above the inflation rate, while basic adult benefits remained at the same real level as they have been at for three decades. This has now changed, with below-inflation uprating from 2013 being applied equally across the board. Second, worklessness rates have risen in households without children but not substantially among those with children, so the vulnerability to very low income has grown most among the former.

Within the broad categories shown in Figures 7-9, the experience of different groups has varied, as the following comparisons make clear.

*...and singles without children face a higher and faster growing risk than couples...*

Among working-age households without children, **single people face a far higher risk** of being below MIS (34 per cent) than couples (12 per cent). Single people also have a particularly high risk of having very low income: 24 per cent are below three-quarters of MIS and 12 per cent have less than half MIS level. This is far more than any other group, and reflects the particularly low level of benefits, relative to MIS, available for households without children (Davis *et al.*, 2012) and the rapid recent rise in worklessness among this group. The proportion of single person households with less than half the income they need for an adequate standard of living rose by a third, from 9 to 12 per cent, between 2008/09 and 2010/11.

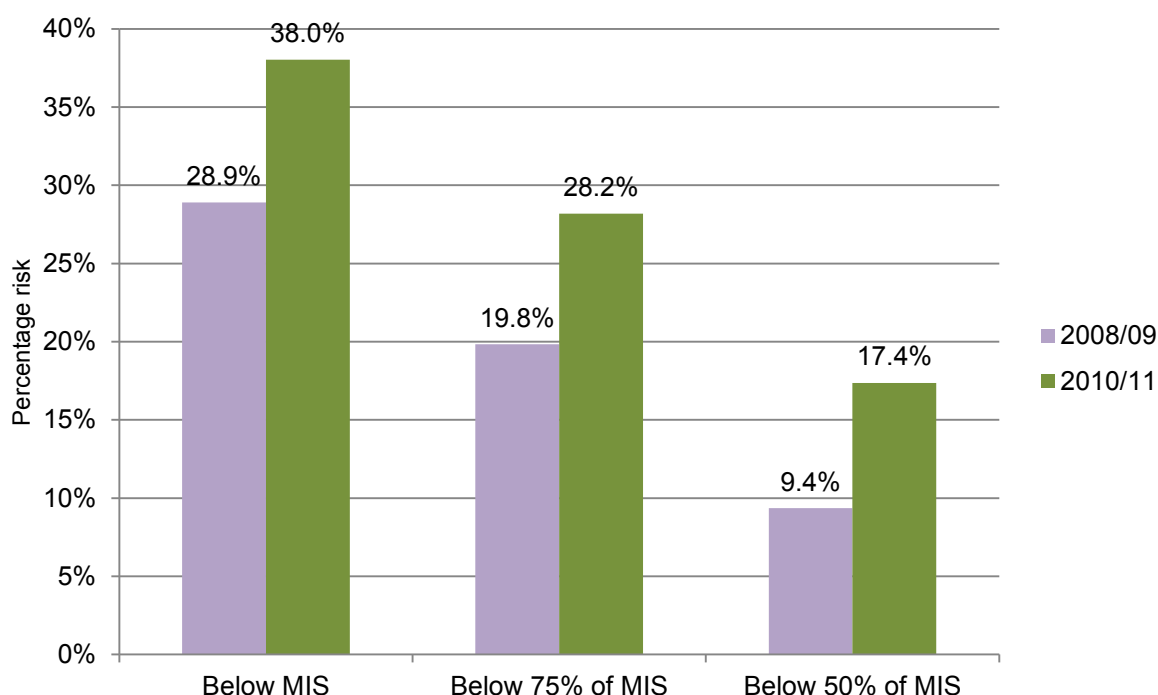
**Figure 10: Single people without children are much more likely to have low income than couples**



*...with younger single adults almost doubling their risk of very low income.*

Within this category, **single working-age adults under the age of 35** (young singles) **have had particularly serious increases in their risk** of low income. Their risk of being below MIS rose from 29 to 38 per cent in the two years under review. The risk of very low income rose even more dramatically, with the risk of having an income of less than half of MIS increasing from 9 to 17 per cent. For these individuals, the chance of being on a very low income has almost doubled, from below 1 in 10 to above 1 in 6. This increased risk may be associated with the growing number of single people not in employment and the inadequacy of benefit levels in comparison with the benchmark set by MIS. Note that the single young adults in question are not people living at home with their parents or in shared accommodation, who might require a lower income than those living independently: all of those measured here live in their own household. Nor are they mainly those 16–25-year-olds who recently left education: more than half (56 per cent in 2010/11) of those below MIS in this category are aged between 25 and 34.

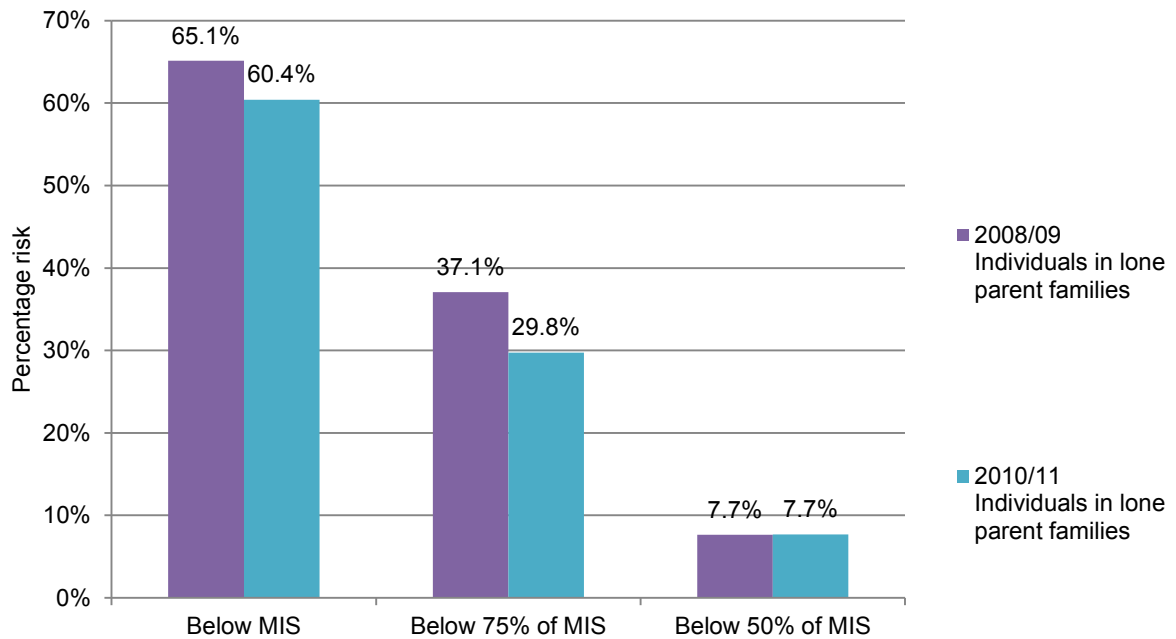
**Figure 11: Young single people without children have seen the greatest increase in low income rates**



*Lone parents became less likely to be on low incomes, but remain the most at risk group*

Among families with children, the low income risk varies greatly according to whether they have one or two parents. People living in **lone parent families** face a very high risk of being in households below MIS (60 per cent in 2010/11). They also have a high risk of having an income less than three-quarters of that required for an adequate standard of living (30 per cent in 2010/11), although benefits and tax credits ensure that few (8 per cent) have less than half what they need. Between 2008/9 and 2010/11 there has been a fall in the risk faced by individuals in lone parent households of being below MIS (from 65 to 60 per cent), and of being at least a quarter below MIS (from 37 to 30 per cent). This is likely to be associated with increases in tax credits during that period. However, these risks remain high when compared to those faced by individuals in couples with children (25 per cent falling below MIS, up from 24 per cent in 2008/9).

**Figure 12: Lone parents have the highest risk of being below MIS, but it has fallen**



### Risks by household characteristics

The following comparisons consider the risk of any given household falling below MIS, according to the age, housing tenure and regional location of the household, respectively. This demonstrates which factors are associated with households being on low incomes.

#### *Low income rates increased more, the younger the household...*

First, the risk is related to the **age** of the household reference person (HRP).<sup>1</sup> As shown in Table 1, the risks are smallest for the over-65s and greatest for the under-35s. Although all age groups saw an increase in risk between 2008/09 and 2010/11, age-differences in risk widened: the risk rose by four percentage points for the under-35s, by two for the 35-54s and by just one percentage point for the over-65s. This pattern was reflected in the risk of very low income, with the percentage below half MIS declining slightly for pensioners but rising by a third for the under 35s.

**Table 1: The risk of low income is higher for younger households, and the gap is widening**

	Year	16–34	35–64	65+
<b>Below MIS</b>	2008/09	29.07%	21.03%	8.26%
	2010/11	33.4%	22.6%	9.3%
<b>Below 75% of MIS</b>	2008/09	16.35%	12.66%	3.17%
	2010/11	19.4%	13.2%	3.1%
<b>Below 50% of MIS</b>	2008/09	5.65%	5.08%	1.27%
	2010/11	8.2%	5.4%	1.1%

*...and private tenants have seen the greatest increase in risk*

There are also **big differences by housing tenure**. In general, those who rent their homes have much greater risk of not having sufficient income to reach an adequate standard of living compared with those who own them. The greatest risk of being below MIS is in households in the social rented sector who faced a 43 per cent risk in 2010/11, unchanged from 2008/09. However, the risk for private tenants is catching up, having risen from 36 per cent in 2008/09 to 40 per cent in 2010/11. Households in the private rented sector already face the highest risk of having less than half the income they need for an adequate standard of living at 11 per cent in 2010/11, an increase from 9 per cent in 2008/9. This trend reflects the fact that private tenants are relatively more likely to be young working-age households without children, who as we have seen are the group whose risk has increased the fastest. Higher worklessness rates for such households play a part in this. However, what is not clear from the present analysis is the extent to which tenure itself has helped drive this phenomenon. Changes in the housing benefits system have required some private tenants on low incomes to find a greater proportion of their rent themselves than previously. Future analysis will look more closely at the role that rent plays in influencing the numbers whose post-rent incomes are below an adequate level.

**Table 2: Private tenants' risk of low income is catching up with that of social tenants, and private tenants' risk of very low income is now higher**

	Year	Housing association or council	Private rented	Mortgage	Owned outright
<b>Below MIS</b>	2008/09	42.77%	36.44%	9.40%	9.45%
	2010/11	43.3%	39.8%	10.3%	9.8%
<b>Below 75% of MIS</b>	2008/09	25.76%	22.28%	4.72%	4.23%
	2010/11	25.2%	24.2%	5.1%	4.0%
<b>Below 50% of MIS</b>	2008/09	7.72%	8.99%	2.39%	2.00%
	2010/11	9.4%	10.7%	2.1%	1.7%

*Londoners have the highest risk of low income, but the risk is substantial in every region*

The risk of having insufficient income to reach an adequate standard of living **varies by region** (see Table 3), although not by huge amounts: in all regions between one in six and one in four households in the MIS categories have income below the threshold. Households within London have the highest risk (25 per cent in 2010/11), and those in the rest of the South East have the lowest (17 per cent). The high London rate is likely to be partly attributable to high rents and childcare costs, since these calculations consider income after those costs have been subtracted.

The proportion of very low income families varies more by region: twice the proportion in London (6 per cent) as in the rest of the South East (3 per cent) have incomes below half of MIS. There has been an increase in the risk of households falling below MIS in every region between 2008/9 and 2010/11, but the size of the increase has varied greatly. The greatest increase in risk was in Wales. Households in the West Midlands have experienced the greatest increase in the risk of having less than three-quarters of what they need for an adequate living standard (11 per cent in 2008/9 to 14 per cent in 2010/11) and less than half what they need for an adequate living standard (4 per cent in 08/9 to 6 per cent in 10/11). Households in the Eastern, London and South East regions have all seen a decrease in the risk of being below half of MIS.

**Table 3: Proportion of households below MIS by region**

	Year	North East	NW & Merseyside	Yorkshire & Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
<b>Below MIS</b>	2008/09	20.4%	19.6%	19.5%	17.9%	20.6%	17.6%	23.5%	16.3%	16.9%	19.3%	17.8%	23.0%
	2010/11	22.4%	22.9%	21.5%	20.3%	23.4%	18.4%	24.8%	17.2%	19.1%	24.0%	18.4%	24.4%
<b>Below 75% of MIS</b>	2008/09	11.8%	10.8%	10.3%	8.7%	10.8%	9.9%	15.4%	9.2%	8.7%	11.8%	9.8%	12.3%
	2010/11	13.5%	12.7%	10.9%	10.2%	13.5%	9.8%	15.5%	8.3%	9.9%	13.5%	10.2%	12.6%
<b>Below 50% of MIS</b>	2008/09	4.2%	3.6%	3.8%	3.4%	3.5%	4.2%	6.6%	3.6%	3.4%	4.6%	3.5%	4.9%
	2010/11	4.5%	4.9%	4.3%	4.6%	5.6%	4.0%	6.5%	3.3%	4.7%	5.0%	4.3%	6.0%

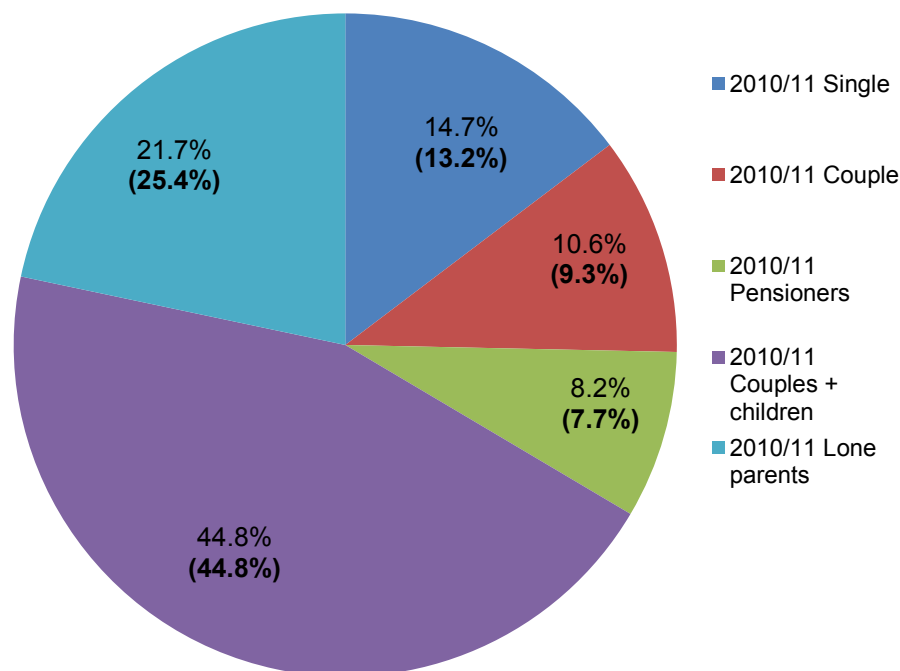
## How many people lack the income needed for an adequate standard of living? The composition of numbers below MIS

This section looks at how many individuals and households are below MIS in different groups. Even where a group has a relatively low risk of being below MIS, they may make up a significant proportion of those with inadequate incomes if their overall numbers are large as a proportion of the population.

*Two-thirds of people with low household income are in families with children...*

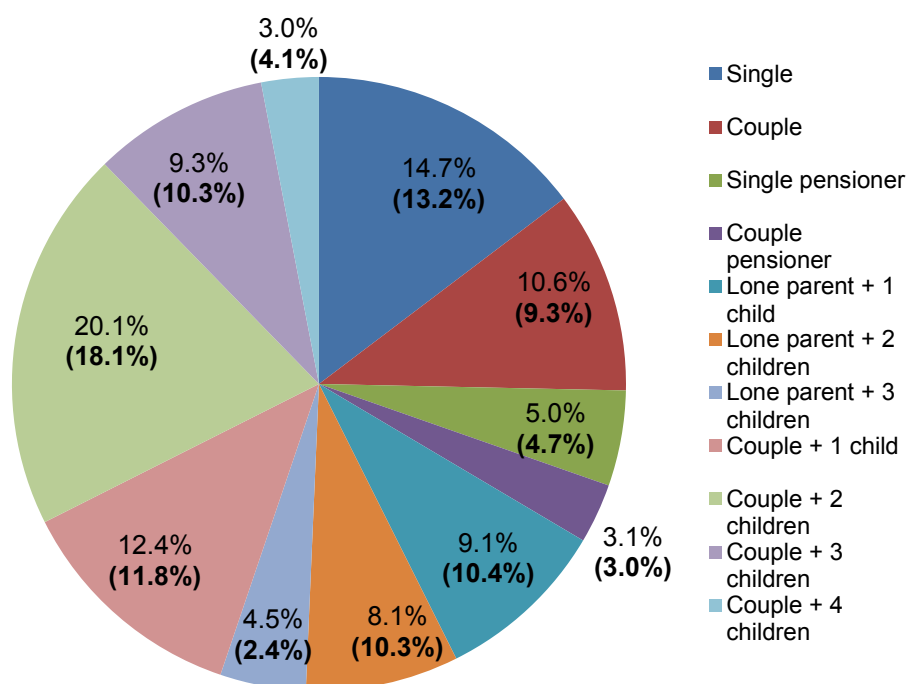
First we look at how the individuals in households below MIS are distributed across different groups. The largest single group is those living in couple households with children: a large group with a slightly above-average risk. In 2010/11, they comprised 45 per cent of people below MIS. The next largest group comprises those in lone parent households, a small group with a very high risk. They are 22 per cent of the total, meaning that overall two-thirds of all people below MIS live in households with children. Single person households make up nearly half the rest. Figures 13 and 14 show these breakdowns at a more and a less detailed level. The overall composition of numbers below MIS remained relatively stable between 2008/09 and 2010/11, with the main change being a decline from 25 per cent to 22 per cent in the share of the lone parent category.

**Figure 13: Below MIS 2010/11 (2008/9): couples with children have the greatest numbers with low income**





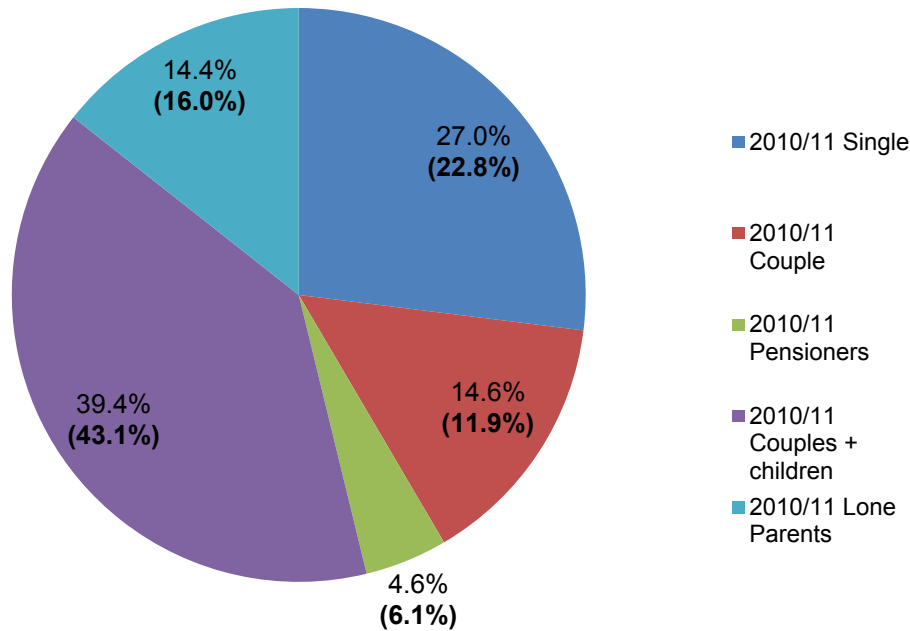
**Figure 14: Below MIS 2010/11 (2008/9): more detailed breakdowns show that couples with two children and single people are the two most common groups**



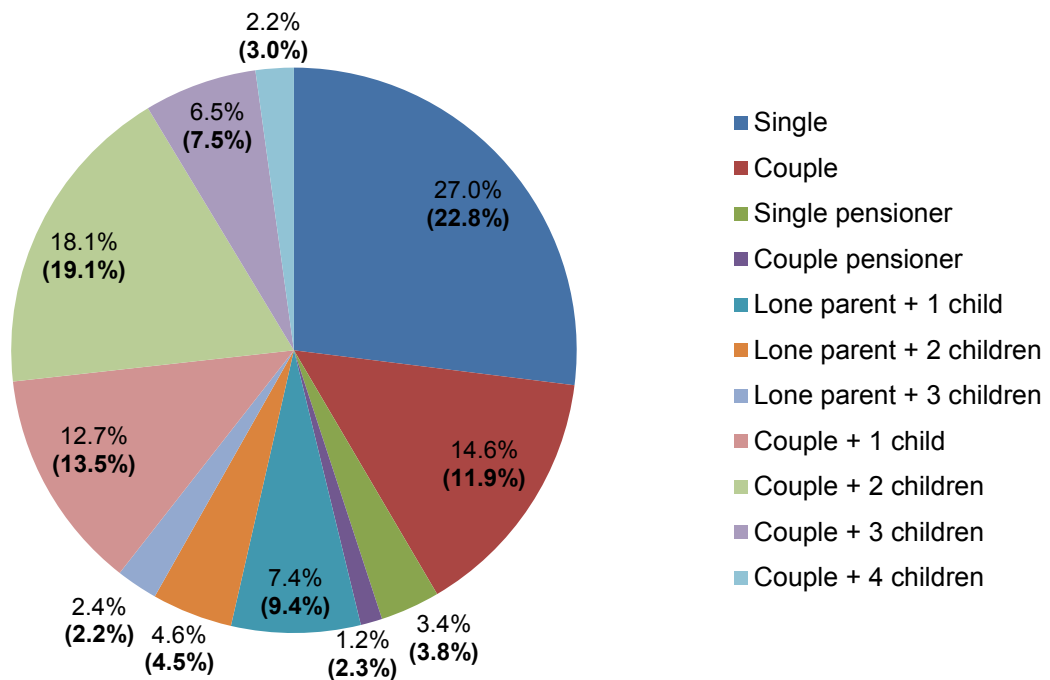
*...but among those with very low household income, only just over half are now in families with children. Single people are relatively much more common in this group than in the low household income group as a whole*

As shown in Figure 15, the largest proportion of people with income below half of that needed for an adequate standard of living, are once again individuals in couple households with children (40 per cent; 43 per cent in 2008/9). However, in this case, individuals in lone parent households account for only 14 per cent of the total, a slight fall from 16 per cent in 2008/9, and much lower than lone parents' 22 per cent share of all people in households below MIS. Individuals in households with children still account for more than half (54 per cent; 59 per cent in 2008/9) of those whose incomes fall at least 50 per cent below MIS, but single working-age adults make up 27 per cent of these very low-income households, compared with 15 per cent of everybody below MIS. To put it another way, in households headed by single adults of working-age, many more people without children than with children have less than half the income they need for an adequate living standard, whereas many more people in any below-MIS household headed by a single adult are in families with children than without children. This illustrates how some groups have a high risk of having income *somewhat* below what they need, but different groups can have the greatest risk of having income *far* below what they need, and thus of serious hardship.

**Figure 15: Below 50% of MIS 2010/11 (2008/09): Lone parents are less common and single people more common among this group than among all below-MIS households**



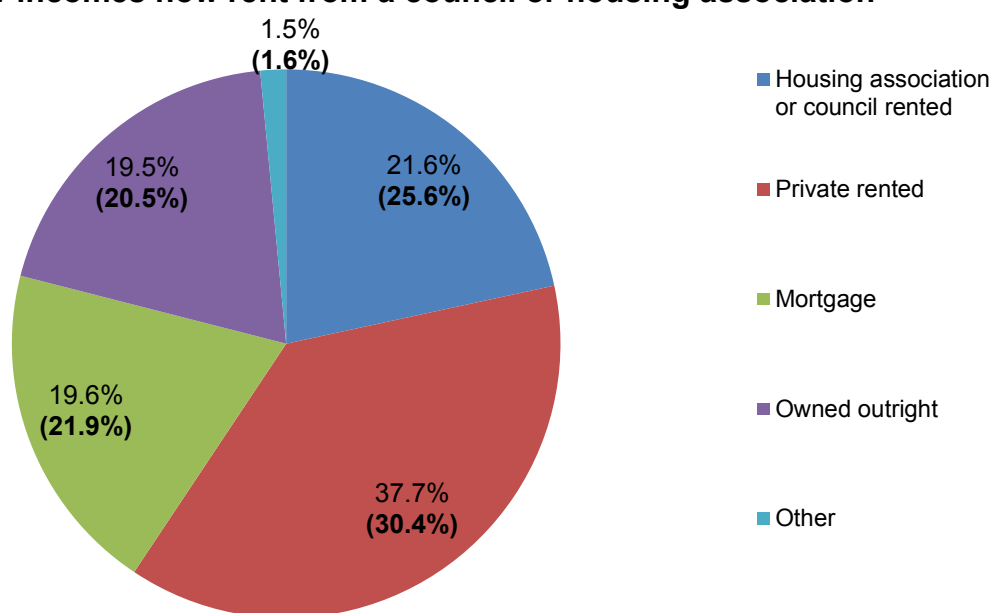
**Figure 16: Below 50% of MIS 2010/11 (2008/9): more detailed breakdowns show that single households are the type with the most individuals on very low incomes (even though other household types each contain more individuals)**



*Private tenants comprise a rapidly increasing share of low-income households...*

Households in the private rented sector accounted for more than a third (38 per cent) of the numbers below MIS in 2010/11 (see Figure 17), a significant increase in share from 30 per cent just two years previously. This is partly due to the increased risk of private tenants being below MIS, referred to above. However, it also reflects an increase by a quarter in the number of private tenancies among the households under consideration.<sup>2</sup> The recent growth in this sector is seriously changing the profile of low-income households, with their traditional association with people living on council estates increasingly out of date. Note also that while owner-occupiers have a low risk of lacking the income they require for an adequate standard of living, they are the most numerous group overall, and more than one in three (39 per cent) households below MIS are home-owners.

**Figure 17: Below MIS 2010/11 (2008/9): Only just over one in five households on low incomes now rent from a council or housing association**



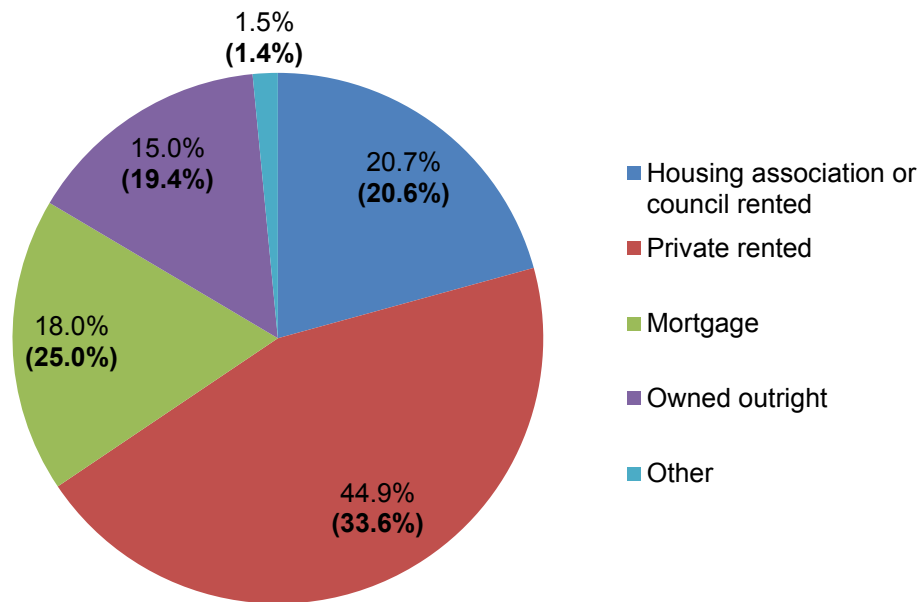
*...and nearly half of households with very low income are now in privately rented housing*

Private tenants make up a particularly large proportion of households with incomes below half of MIS: 45 per cent in 2010/11, up from 36 per cent two years previously (see Figure 18). Again, this is due partly to an increase in risk and partly to a growth in tenant numbers. Given that social housing tenants are often seen as the most deprived group in the country, this concentration of the worst-off households in private tenancies is highly significant for the targeting of policies to help people in hardship.

Moreover, the figures given here are likely to underestimate the extent of this phenomenon. This is because the standardised costs assumed by MIS to be the minimum required by households to pay for gas and electricity use a housing model based on social housing, which is relatively efficient in energy use. Someone living in

less thermally efficient private property will have higher minimum costs than assumed by MIS, and the proportion of MIS covered by such a household's income will be lower than has been assumed in these calculations.

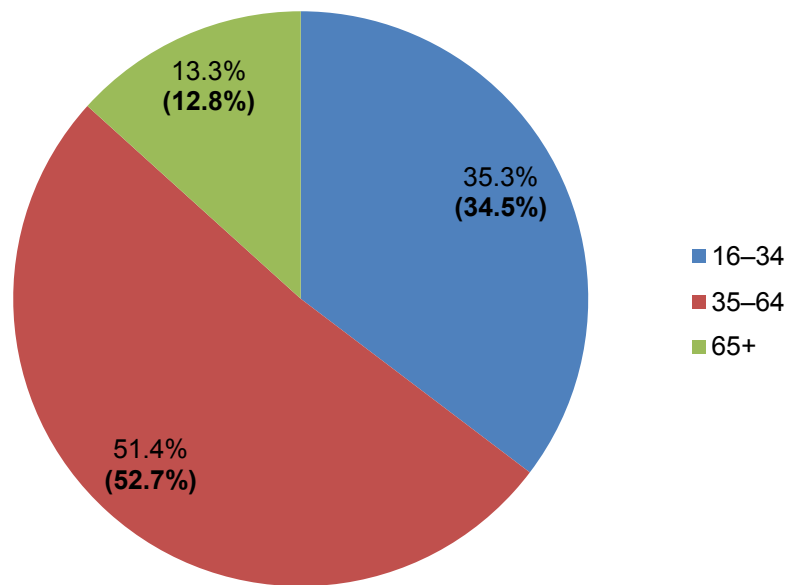
**Figure 18: Below 50% of MIS 2010/11(2008/9): nearly half of households with less than half of the income they need are in the private rented sector**



***Low-income households are distributed across a range of ages, but include few pensioners***

Finally, composition can be broken down by age of the Household Reference Person. Figure 19 shows that, despite the high risk for younger adults of heading households with low incomes, half of households with low income have an adult in mid life. This shows the extent to which low income is not just a transitory phase experienced by people before they have reached their full earning potential. Many people continue to live with below an acceptable minimum throughout their working lives, although ironically retirement is now the stage of life where the fewest people fall short of this standard.

**Figure 19: Below MIS 2010/11 (2008/9): half of households below MIS are headed by someone in mid-life**



# Who exceeds and who falls short of what is needed for an adequate income and by how much? The profile of numbers above and below MIS

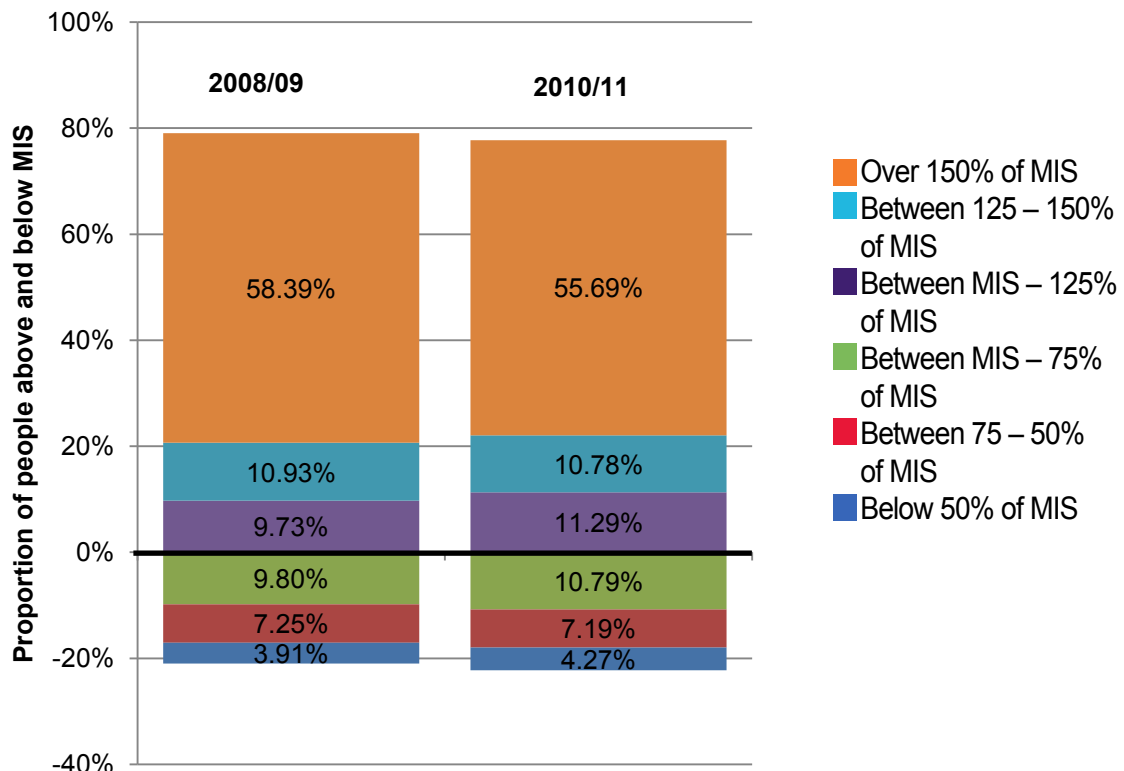
The final stage of the analysis considers the income profile of various groups relative to MIS, looking at the numbers whose incomes are in various bands expressed as a percentage of MIS level.

*As well as an increase in the numbers below MIS, the numbers comfortably above MIS are lower*

Figure 20 considers this profile for all individuals in households covered by MIS. It shows that just over half of people are living in households with an income at least 50 per cent higher than that required for an adequate standard of living. The remainder are equally distributed between those a smaller amount above MIS and those falling below the threshold.

Figure 20 shows that in general there has been a downward pressure on incomes relative to MIS between 2008/9 and 2010/11. This has affected not just the proportion without enough for an adequate standard of living, but also the relative adequacy of the incomes of people on medium incomes. Nevertheless, there are still two-thirds of individuals (66 per cent) with incomes at least a quarter above the minimum.

**Figure 20: Profile of individuals relative to MIS: most people are still comfortably above the threshold**

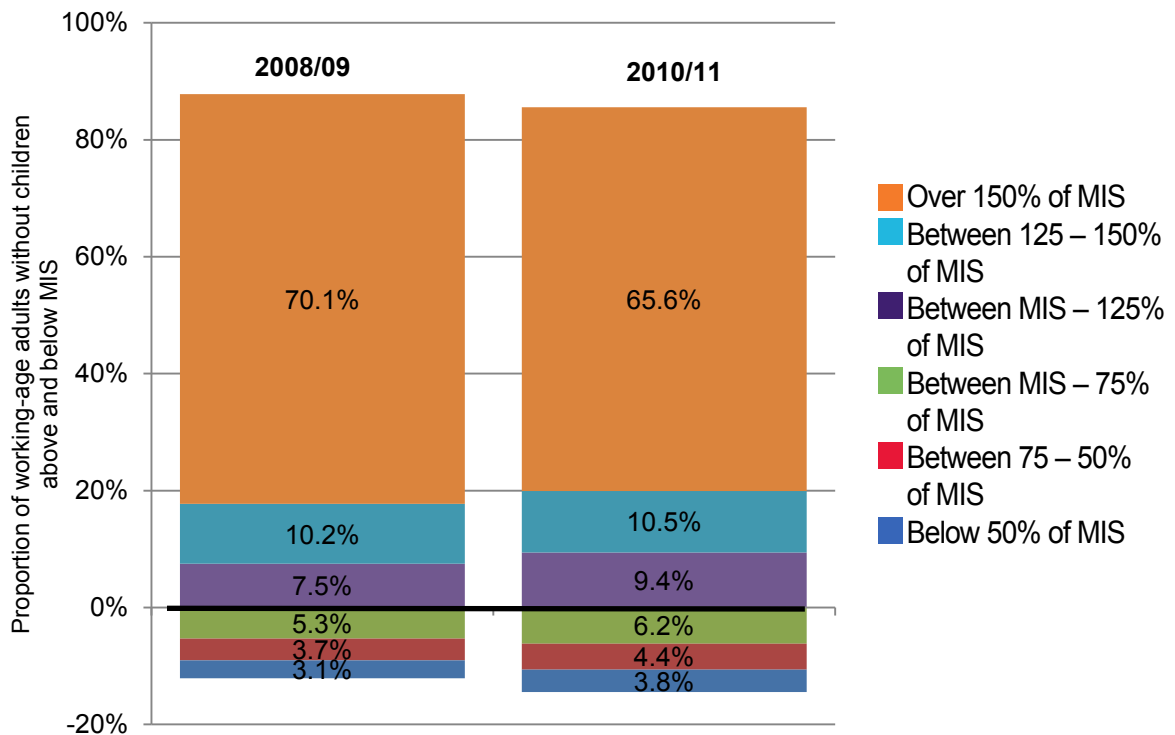


*Adults without children have a strong chance of being at least 50 per cent above MIS, but for single people this has declined to less than half...*

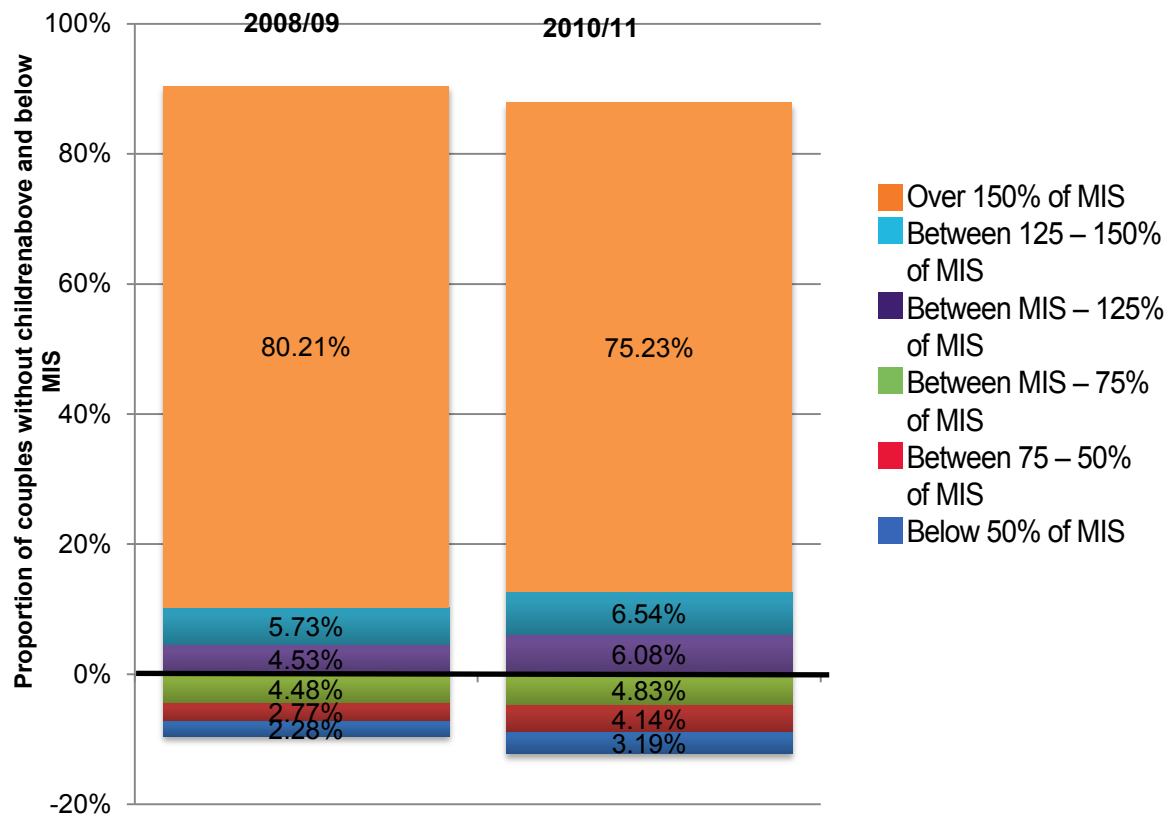
Taken as a whole, the position of individuals in working-age households without children in relation to MIS has also experienced downward pressure between 2008/9 and 2010/11. There has been a fall in the proportion with incomes more than 50 per cent above MIS. This has been accompanied by an increase in the proportion of individuals with incomes below what they need for an adequate living standard, below three-quarters of what they need and below half of what they need. However, taken as a whole, two-thirds of individuals in working-age households have incomes more than 50 per cent above MIS, and the proportion with incomes up to 50 per cent above MIS increased between 2008/9 and 2010/11.

When all working-age individuals without children are disaggregated into individuals in couple and single households, there are clear and significant differences in the distribution of individuals relative to MIS. As well as couples having much lower risks of falling below MIS, as described in Section 4 above, they also have a much greater chance of being well clear of the MIS threshold. Three-quarters of couples but under half of single people are at least 50 per cent above MIS – although both of these proportions fell significantly in the early part of the recession. Nevertheless, single people can also be seen as one of the most polarised groups in terms of income distribution: they have a much higher than average proportion below half of MIS, but the proportion of this group at least 50 per cent above MIS was until recently not very different from the average. This polarisation is likely to be linked to contrasting experiences of single people in and out of work, as well as to young people in poorly paid jobs and older people who are more established in the labour market.

**Figure 21: Among working-age adults without children, the proportion well above MIS has declined significantly**

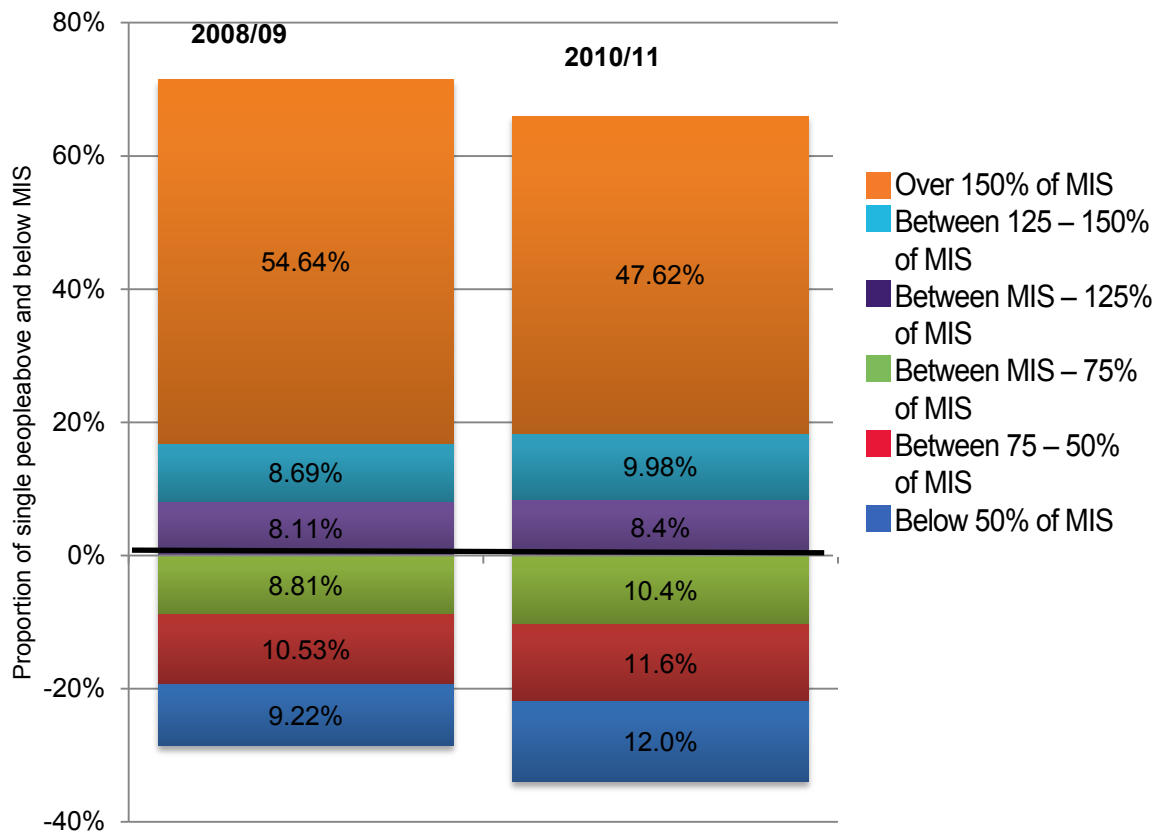


**Figure 22: Three-quarters of couples without children are still well above MIS threshold**





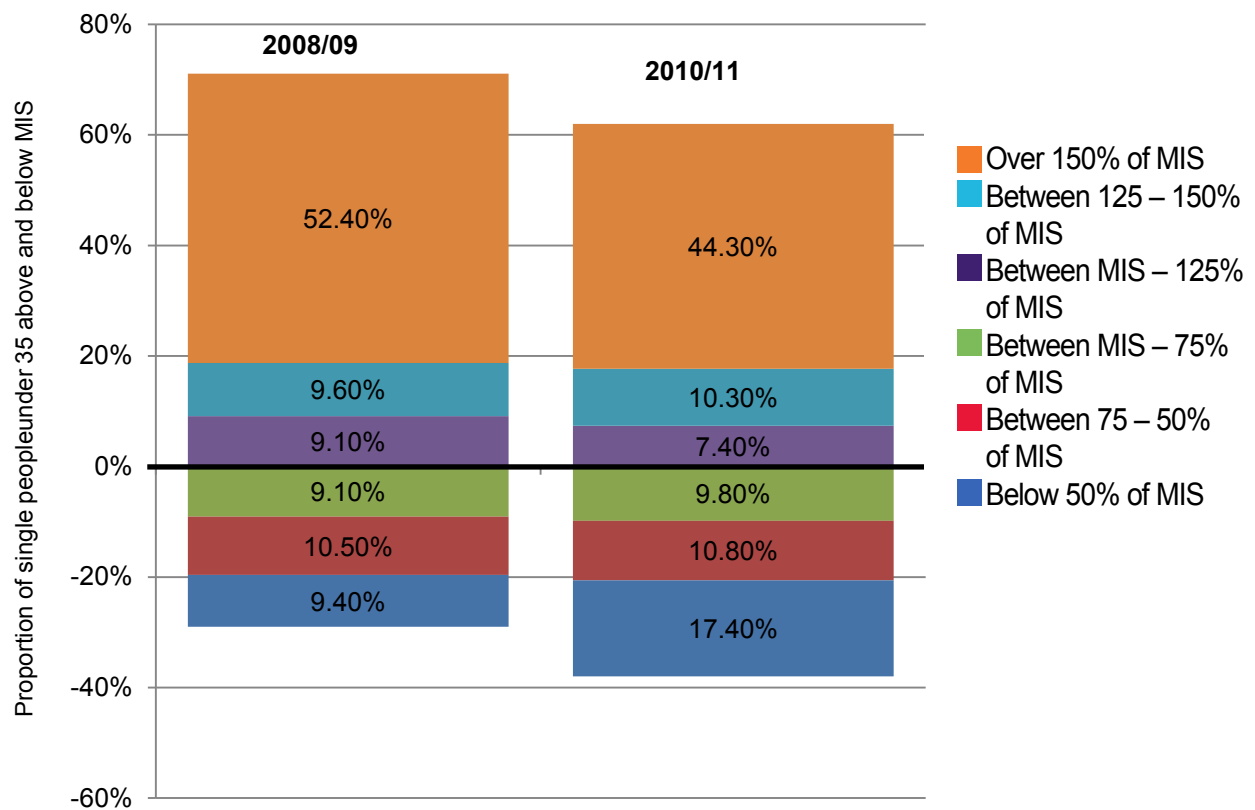
**Figure 23: Fewer than half of single people are at least 50 per cent above MIS threshold**



*...and the whole income profile of young single households has shifted downwards.*

For young single individuals (under 35), the downward pressures have been felt across all income categories. This can be seen in Figure 24 where the whole distribution moves downwards. Not only has the size of the worst-off group nearly doubled, rising by eight percentage points, but the best-off group has shrunk by the same amount, eight percentage points. That is to say that not only is 8 per cent more of this group in the very uncomfortable position of having less than half of the income they need, but 8 per cent fewer are in the comfortable situation of having half as much again as the income they need. Young single people are becoming much worse off across the board.

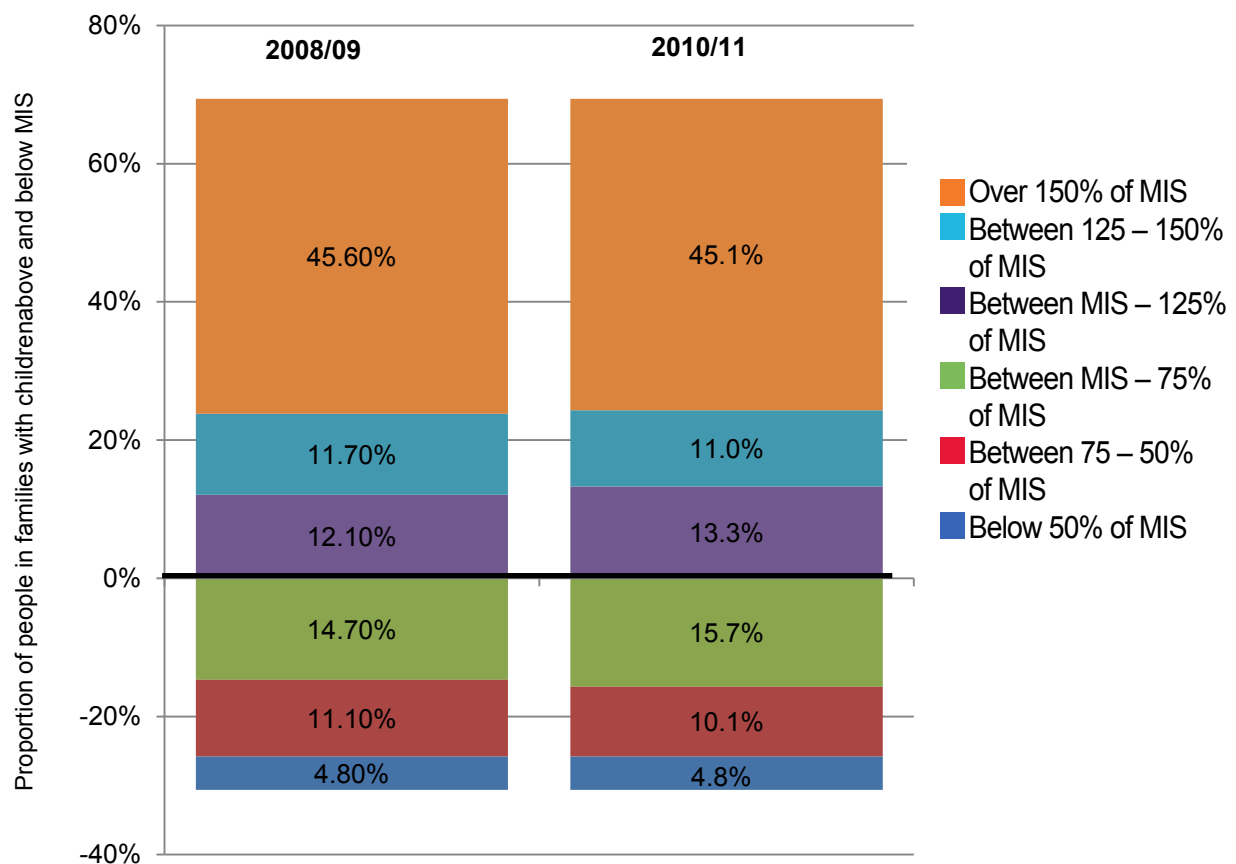
**Figure 24: Single people under 35 have become much less likely to reach any given income threshold above or below MIS**



*Working-age families with children have maintained a similar income profile...*

In contrast with individuals in working-age households without children, individuals in working-age households with children have not experienced the same downward pressures in the period under review (see Figure 25). The proportion falling below MIS remained about the same. Among those above MIS, there was a very minor shift in the numbers at least 25% above to those below this level but still above the MIS threshold.

**Figure 25: The income profile of people in families with children changed little in the first two years of the recession**

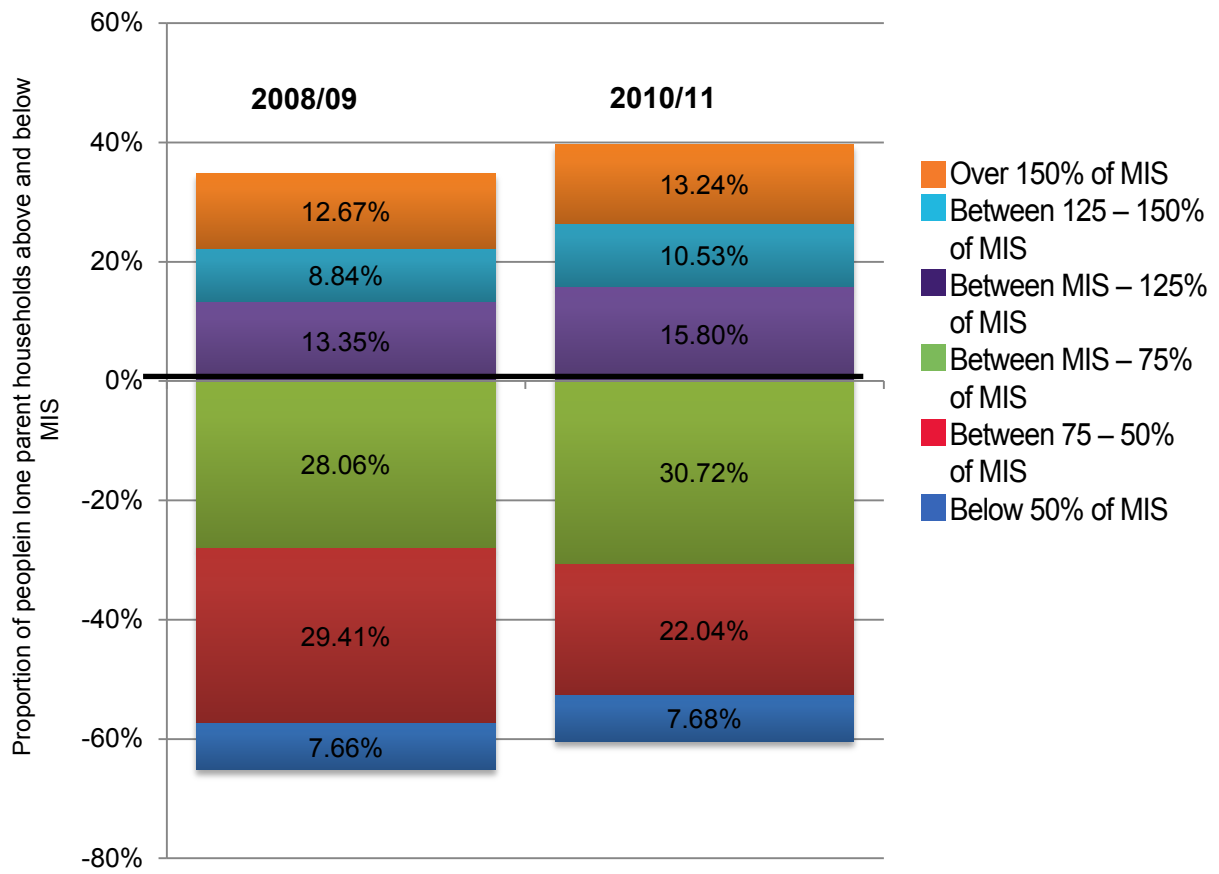


*... and for lone parents, the chance of being comfortably above MIS, while relatively low, has improved*

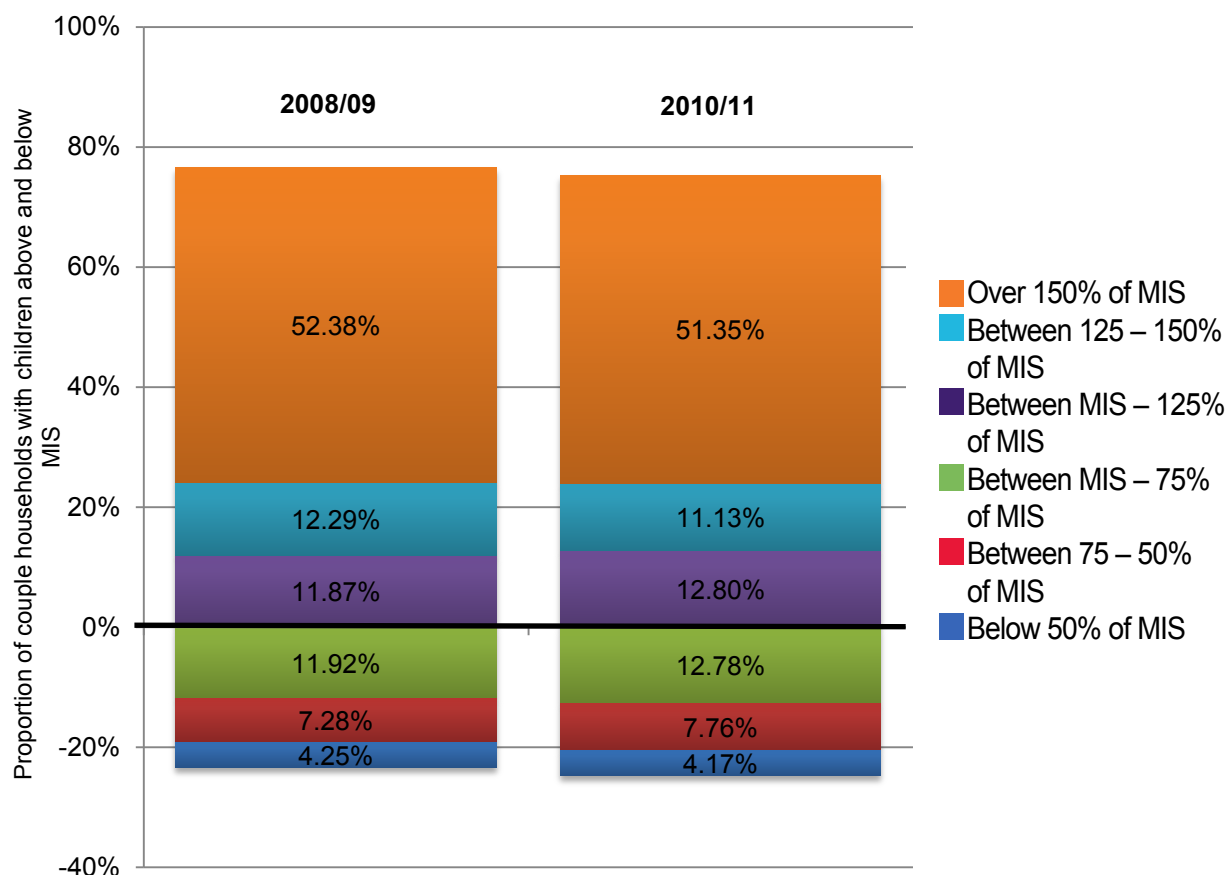
When separated into individuals in lone parent households and couples with children households, differences in the pressures being experienced by individuals in different household types emerge. Among lone parents, there has been an improvement, linked to improved tax credits and similar chances of being in work, as described above. The proportion with incomes above MIS increased from 35 per cent to 40 per cent (see Figure 26). Most of this increase was in those not far above MIS, with little change in the small proportion of single parents in the comfortable position of having income at least 50 per cent above the threshold. So more lone parents achieve an adequate income than previously, but few are well off. Indeed, lone parents have a particularly concentrated distribution of incomes just above and below the MIS threshold. Eight in ten people in lone parent households are within 50 per cent of the MIS line (above or below), compared with only 40 per cent of single adults without children.

For individuals in couple households with children, there was little change in the income profile (see Figure 27).

**Figure 26: Only one in four people in lone parent households has income at least 25 per cent above MIS, but this proportion has increased**



**Figure 27: In couple households with children, income relative to MIS has remained much the same**

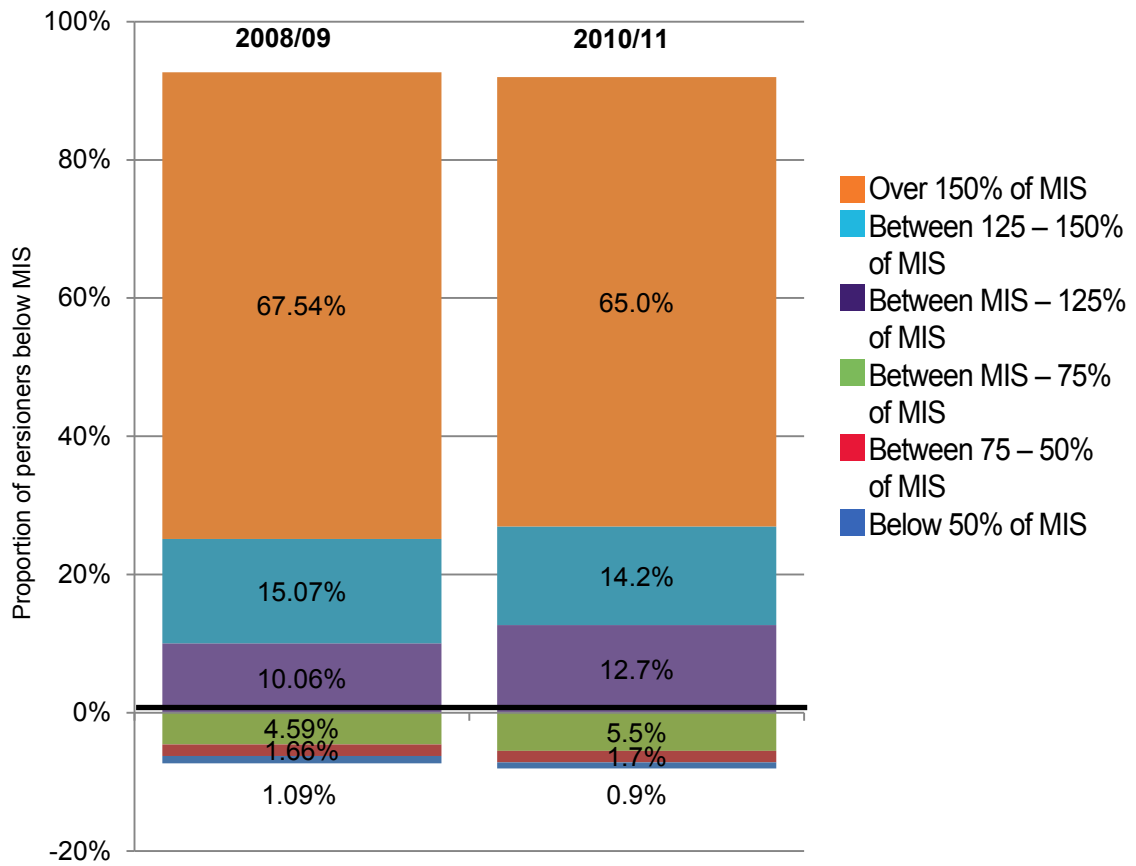


*Most pensioners are comfortably above MIS level*

As the group at lowest risk of being below MIS, there has been little change in the proportions of pensioners with incomes falling above and below MIS. The overwhelming majority of pensioners (92 per cent in 2010/11, a 0.7 per cent decrease since 2008/9) have incomes at or above MIS. There have been distributional changes, with a decreased proportion with incomes more than 25 per cent above MIS, but an increase in those with incomes between MIS and 25 per cent above. Nevertheless, nearly 8 in 10 pensioners are still at least 25 per cent above MIS, substantially more than the average of two-thirds for all individuals (see Figure 28).

The number of pensioners at least 25 per cent above MIS is particularly significant in view of the fact that pensioners not far above MIS level still risk having insufficient income to meet their own particular needs. MIS sets a common minimum based on baseline assumptions that underestimate the needs of many individual pensioners. In particular, it assumes that they live in a one- or two-bedroom flat with a social landlord. Those that live in, say, a house that they own, are likely to have more than the assumed heating and maintenance bills, and therefore will need some margin above MIS to make ends meet.

**Figure 28: 8 in 10 pensioners remain at least 25 per cent above MIS**



## Conclusion

Overall, the data shows that working-age adults without children had the greatest increase in the risk of inadequate income during this period, while for families with children the risk, while already relatively high, did not get worse. This reflects the fact that there was a greater increase in worklessness among households without children than with children. In the latter, even where someone lost a job, another person in the household typically continued to work. Moreover, families on low incomes with children were still seeing real term increases in their tax credits, which helped compensate for the fall in real wages. This especially helped lone parents, whose risk of being on inadequate income fell during this period. More recently, there have been cuts in tax credit entitlements, making the situation less favourable to families. The overall impact of this change on income adequacy will start to become evident when the next report in this series is published. But for now it can be said that families with children were better protected than households without children from the early effects of recession.

More specifically, the group suffering the most has been those in single person households under 35, whose job prospects and real earnings have been badly hit in the downturn. Most alarmingly, the number in this group with incomes below half what they need for an adequate living standard has almost doubled, from 100,000 to nearly 200,000. These are people bearing the expense of running their own households and having to live on less than about £12 a day (after rent in 2010/11), while typically receiving Income Support of under £10 a day. More generally, adequacy levels among young people and among single people without children have reduced. Out of 4 million people living on their own, 1.3 million had incomes below MIS in 2010/11, up from 1.1 million in 2008/09.

As well as confirming increases in the risk for certain groups of having less than the minimum needed for an acceptable living standard, this report also confirms a fall in the proportion of households with incomes comfortably above MIS level. Overall, the decline in the numbers at least 50 per cent above MIS (by nearly three percentage points) was much greater than the increase in the numbers below MIS (by just over one percentage point). However, here too, the deterioration hit some groups and not others. Families with children were no more or less likely to be at least 50 per cent above MIS, but for young single people the chance fell sharply, from 52 to 44 per cent.

Three overall implications can be drawn from these findings.

First, the early part of the recession hit different groups to different degrees, with working-age households suffering the most from a tougher work situation, especially young single people in their own households who were particularly at risk of having no household income from work. This effect is likely to persist as later figures become available: more recent figures show that families with children remain more resilient in avoiding worklessness. On the other hand, for those in work, the cumulative effect of falling real wages will hit all groups.

Second, there has been a difference between the levels of protection provided by the state to different groups. Families with children and pensioners continued to see relatively generous increases in benefits early on in the recession, and this increased their resilience. More recently, while pensioner incomes have continued to be protected, working-age benefits have been subjected to harsher uprating rules, regardless of whether there are children in the family. This is likely to contribute to a reversal of the fortunes of those families.

Finally, the growing prevalence and risk of households in the private rented sector reflects the importance of costs such as rents in determining whether incomes are adequate. A similar issue applies to childcare costs. By measuring disposable income after these expenses have been paid, relative to need, MIS can monitor income adequacy more accurately than by looking only at total income levels. Future annual reports on the numbers below MIS will thus continue to analyse both sides of the income adequacy equation: how much households have to spend, and what the cost is of reaching a minimum acceptable living standard.



## Notes

1. The HRP is the member of the household in whose name the accommodation is owned or rented, or who is otherwise responsible for the accommodation. In households with a sole householder that person is the HRP. In households with joint householders the person with the highest income is taken as the HRP. If both householders have exactly the same income, the older is taken as the HRP.
2. This surprisingly fast rise in the size of the sector in such a short period reflects its long-term growth. According to the English Housing Survey, the total growth in private tenancies over the same two years was 20 per cent. Between 2001 and 2010/11 it was 86 per cent (DCLG 2012, pp. 46).

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# Appendix 1 Data summary

	Household type																		
	Total	Single working-age	Couple working-age	Single pensioner	Couple pensioner	Lone parent+1	Lone parent +2	Lone parent +3	Couple +1	Couple +2	Couple +3	Couple +4	Young and single (under 35)	With children	Without children	WA adults without children	Pensioners	Couples + children	Lone parents
<b>Individuals by household status (thousands)</b>																			
<b>2010/11</b>																			
Total individuals	41152	3958	8019	3856	5442	1466	1289	530	5569	7979	2466	577	1090	19876	21275	11977	9298	16591	3285
Total below MIS	9153	1345	975	460	288	834	738	413	1132	1843	849	277	414	6086	3068	2319	748	4101	1985
Total below 25% MIS	4714	932	588	171	66	459	360	159	597	877	386	120	307	2958	1757	1520	237	1980	977
Total below 50% MIS	1756	474	256	60	22	130	81	42	222	318	113	38	189	945	811	729	82	692	252
Composition - below MIS		14.7%	10.6%	5.0%	3.1%	9.1%	8.1%	4.5%	12.4%	20.1%	9.3%	3.0%	4.5%	66.49%	33.51%	25.34%	8.18%	44.80%	21.69%
Composition - below 50% MIS		27.0%	14.6%	3.4%	1.2%	7.4%	4.6%	2.4%	12.7%	18.1%	6.5%	2.2%	10.8%	53.81%	46.19%	41.55%	4.65%	39.43%	14.38%
Risk below MIS	22.2%	34.0%	12.2%	11.9%	5.3%	56.8%	57.3%	78.0%	20.3%	23.1%	34.4%	47.9%	38.0%	30.6%	14.4%	19.4%	8.0%	24.7%	60.4%
Risk below 25% MIS	11.5%	23.5%	7.3%	4.4%	1.2%	31.3%	27.9%	29.9%	10.7%	11.0%	15.7%	20.7%	28.2%	14.9%	8.3%	12.7%	2.6%	11.9%	29.8%
Risk below 50% MIS	4.3%	12.0%	3.2%	1.6%	0.4%	8.8%	6.3%	7.9%	4.0%	4.0%	4.6%	6.6%	17.4%	4.8%	3.8%	6.1%	0.9%	4.2%	7.7%
<b>2008/9</b>																			
Total individuals	40456	3915	8299	3862	5034	1498	1299	515	5345	7601	2450	641	1076	19347	21109	12213	8896	16036	3311
Total below MIS	8480	1118	791	402	251	880	876	402	1001	1537	874	350	311	5919	2561	1909	653	3762	2157
Total below 25% MIS	4514	773	419	160	85	550	469	208	546	763	384	158	213	3078	1436	1192	244	1850	1228
Total below 50% MIS	1582	361	189	60	36	148	71	34	214	302	119	48	101	935	646	550	97	682	254
Composition - below MIS		13.2%	9.3%	4.7%	3.0%	10.4%	10.3%	4.7%	11.8%	18.1%	10.3%	4.1%		69.79%	30.21%	22.5%	7.7%	44.4%	25.4%
Composition - below 50% MIS		22.8%	11.9%	3.8%	2.3%	9.4%	4.5%	2.2%	13.5%	19.1%	7.5%	3.0%		59.14%	40.86%	34.8%	6.1%	43.1%	16.0%
Risk below MIS	21.0%	28.6%	9.5%	10.4%	5.0%	58.7%	67.4%	78.0%	18.7%	20.2%	35.7%	54.6%	28.9%	30.6%	12.1%	15.6%	7.3%	23.5%	65.1%
Risk below 25% MIS	11.2%	19.7%	5.0%	4.1%	1.7%	36.7%	36.1%	40.5%	10.2%	10.0%	15.7%	24.6%	19.8%	15.9%	6.8%	9.8%	2.7%	11.5%	37.1%
Risk below 50% MIS	3.9%	9.2%	2.3%	1.6%	0.7%	9.9%	5.5%	6.7%	4.0%	4.0%	4.8%	7.5%	9.4%	4.8%	3.1%	4.5%	1.1%	4.3%	7.7%

	Household type																	
	Total	Single working-age	Couple working-age	Single pensioner	Couple pensioner	Lone parent +1	Lone parent +2	Lone parent +3	Couple +1	Couple +2	Couple +3	Couple +4	With children	Without children	Working-age adults without children	Pensioners	Couples + children	Lone parents
<b>Households (thousands)</b>																		
<b>2010/11</b>																		
Total households	20281	3958	4009	3856	2721	733	430	133	1856	1995	493	96	5736	14545	7968	6577	4441	1295
Total below MIS	4256	1345	487	460	144	417	246	103	377	461	170	46	1820	2436	1832	604	1054	766
Total below 25% MIS	2334	932	294	171	33	229	120	40	199	219	77	20	905	1430	1226	204	516	389
Total below 50% MIS	957	474	128	60	11	65	27	10	74	80	23	6	285	672	601	71	183	102
Risk below MIS	21.0%	34.0%	12.2%	11.9%	5.3%	56.8%	57.3%	78.0%	20.3%	23.1%	34.4%	47.9%	31.7%	16.7%	23.0%	9.2%	23.7%	59.1%
Risk below 25% MIS	11.5%	23.5%	7.3%	4.4%	1.2%	31.3%	27.9%	29.9%	10.7%	11.0%	15.7%	20.7%	15.8%	9.8%	15.4%	3.1%	11.6%	30.0%
Risk below 50% MIS	4.7%	12.0%	3.2%	1.6%	0.4%	8.8%	6.3%	7.9%	4.0%	4.0%	4.6%	6.6%	5.0%	4.6%	7.5%	1.1%	4.1%	7.9%
<b>2008/9</b>																		
Total households	20032	3915	4149	3862	2517	749	433	129	1782	1900	490	107	5589	14443	8064	6379	4279	1311
Total below MIS	3824	1118	395	402	125	440	292	100	334	384	175	58	1783	2041	1513	527	951	832
Total below 25% MIS	2144	773	209	160	42	275	156	52	182	191	77	26	959	1184	982	202	476	484
Total below 50% MIS	819	361	94	60	18	74	24	9	71	75	24	8	285	534	455	79	178	106
Risk below MIS	19.1%	28.6%	9.5%	10.4%	5.0%	58.7%	67.4%	78.0%	18.7%	20.2%	35.7%	54.6%	31.9%	14.1%	18.8%	8.3%	22.2%	63.5%
Risk below 25% MIS	10.7%	19.7%	5.0%	4.1%	1.7%	36.7%	36.1%	40.5%	10.2%	10.0%	15.7%	24.6%	17.2%	8.2%	12.2%	3.2%	11.1%	36.9%
Risk below 50% MIS	4.1%	9.2%	2.3%	1.6%	0.7%	9.9%	5.5%	6.7%	4.0%	4.0%	4.8%	7.5%	5.1%	3.7%	5.6%	1.2%	4.2%	8.1%

	Age group			Housing					
	16-34	35-64	65+	All housing	HA or council	Private rented	Mortgage	Owned outright	other
<b>Households (thousands)</b>									
<b>2010/11</b>									
Total households	4500	9669	6111	18366	1696	3220	6464	6759	226
Total below MIS	1503	2187	566	3399	734	1283	668	663	51
Total below 25% MIS	873	1272	189	1826	428	778	326	272	22
Total below 50% MIS	368	525	64	770	160	345	138	115	12
Risk below MIS	33.4%	22.6%	9.3%		43.3%	39.8%	10.3%	9.8%	22.8%
Risk below 25% MIS	19.4%	13.2%	3.1%		25.2%	24.2%	5.1%	4.0%	9.7%
Risk below 50% MIS	8.2%	5.4%	1.1%		9.4%	10.7%	2.1%	1.7%	5.2%
Composition - below MIS	35.3%	51.4%	13.3%		21.6%	37.7%	19.6%	19.5%	1.5%
Composition - below 50% MIS	38.4%	54.8%	6.7%		20.7%	44.9%	18.0%	15.0%	1.5%
<b>2008/9</b>									
Total households	4541	9585	5906	18128	1802	2519	7041	6526	239
Total below MIS	1320	2016	488	3016	771	918	662	617	48
Total below 25% MIS	743	1214	187	1654	464	561	333	276	19
Total below 50% MIS	256	487	75	674	139	227	168	131	9
Risk below MIS	29.1%	21.0%	8.3%		42.8%	36.4%	9.4%	9.5%	20.2%
Risk below 25% MIS	16.4%	12.7%	3.2%		25.8%	22.3%	4.7%	4.2%	8.1%
Risk below 50% MIS	5.6%	5.1%	1.3%		7.7%	9.0%	2.4%	2.0%	3.9%
Composition - below MIS	34.5%	52.7%	12.8%		25.6%	30.4%	21.9%	20.5%	1.6%
Composition - below 50% MIS	31.3%	59.5%	9.2%		20.6%	33.6%	25.0%	19.4%	1.4%

	Region											
	North East	North West and Merseyside	Yorks and Humberside	East Midlands	West Midlands	Eastern	London	South East	South West	Wales	Scotland	Northern Ireland
<b>Households (thousands)</b>												
<b>2010/11</b>												
Total households	896	2245	1738	1491	1733	1911	2430	2737	1760	949	1873	518
Total below MIS	201	514	375	302	406	352	603	470	337	228	344	126
Total below 25% MIS	121	285	190	153	234	188	378	227	174	128	192	65
Total below 50% MIS	40	110	74	69	97	76	157	91	83	47	81	31
Risk below MIS	22.4%	22.9%	21.5%	20.3%	23.4%	18.4%	24.8%	17.2%	19.1%	24.0%	18.4%	24.4%
Risk below 25% MIS	13.5%	12.7%	10.9%	10.2%	13.5%	9.8%	15.5%	8.3%	9.9%	13.5%	10.2%	12.6%
Risk below 50% MIS	4.5%	4.9%	4.3%	4.6%	5.6%	4.0%	6.5%	3.3%	4.7%	5.0%	4.3%	6.0%
<b>2008/9</b>												
Total households	865	2304	1695	1507	1706	1861	2357	2713	1720	995	1810	499
Total below MIS	177	452	331	270	351	327	553	442	291	192	323	115
Total below 25% MIS	102	248	175	131	183	183	363	250	150	117	177	62
Total below 50% MIS	36	82	65	52	60	78	155	99	58	46	63	25
Risk below MIS	20.4%	19.6%	19.5%	17.9%	20.6%	17.6%	23.5%	16.3%	16.9%	19.3%	17.8%	23.0%
Risk below 25% MIS	11.8%	10.8%	10.3%	8.7%	10.8%	9.9%	15.4%	9.2%	8.7%	11.8%	9.8%	12.3%
Risk below 50% MIS	4.2%	3.6%	3.8%	3.4%	3.5%	4.2%	6.6%	3.6%	3.4%	4.6%	3.5%	4.9%

## About the authors

**Matt Padley** is a Research Associate at the Centre for Research in Social Policy (CRSP) where he works across the MIS programme, with responsibility for the management, analysis and application of MIS data. He is an experienced policy researcher and analyst. His principal interests lie in understanding the patterns, causes and consequences of social disadvantage particularly with regard to income, and understanding the interplay between policy, community involvement, collaboration/co-operation and co-production.

**Donald Hirsch** is the Director of the Centre for Research in Social Policy (CRSP) and leads on the MIS programme. A former journalist, writer and research consultant, he has been involved in MIS since its inception and is responsible for the analysis of MIS data and its application in policy and practice. From 1998 to 2008 he was poverty adviser to the Joseph Rowntree Foundation, where he wrote a number of major reports on child poverty, welfare reform, long-term care and the situation of older workers.

## About the research

The analysis presented in this paper was commissioned by the Joseph Rowntree Foundation (JRF) as part of its programme on minimum income standards, which aims to define an 'adequate' income, based on what members of the public think is enough money to live on. The Minimum Income Standard (MIS) is designed as a benchmark to inform decision-making, not a new poverty line, and we do not argue that everyone below it is in hardship and everyone above it is okay or doing well. However, in the present economic climate, when incomes are being squeezed, it is useful to look at trends in the number of households living below MIS, and how far short of this benchmark they are falling. This paper illustrates the impact on different groups over a period when incomes have been generally rising more slowly than the cost of a minimum standard of living. The paper is based on analysis of the Family Resources Survey to estimate the number of households in different groups with disposable incomes below MIS and below a certain percentage of MIS in 2008/09 and 2010/11 (the most current data available). CRSP will continue to monitor this trend annually.

This paper was commissioned as part of the JRF programme on minimum income standards, which aims to define an 'adequate' income, based on what members of the public think is enough money to live on.

[www.jrf.org.uk/work/workarea/minimum-income-standards](http://www.jrf.org.uk/work/workarea/minimum-income-standards)

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