

Households below a Minimum Income Standard: 2008/09 to 2018/19

The Minimum Income Standard (MIS) is a benchmark of income adequacy based on what the public think people need for a minimum acceptable living standard in the UK. This analysis monitors changes in the number of people in households with incomes below MIS. We all want to live in a society where everyone can thrive and contribute; it's not right that low-income households are being held back from participating fully in our society.

Adél Schofield, JRF Research Manager (Quantitative)

Key messages

- Three in ten (29.9% or 19.6 million) of us are living below MIS, up from 26.8% (16.2 million) in 2008/09.
- Children living with a lone parent are far more likely to be in a household below MIS than those living in couple-parent families: 67.7% of children in lone-parent households are growing up with inadequate income compared to 35.1% in couple-parent households.
- A quarter of all children in the UK in 2018/19 – 3.6 million – are living in households with incomes below 75% of MIS.
- For single pensioners, the likelihood of living below MIS has increased substantially since 2008/09, from 15.8% to 27.4%, with women more likely to be living below MIS than men.
- One fifth of working-age households below MIS (21.1%) are those where all adults are in full-time work.
- One of the clearest trends over the decade analysed is the growing number of households who are still falling short of the income needed to meet their minimum needs, even though all the adults in them are in work.

The research

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Background

The Minimum Income Standard (MIS) is based on research in which members of the public consider what people need to have a minimum socially acceptable standard of living. It establishes a threshold below which households struggle to have what they need to participate in society. Identifying trends in the number of individuals in households below this standard helps to show how the prevalence of inadequate income has changed for different sub-groups of the population over time. In a society like ours, it is only right that everyone should be able to thrive and play their full part in it, not find themselves restricted as many people living below MIS do.

Key points

- In 2018/19, nearly three in ten (29.9%) of us in the UK were living in households with incomes below MIS, compared to 26.8% in 2008/09. The proportion of individuals below MIS has increased in the latest year for the first time since 2013/14.
- The proportion of us with incomes below 75% of MIS in 2018/19 remains above the level reported for 2008/09 (18.2% compared with 16.6%). People with incomes below this level – falling well short of being able to meet their minimum needs – face a greatly increased likelihood of being materially deprived. Approximately 11.9 million people are living in households with incomes below this level, 1.8 million more than in 2008/09.

A stagnant decade and an uncertain future

This report looks back at the ten-year period from 2008/09 to 2018/19, the most recent year for which household income data are available. Although at points in the last decade there have been improvements in average household incomes – with increases between 2014/15 and 2016/17 – in the past two years income growth has once again stalled, and incomes have fallen for some. This is particularly the case for low-income households, whose real incomes in 2018/19 were no higher than they were in 2001/02. The continued freeze in working-age benefits (both in and out of work) throughout 2018/19 alongside rising costs has also contributed to an increase in the number of households below MIS for the first time since 2013/14.

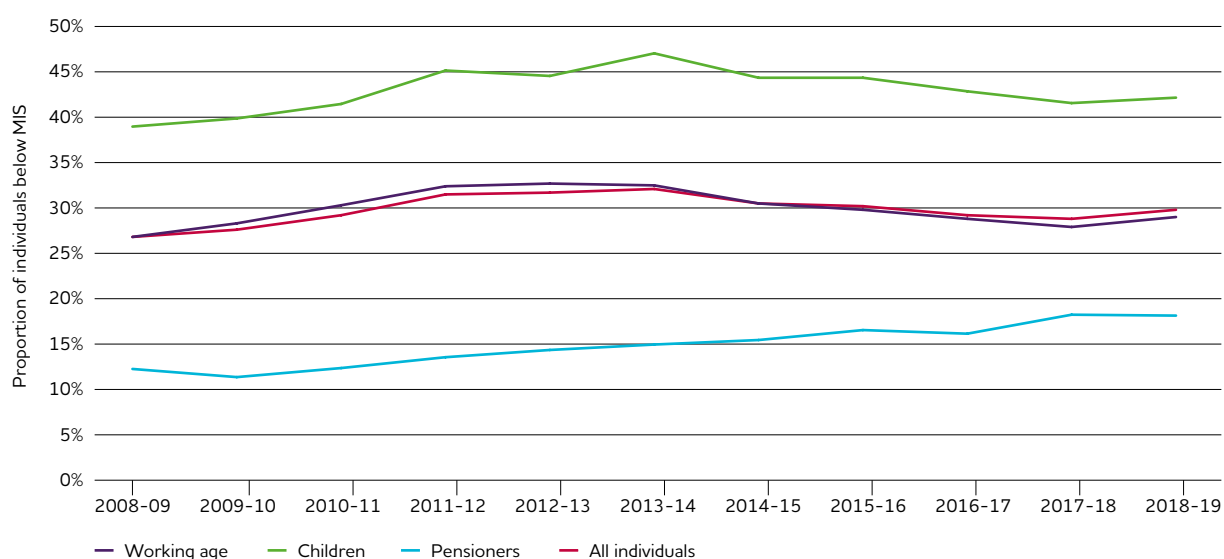
This analysis does not cover the period where living standards have been affected by COVID-19, but it is clear that as we enter another uncertain decade economically and socially, many households will struggle to stay afloat and face significant and prolonged challenges. COVID-19 and its legacies will undoubtedly have an impact on the ability of many people to reach a minimum socially acceptable standard of living, adding to the pressure of an already challenging situation.

- One quarter (25.6%) of children are living in households with very low incomes (below 75% of MIS). This means that three in five (60.6%) of all children in households below MIS are growing up on very low incomes.
- Two in five (42.6%) lone parents working full-time are below MIS, while nearly three-quarters (74.3%) working either part-time or self-employed are below this level.

Number and proportion of individuals in households below MIS and below 75% of MIS, 2008/09 and 2018/19

	Percentage of total population		Number below MIS (millions)		Proportion below MIS		Number below 75% of MIS (millions)		Proportion below 75% of MIS	
	2008/09	2018/19	2008/09	2018/19	2008/09	2018/19	2008/09	2018/19	2008/09	2018/19
All	100.0%	100.0%	16.2	19.6	26.8%	29.9%	10.1	11.9	16.6%	18.2%
Working-age adults	59.9%	60.8%	9.8	11.6	26.9%	29.1%	6.4	7.5	17.7%	18.8%
Children	21.4%	21.3%	5.1	5.9	39.1%	42.3%	3.0	3.6	23.4%	25.6%
Pensioners	18.7%	18.0%	1.4	2.1	12.3%	18.2%	0.6	0.8	5.4%	7.2%
Sub-groups										
Children with lone parents	5.0%	4.7%	2.0	2.1	67.2%	67.7%	1.3	1.4	41.9%	45.4%
Children with couple parents	16.4%	16.6%	3.0	3.8	30.5%	35.1%	1.8	2.2	17.7%	20.0%
Parents	21.7%	21.2%	4.2	4.9	31.9%	35.1%	2.6	3.0	19.5%	21.3%
Single working-age adults, no children	17.3%	18.6%	3.7	4.4	35.2%	36.2%	2.7	3.1	25.4%	25.2%
Couple working-age adults, no children	21.0%	21.0%	1.9	2.3	14.9%	16.8%	1.2	1.5	9.4%	10.7%
Single pensioner	7.3%	6.8%	0.7	1.2	15.8%	27.4%	0.3	0.5	7.1%	12.1%
Couple pensioner	11.4%	11.1%	0.7	0.9	10.0%	12.5%	0.3	0.3	4.3%	4.2%

Proportion of individuals in households below MIS, by demographic group, 2008/09 to 2018/19



What kind of households have incomes below MIS?

- Across the decade between 2008/09 and 2018/19, children have been the group consistently most likely to be living in a household with inadequate income: 42.3% were living below MIS in the most recent year.
- Pensioners as a group have seen a substantial increase in the likelihood of being below MIS, with 18.2% below this level in 2018/19. Single pensioners have seen an even more substantial increase with the proportion below this level increasing from 15.8% in 2008/09 to 27.4% in 2018/19.
- Among adults, individuals between the ages of 16–34 are most likely to be living below MIS, with 31.2% below this level in 2018/19.
- Over three in five (62.8%) of those in social housing are living in a household with an income below MIS, with nearly half (48.6%) of those in private rented accommodation below this level.
- A growing proportion of all households with inadequate income are those where there is full employment. Of all working-age households below MIS in 2018/19, over a fifth (21.1%) are households where all adults are in full-time work – this is simply not right.

Conclusion

This latest annual **Households below a Minimum Income Standard** analysis shows that while the proportion of individuals below MIS is lower than at its peak in 2013/14, the most recent year has seen an increase for the first time in five years. The last decade has been a challenging one for living standards and the decade ahead seems likely to continue this trend, as more and more people struggle to keep afloat following the economic effects of the COVID-19 pandemic.

In 2018/19, children remain the most likely of the three broad demographic groups looked at here to be living in a household with an income below MIS. A total of 5.9 million children are living in households with an income below that needed for a minimum socially acceptable standard of living, and 3.6 million are living in households with very low incomes (below 75% of MIS). Reducing the numbers of children living on low and very low incomes should be a high policy priority over the coming years.

Nearly half (49.3%) of all working-age adults below MIS are in households where there is some work, up from 39.6% in 2008/09. There have been significant efforts to address low pay over recent years and it's only right, in a society like ours, that the Government tackles this policy challenge.

Pensioners continue to face the lowest risks of living in a household with an inadequate income, but the proportion living below MIS has increased by nearly 50 percentage points since 2008/09. Pensioners are far more likely to be below MIS in 2018/19 than at any previous point in this series; single pensioners have seen their risk of being below MIS increase dramatically since 2008/09.

About the project

The team at the Centre for Research in 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 2018/19**, is published by the Joseph Rowntree Foundation. It is available as a free PDF at www.jrf.org.uk

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